



SHENZHEN EXPRESSWAY COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 600548 (SSE) 00548 (HKEx))

2020 INTERIM REPORT



Cautionary Statement in relation to Forward-looking Statement:

Beside statements of facts, this report also contains certain “forward-looking statements”, including, without limitation, statements relating to all anticipation, objectives, estimations and operation plans of the Company which are anticipated or expected to happen. Forward-looking statements involve certain general or specifically known or unknown risk and negative factors. Affected by these factors, the future results of the Company may substantially differ from these forward looking statements. Users of this report should consider the aforesaid and other factors carefully, and should not place undue reliance on such “forward-looking statements”. In addition, the Company undertakes no obligation to update or revise any forward-looking statements in this report publicly in respect of any future information, incident or any other reason. The Company and any of its employee or associate make no representation or assurance to the future performance of the Company and expressly disclaim any responsibilities of such statements.

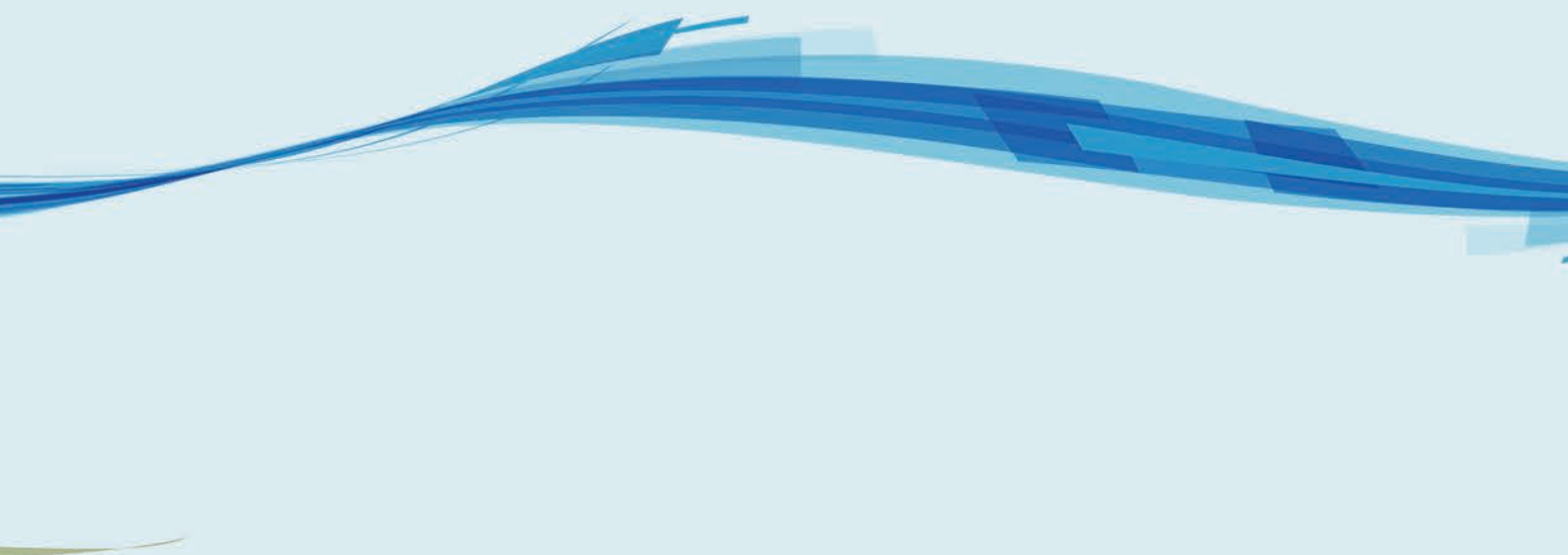
The Board, the Supervisory Committee and the Directors, the Supervisors, the Senior Management of the Company confirm the truthfulness, accuracy and completeness of the content of this interim report and that there are no false representations or misleading statements contained in or material omissions from this report, and assume several and joint legal responsibility.

Member of Shenzhen International Holdings Limited



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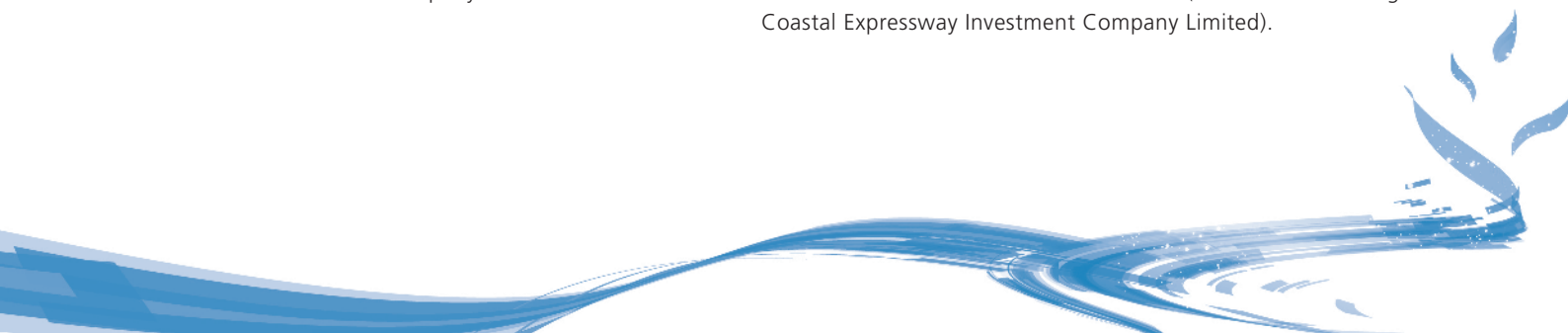
Definition and Cautionary Statement

I. Definition

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

Reporting Period, 2020 Interim, the Period	For the six months ended 30 June 2020.
Reporting Date	The date on which Interim Report 2020 of the Company is approved by the Board, i.e. 21 August 2020.
YOY	Year-on-year change as compared to 2019 Interim or the same period of 2019.
The Company, Company, Shenzhen Expressway	Shenzhen Expressway Company Limited.
The Group, Group	The Company and its consolidated subsidiaries.
A Shares	Renminbi-denominated ordinary shares of the Company which were issued in the PRC and subscribed in RMB and are listed on SSE.
H Shares	Overseas-listed foreign shares of the Company which were issued in Hong Kong and subscribed in HK\$ and are listed on HKEx.
CSRC	China Securities Regulatory Commission.
SFC	Securities and Futures Commission of Hong Kong.
SSE	The Shanghai Stock Exchange.
HKEx	The Stock Exchange of Hong Kong Limited.
Hong Kong	Hong Kong Special Administrative Region of the PRC.
Listing Rules	The Rules Governing the Listing of Securities on HKEx and/or the Rules Governing the Listing of Stocks on SSE (as the case may be).
CASBE	The Accounting Standards for Business Enterprises (2006) of the PRC and the specific accounting standards as well as relevant provisions issued later.
NDRC	中華人民共和國國家發展和改革委員會(National Development and Reform Commission).
MOT	中華人民共和國交通運輸部(Ministry of Transport of the People's Republic of China).
National Energy Administration	中華人民共和國國家能源局(National Energy Administration of the People's Republic of China).

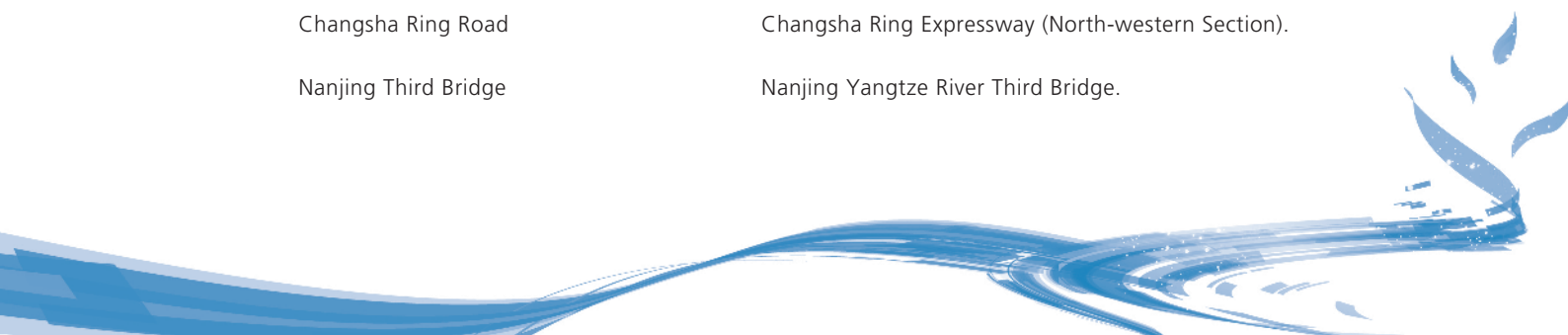
Ministry of Finance	中華人民共和國財政部(Ministry of Finance of the People's Republic of China).
Shenzhen SASAC	深圳市人民政府國有資產監督管理委員會(State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government).
Shenzhen Transport Bureau	深圳市交通運輸局(Transport Bureau of Shenzhen Municipality), formerly known as 深圳市交通運輸委員會(Transport Commission of Shenzhen Municipality).
SIHCL	深圳市投資控股有限公司(Shenzhen Investment Holdings Company Limited).
Shenzhen International	Shenzhen International Holdings Limited.
XTC Company	新通產實業開發(深圳)有限公司(Xin Tong Chan Development (Shenzhen) Company Limited), formerly known as 深圳市高速公路開發公司(Shenzhen Freeway Development Company Limited).
SGH Company	深圳市深廣惠公路開發有限公司(Shenzhen Shen Guang Hui Highway Development Company Limited) · formerly known as 深圳市深廣惠公路開發總公司(Shenzhen Shen Guang Hui Highway Development Company).
CMET	招商局公路網路科技控股股份有限公司(China Merchants Expressway Network & Technology Holdings Co., Ltd.), formerly known as 招商局華建公路投資有限公司(China Merchants Hua Jian Highway Investment Co., Ltd.).
GDRB Company	廣東省路橋建設發展有限公司(Guangdong Roads and Bridges Construction Development Company Limited).
Shenzhen International (Shenzhen)	深國際控股(深圳)有限公司(Shenzhen International Holdings (SZ) Limited), formerly known as 怡萬實業發展(深圳)有限公司(Yiwan Industry Development (Shenzhen) Company Limited).
Vanke	萬科企業股份有限公司(China Vanke Co., Ltd.).
Bank of Guizhou	貴州銀行股份有限公司(Guizhou Bank Corporation Limited).
Longda Company	深圳龍大高速公路有限公司(Shenzhen Longda Expressway Company Limited).
Coastal Company	深圳市廣深沿江高速公路投資有限公司(Shenzhen Guangshen Coastal Expressway Investment Company Limited).



Definition and Cautionary Statement

Meiguan Expressway	The expressway from Meilin to Guanlan in Shenzhen City. The Toll Free Section of Meiguan Expressway refers to the section from Meilin to Guanlan with a mileage of approximately 13.8 km, which has become toll-free from 24:00 on 31 March 2014. The Toll Section of Meiguan Expressway refers to the section from Shenzhen-Dongguan border to Guanlan with a mileage of approximately 5.4 km which remains collection of toll.
Fund Company	深高速(廣州)產業投資基金管理有限公司(Shenzhen Expressway(Guangzhou) Industrial Investment Fund Management Co., Ltd).
Shenshan Company	深高速(深汕特別合作區)基建環保開發有限公司(Shenzhen Expressway Infrastructure and Environmental Protection Development Co., Ltd).
Investment Company	深圳高速投資有限公司(Shenzhen Expressway Investment Company Limited).
Jihe Expressway	The expressway from Shenzhen International Airport to He'ao in Shenzhen City, comprising Jihe East (Qinghu to He'ao) and Jihe West (Airport to Qinghu).
Yanba Expressway	The expressway from Yantian to Bagang in Shenzhen City, comprising Yanba A (Yantian to Xichong), Yanba B (Xichong to Kuichong) and Yanba C (Kuichong to Bagang), with a total toll mileage of 29.1km. From 0:00 on 7 February 2016, it has been operated by card access with the toll exempted.
Yanpai Expressway	The expressway from Yantian to Paibang in Shenzhen City, also referred to as Yantian Subsidiary Road of Jihe Expressway, with a toll mileage of 15.6km. From 0:00 on 7 February 2016, it has been operated by card access with the toll exempted.
Nanguang Expressway	The expressway from Xili to Gongming in Shenzhen City, with a toll mileage of 31km. From 0:00 on 7 February 2016, it has been operated by card access with the toll exempted.
Shuiguan Expressway	The expressway from Shuijingcun to Guanjintou in Shenzhen City.
Shuiguan Extension	An extension to Shuiguan Expressway, Phase I of Qingping Expressway (the expressway from Yulongkeng to Pinghu in Shenzhen City).
Outer Ring Project	The project of Shenzhen section of Outer Ring Expressway in Shenzhen City (Outer Ring Expressway), among which, the section from the north side of Shenzhen Waterlands Resort in Bao'an District (connecting with Coastal Expressway) to the interchange of Shenshan Expressway in Longgang District (excluding Dongguan section) referred to as Section A of Outer Ring .

Coastal Project	The section from Nanshan, Shenzhen to Dongbao River (the boundary between Dongguan and Shenzhen) (Coastal Expressway (Shenzhen Section)) of the coastal expressway from Guangzhou to Shenzhen (Coastal Expressway). Among which, the project of main line of Coastal Expressway (Shenzhen Section) and facilities referred to as Coastal Phase I , and the project of the ramp bridge of airport interchange of Coastal Expressway (Shenzhen Section) and facilities referred to as Coastal Phase II .
Longda Expressway	The expressway from Longhua, Shenzhen to Dalingshan, Dongguan. From 0:00 on 7 February 2016, the Shenzhen Section of Longda Expressway (namely, the 23.8km section from Longda Shenzhen to Nanguang ramp) has been operated by card access with the toll exempted.
Three Projects	Nanguang Expressway, Yanpai Expressway and Yanba Expressway (the Three Projects). On 30 November 2015, the Company entered into the Three Projects agreement with the Shenzhen Transport Bureau in relation to the toll adjustment of the Three Projects.
Four Expressways	Nanguang Expressway, Yanpai Expressway, Yanba Expressway and the Shenzhen section of Longda Expressway (the Four Expressways), all of which are transferred to Shenzhen Transport Bureau from 0:00, 1 January 2019.
Qinglian Project	Qinglian Expressway, Qinglian Class 1 Highway, Qinglian Class 2 Road (also referred to as National Highway 107 Qinglian Section) and/or the reconstruction into an expressway for Qinglian Class 1 Highway from Qingyuan to Lianzhou, as the case may be.
Yangmao Expressway	The expressway from Yangjiang to Maoming.
Guangwu Project	The section from Ma'an to Hekou of the expressway from Guangzhou, Guangdong to Wuzhou, Guangxi (Guangwu Expressway).
Jiangzhong Project	The expressway from Zhongshan to Jiangmen and the second phase of the expressway from Jiangmen to Heshan.
GZ W2 Expressway	The section from Xiaotang to Maoshan of Guangzhou Ring Expressway, also referred to as Guangzhou Western Second Ring Expressway.
Wuhuang Expressway	The expressway from Wuhan to Huangshi.
Changsha Ring Road	Changsha Ring Expressway (North-western Section).
Nanjing Third Bridge	Nanjing Yangtze River Third Bridge.



Definition and Cautionary Statement

Yichang Company	湖南益常高速公路開發有限公司(Hunan Yichang Expressway Development Company Limited), a limited liability company incorporated in the PRC, the main business is operation and management of Yichang Expressway.
Yichang Project	The expressway from Yiyang to Changde in Hunan (Yichang Expressway) and Changde connection line.
Longda Project	The entrusted management of 89.93% equity interests in Longda Company by the Company, including the daily operation management of Longda Expressway .
Longda Municipal Section	The management of the construction project of the municipal facilities of Dalang Section of Longda Expressway undertaken by the Company.
Cargo Organisation Adjustment Project	The entrusted construction project of the highway toll stations and ancillary facilities undertook by the Company due to the implementation of the freight traffic organisation adjustment of Shenzhen.
Shenshan Environmental Park Project	The entrusted construction and management project for the whole process in relation to the infrastructure and ancillary projects for Shenshan Eco-Environmental Science and Technology Industrial Park undertaken by the Group.
Guilong Project	The construction project of phase I of Guilong Road in Longli, Guizhou by BT model and the primary development project of relevant land undertaken by the Group.
CCCC Second Highway	Guizhou Shenzhen Expressway Property Company Limited. 中交第二公路工程局有限公司(CCCC Second Highway Engineering Co., Ltd.).
Duohua Bridge Project	A road construction project from Jichang Village to Duohua Village in Longli County undertaken by Guishen Company with BT model. The major work of the project is Duohua Bridge.
Guilong Holdings	貴州貴龍實業(集團)有限公司(Guizhou Guilong Holdings (Group) Company Limited).
Resettlement Project	The management of the construction project of Wangguan Comprehensive Resettlement Building of Guilong Economic Zone undertaken by the Group in Longli, Guizhou, comprising Resettlement Phase I and Resettlement Phase II .
Bimeng Project	The Bimeng Garden community resettlement project in Longli, Guizhou undertaken by the Group with BT model.
Guizhou Property	貴州深高速置地有限公司(Guizhou Shenzhen Expressway Property Company Limited).

Guizhou Hengtongli	貴州恒通利置業有限公司(Guizhou Hengtongli Property Company Limited).
Guizhou Yuelong	貴州悅龍投資有限公司(Guizhou Yuelong Investment Company Limited).
Guizhou Shengbo	貴州聖博置地有限公司(Guizhou Shengbo Land Company Limited).
Guizhou Hengfengxin	貴州恒豐信置業有限公司(Guizhou Hengfengxin Property Company Limited).
Guizhou Henghongda	貴州恒弘達置業有限公司(Guizhou Henghongda Property Company Limited).
Guizhou Yehengda	貴州業恒達置業有限公司(Guizhou Yehengda Property Company Limited).
Land of Longli Project	The peripheral land of Guilong Project and the Duohua Bridge Project were successfully bid by the Group. As at the end of the Reporting Period, the Group has cumulatively won the bids for the land of Longli Project with an area of approximately 3,005 mu, including 2,770 mu for Guilong Project and 235 mu for the Duohua Bridge Project.
Guilong Development Project	The proprietary secondary development project conducted by the Group on Guilong Project, which has been approved by the Board of Directors. The area of the approved land is approximately 1,000mu.
Meilin Checkpoint Renewal Project	Shenzhen Longhua New Area Mingzhi Office Meilin Checkpoint Urban Renewal Project, the entity which carried out the project is United Land Company and area of the land is approximately 96,000 square meters.
Water Planning Company	深圳市水務規劃設計院有限公司(Shenzhen Water Planning & Design Institute Company Limited).
Derun Environment	重慶德潤環境有限公司(Chongqing Derun Environment Company Limited).
Water Asset	重慶市水務資產經營有限公司(Chongqing Water Asset Management Company Limited).
Chongqing Water	重慶水務集團股份有限公司(Chongqing Water Group Company Limited), a company listed on the Shanghai Stock Exchange, stock code: 601158.
Sanfeng Environment	重慶三峰環境集團股份有限公司(Chongqing San Feng Environmental Industrial Group Co., Ltd.)



Definition and Cautionary Statement

Suez Group	法國蘇伊士集團(Suez Group, France).
SITA Asia	升達亞洲有限公司(SITA Asia Pacific Limited).
Mengxi Region	The western economic zone of Inner Mongolia, mainly comprises the three core and engine cities of Hohhot, Baotou, and Ordos, and radiates with the four league cities of Alxa, Ulanqab, Bayannaer and Wuhai.
Nanjing Wind Power	南京風電科技有限公司(Nanjing Wind Power Technology Co., Ltd.).
Baotou Nanfeng	包頭市南風風電科技有限公司(Baotou Nanfeng Wind Power Technology Co., Ltd.)
Damaoqi Ningyuan	達茂旗寧源風力發電有限公司(Damaoqi Ningyuan Wind Power Company Limited), a wholly-owned subsidiary of Baotou Nanfeng.
Damaoqi Ningxiang	達茂旗寧翔風力發電有限公司(Damaoqi Ningxiang Wind Power Company Limited), a wholly-owned subsidiary of Baotou Nanfeng.
Damaoqi Ningfeng	達茂旗寧風風力發電有限公司(Damaoqi Ningfeng Wind Power Company Limited), a wholly-owned subsidiary of Baotou Nanfeng.
Damaoqi Nanchuan	達茂旗南傳風力發電有限公司(Damaoqi Nanchuan Wind Power Company Limited), a wholly-owned subsidiary of Baotou Nanfeng.
Lingxiang Company	包頭市陵翔新能源有限公司(Baotou Lingxiang New Energy Company Limited), a wholly-owned subsidiary of Baotou Nanfeng.
Guangming Environmental Park Project	The Shenzhen Guangming Environmental Park PPP (Public-Private-Partnership) Project invested and constructed by the consortium composed of the Environment Company and the other companies under the BOT (Build-Operate-Transfer) model.
Lande Environmental	藍德環保科技集團股份有限公司(Lande Environmental Technology Group Holdings Co., Ltd).
Guangdong UETC	廣東聯合電子服務股份有限公司(Guangdong United Electronic Toll Collection Inc).
United Land	深圳市深國際聯合置地有限公司(Shenzhen International United Land Co., Ltd)
One Apartment	深圳市深高速壹家公寓管理有限公司(Shenzhen Expressway One Apartment Management Co., Ltd).
Guangdong Boyuan	廣東博元建設工程有限公司(Guangdong Boyuan Construction Engineering Co., Ltd).

New Energy Company	深圳高速新能源控股有限公司(Shenzhen Expressway New Energy Holdings Co., Ltd).
Qiantai Company	深圳深汕特別合作區乾泰技術有限公司(Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Co., Ltd).
Vanho Securities	萬和證券股份有限公司(Vanho Securities Co., Ltd).
Operational Development Company	深圳高速運營發展有限公司(Shenzhen Expressway Operation & Development Co., Ltd).
Logistics Financial Company	中國物流金融服務有限公司(China Logistics Financial Services Limited).
SZI (HK)	深國際有限公司(Shenzhen International Limited).
SZI Logistics	深國際物流發展有限公司(Shenzhen International Logistics Development Co., Ltd).
Financial Leasing Company	深圳市深國際融資租賃有限公司(Shenzhen International Financial Leasing Co., Ltd).
PPP (model)	Public-Private-Partnership model, refer to a partnership on the basis of concession agreement for the construction of urban infrastructure projects or the provision of public goods and services between the government and private organizations. PPP model ultimately makes both parties of the cooperation get more favourable results than those who act alone expected, by signing the contract to define the rights and obligations of both parties, to ensure the smooth completion of cooperation.
BOT (model)	Build-Operate-Transfer model, refer to the infrastructure model of investment, construction and operation. On premised on an agreement between the government and the private sector, the government issues a franchise to the private sector to allow it to raise funds for a certain period of time to build an infrastructure, manage and operate the facility and its corresponding products and services.
EPC (model)	Engineering Procurement Construction model means the Company is entrusted by the owner to carry out the whole process or several stages of contracting for the design, procurement, construction, and trial operation of a construction project in accordance with the contract. Usually, the company is responsible for the quality, safety, cost and schedule of the contracted project under the conditions of the total price contract.



Definition and Cautionary Statement

BIM	Building Information Modelling, which is a model equipped with a complete and realistic construction database by building a virtual three-dimensional construction model and using digitisation technology. It is a digitised tool applied to engineering design, construction and management. Meanwhile, the model plays a key role in enhancing productivity, saving costs and shortening construction periods.
ETC	Electronic Toll Collection, a system used to electronically collect tolls on highways.
Coastal Freight Compensation Scheme	The scheme that all types of freight cars passing through the Coastal Project will be charged 50% of the normal toll fees standard from 1 March 2018 to 31 December 2020, and Shenzhen Transport Bureau compensates to Coastal Company for RMB302 million
Epidemic, NCP	A global outbreak of new coronavirus pneumonia in early 2020.
Toll-free Policy during the Epidemic	According to the unified requirements of the Ministry of Transport, from 0:00 on 17 February 2020 to 0:00 on 6 May 2020, all vehicles using toll roads in accordance with the law will be exempted from toll across the country.
PRC	The People's Republic of China excluding, for the purpose of this report, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

Note :

1. For principal business and abbreviation of the investee companies of the Company, please refer to the Group Structure in "Introduction of the Company" of this report.
2. For information on the projects operated, invested and managed by the Company, please refer to the website of the Company at <http://www.sz-expressway.com>.

II. Cautionary Statement on Risk

Policy environment has a greater effect on the development of toll highway industry. Meanwhile, there would be attraction or diversion impact on the highways caused by the improvement of or change in the road network for certain period. Such uncertainty brings pressure and challenges to the Company's operation and management. In addition, the Group has identified the general environmental protection industry as the Group's second core business and has completed its preliminary layout. As a new entrant in the industry, the Company's core competitiveness in this field needs to be cultivated and improved. The Group will continue to adhere to the market-oriented and innovative-drive, actively integrate internal and external resources, strive to cultivate professional competitiveness in certain sub-segments, and adjust business strategies in a timely manner in accordance with changes in the business environment, and strive to expand the business development of the Group.

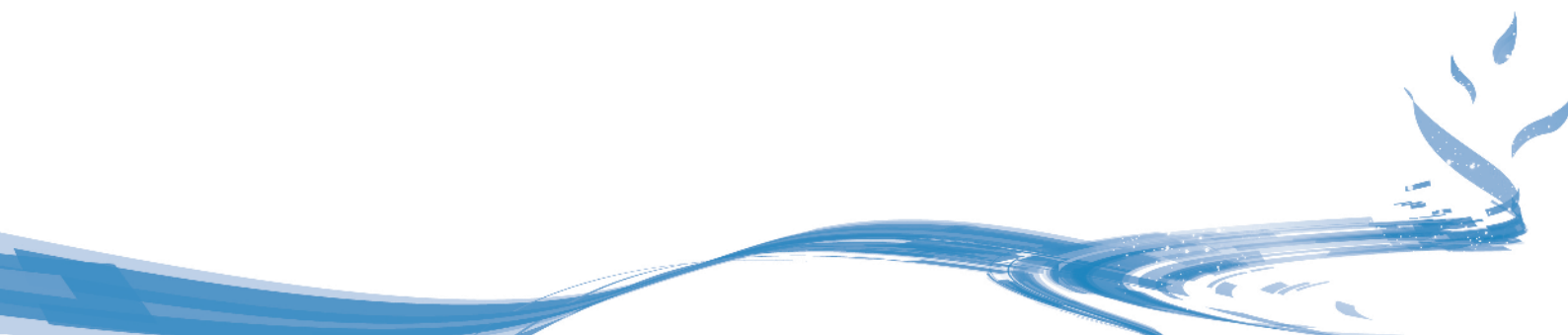
Detailed analysis and description on the risks faced in future operation and development of the Group were set out in "Management Discussion and Analysis" of this interim report. Investors' inspection and attention are reminded.

Introduction of the Company

The Company was incorporated in Shenzhen on 30 December 1996. It principally engages in the investment, construction, operation and management of toll highways and roads business, as well as the general environmental protection business. At present, the general environmental protection business includes solid waste treatment, hazardous waste disposal and clean energy business. In addition, the Company provides outstanding construction management and highways operation management services for government and other enterprises. Building on relevant management experience and resources and relying on the core business of toll highways, the Company has launched in the related businesses such as project development and management, operation & maintenance, intelligent traffic system, construction consulting, advertising services, urban complex and industrial finance services.

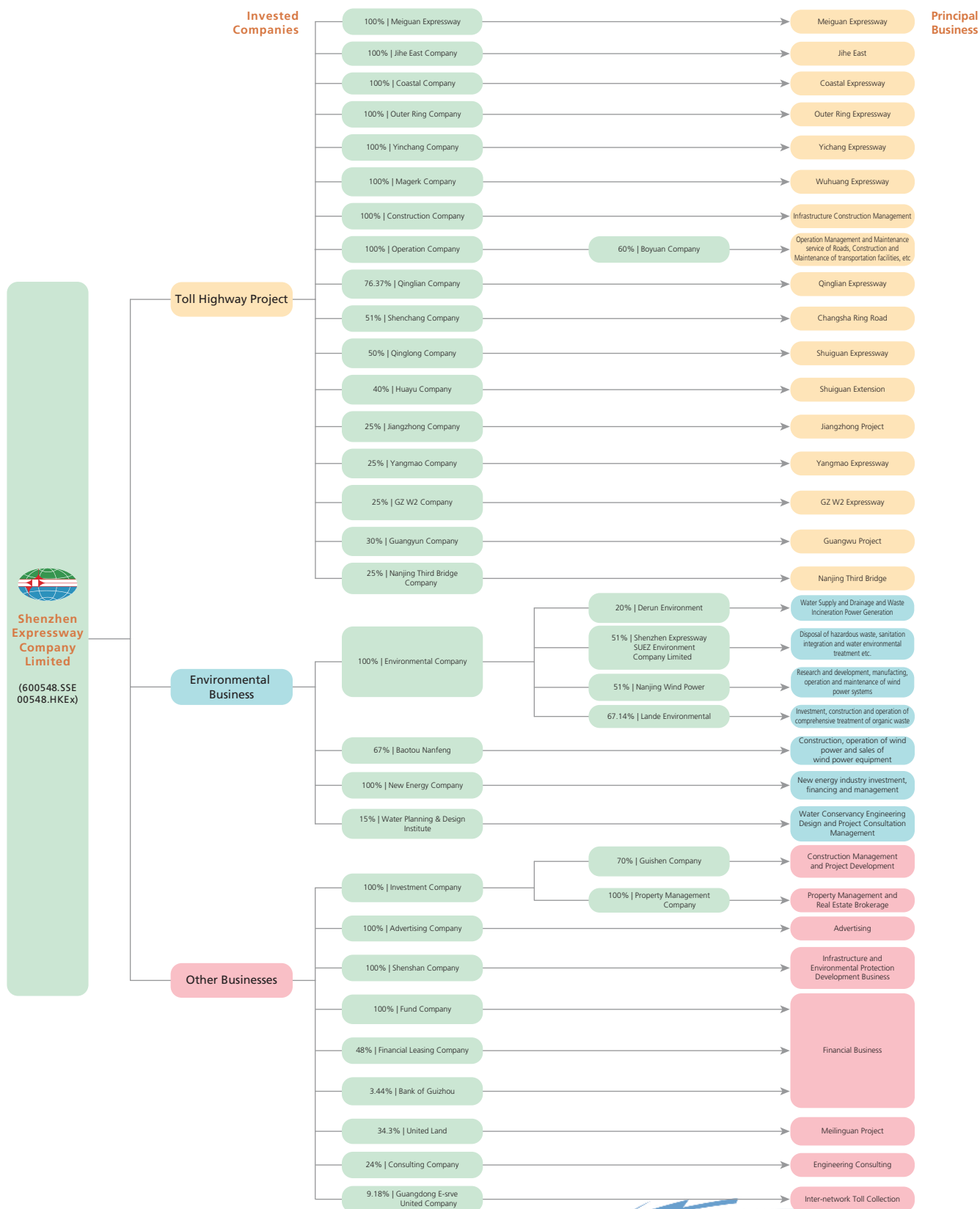
As of the date of this report, the Company operated and invested in a total of 16 toll highway projects, and the mileage of the high-grade highways invested in or operated by the Company (on equity basis) is approximately 546km, of which 65.7km is still under construction. It has also actively participated in various regional urban infrastructure development projects, invested in over 10 environmental protection, clean energy and financial projects, and had 6 platform companies, namely the Investment Company, the Construction Development Company, the Operation Development Company, the Environmental Company, the Advertising Company and the New Energy Company.

A total of 2,180,770,326 ordinary shares are issued by the Company, of which 1,433,270,326 A Shares are listed on SSE and 747,500,000 H Shares are listed on HKEx, representing approximately 65.72% and 34.28% of the total share capital of the Company respectively. XTC Company, one of the promoters of the Company and currently a wholly-owned subsidiary of Shenzhen International (stock code: 00152) which is listed on HKEx, currently holds approximately 30.03% of the Company's shares and is the largest shareholder of the Company. Shenzhen International has been the indirect controlling shareholder of the Company which holds over 50% of the Company's shares since December 2008.



Introduction of the Company

As at the Reporting Date, the Group's investee companies and equity structure are as follows:



Financial Highlights

I. Principal Financial Data and Financial Indicators for the Reporting Period

Item (Unit: RMB)	2020 Interim (Unaudited)	2019 Interim (Unaudited)		Change (%)
		After adjustment	Before adjustment	
Revenue	1,686,872,482.94	2,707,939,060.38	2,699,192,701.81	-37.71
Net profit/Loss attributable to owners of the Company (loss shown with "-")	43,922,935.74	1,578,645,874.71	1,576,824,356.13	-97.22
Net profit/Loss attributable to owners of the Company – excluding non-recurring items (loss shown with "-")	-11,753,811.56	1,414,280,546.59	1,414,280,546.60	-100.83
Net cash flows from operating activities	-157,417,600.95	819,070,227.51	786,461,423.94	-119.22

Item (Unit: RMB)	As at 30 Jun 2020 (Unaudited)	As at 31 Dec 2019 (Audited)		Change (%)
		After adjustment	Before adjustment	
Owners' equity attributable to owners of the Company	17,376,924,832.07	18,394,846,638.50	18,374,542,643.63	-5.53
Total assets	49,424,994,544.39	45,264,524,190.36	44,923,734,271.98	9.19

Item	2020 Interim (Unaudited)	2019 Interim (Unaudited)		Change (%)
		After	Before	
Earnings/Loss per share – basic (RMB/share) (loss shown with "-")	0.020	0.724	0.723	-97.22
Earnings/Loss per share – diluted (RMB/share) (loss shown with "-")	0.020	0.724	0.723	-97.22
Earnings/Loss per share excluding non-recurring items – basic (RMB/share) (loss shown with "-")	-0.005	0.649	0.649	-100.83
Return on equity – weighted average (%)	0.24	8.80	8.80	Decrease 8.56 pct.pt
Return on equity excluding non-recurring items – weighted average (%)	-0.06	7.92	7.93	Decrease 7.98 pct.pt

During the Reporting Period, since Financial Leasing Company and Logistics Financial Company were entities under same control and consolidated into the Group, the Company has made retrospective adjustment to its consolidated financial statements for the previous year in accordance with the relevant requirements of the Accounting Standards for Business Enterprises. For details, please refer to note VI to the Financial Statements.



Financial Highlights

Non-recurring items deducted and their amounts

Non-recurring item (Unit: RMB)	2020 Interim	Note
The net income of trustee on entrusted operation	4,107,007.54	The net income from entrusted operation and management services provided to Longda Company were received.
The net profit and loss of a subsidiary from the beginning of the period to the combination date upon business combination involving enterprises under common control	1,384,733.13	Net profit and loss of the merged party from the beginning of the period to the combination date as a result of the consolidation of Logistics Finance Company and Financial Leasing Company into the Group on the basis of business combination involving enterprises under common control in the current period.
The fair value gain/loss on Forex Swap	30,808,056.00	To mitigate the exchange rate risk, the Group entered into foreign exchange swap arrangements for the bond with a principal value of USD300 million dollars, and related gains on change in fair value were recognised due to appreciation of US Dollar during the Reporting Period.
Changes in fair value of other non-current financial assets	10,523,140.00	Fair value change proceeds of the Period from the equity interest in Water Planning Company and United Electronic Company.
Finance income arising from the early repayment of finance leases	1,165,853.24	Financial income from early repayment under financial leases by Baotou Nanfeng.
Asset disposal income	-10,820.90	
Other non-operating income and expenditure excluding above items	27,589,252.90	The special subsidies and funding for headquarters economic development etc., received from the government in the current period.
Minority shareholder's interest effects	-1,766,296.84	
Income tax effects	-18,124,177.77	
Total	55,676,747.30	

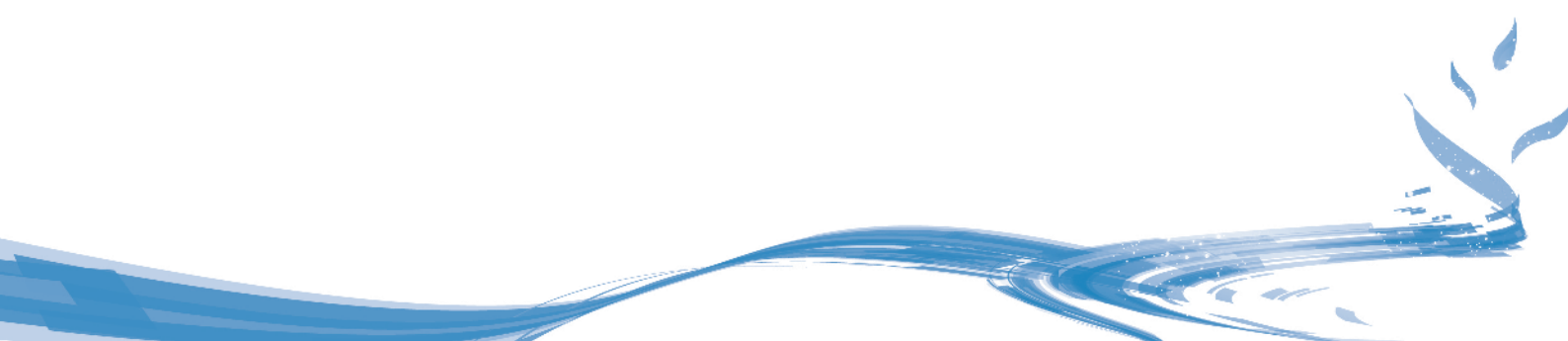
II. Financial Highlights for Five Years

Financial highlights (Unit: RMB million, unless otherwise stated)					
Item	2019 (Restated)	2018 (Restated)	2017 (Restated)	2016 (Restated)	2015 (Restated)
Revenue	6,203	5,835	5,213	4,867	3,746
Of which: Toll revenue	4,569	5,066	4,684	4,064	3,338
Profit before interests and tax	2,959	5,479	2,817	2,360	2,275
Net profit	2,499	3,446	1,384	1,061	1,407
Net cash inflows from operating activities	1,713	3,092	2,994	2,379	2,034
Net cash inflows from operating activities and cash return on investments	2,699	5,065	3,359	2,663	2,205
Interest covered multiple (Times)	4.56	5.52	2.94	2.78	3.02
Earnings per share (RMB Yuan)	1.146	1.580	0.635	0.487	0.645
Cash dividends per share (RMB Yuan)	0.52	0.71	0.30	0.22	0.34

Item	As at 31 Dec 2019 (Restated)	As at 31 Dec 2018 (Restated)	As at 31 Dec 2017 (Restated)	As at 31 Dec 2016 (Restated)	As at 31 Dec 2015 (Restated)
Total assets	45,265	41,448	44,319	39,218	38,267
Total liabilities	24,362	21,725	28,359	22,977	21,668
Total equity	20,902	19,723	15,961	16,241	16,599
Debt-to-asset ratio (%)	53.82	52.42	63.99	58.59	56.62
Gross liabilities-to-equity ratio (%)	116.55	110.15	177.68	141.48	130.54
Net borrowings-to-equity ratio (%)	66.44	57.27	123.33	81.32	66.78
Net assets per share (RMB Yuan)	8.44	7.98	6.26	6.51	6.42

• Description of principal financial ratios

Profit before interests and tax	=	Net profit + Income tax expenses + Interest expenses
Net cash inflows from operating activities and cash return on investments	=	Net cash flows from operating activities + Cash received from disposal of investments + Cash received from returns on investments
Interest covered multiple	=	Profit before interests and tax/Interest expenses
Debt-to-asset ratio	=	Total liabilities/Total assets
Gross liabilities-to-equity ratio	=	Total liabilities/Total equity
Net borrowings-to-equity ratio	=	(Total amount of borrowings – Cash and cash equivalents)/Total equity



MANAGEMENT DISCUSSION AND ANALYSIS

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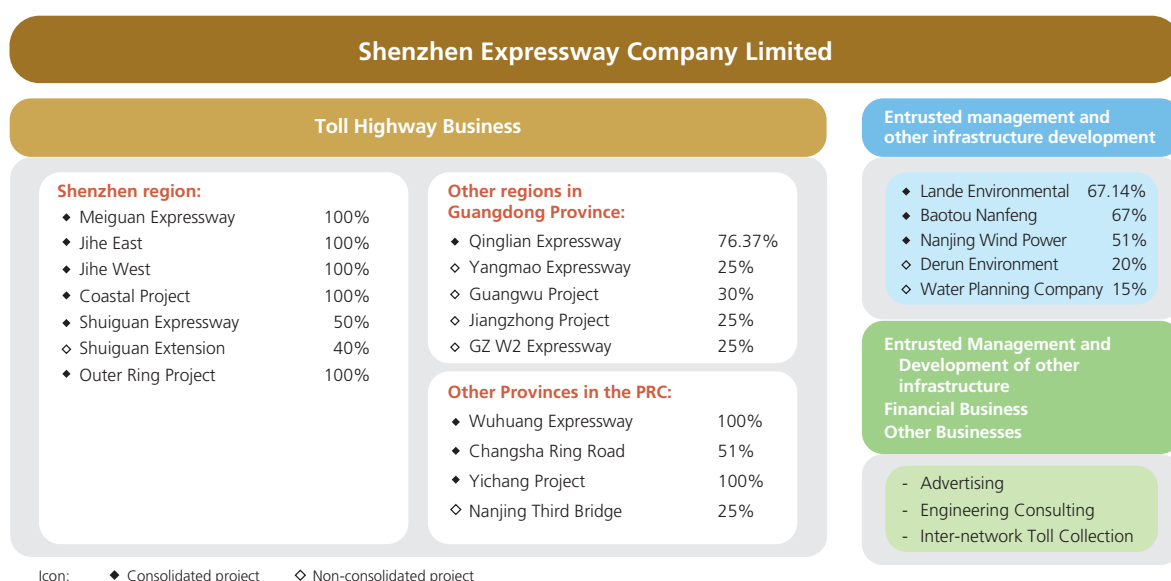
Management Discussion and Analysis



In order to achieve the Company's strategic goal of transformation and upgrading, in addition to upgrading and consolidating the core business of toll highway, the Group prudently seeks opportunities for cooperation with leading and branded enterprises in the general environmental protection industry to enter the environmental protection and clean energy business sector from a high starting point, thereby establishing the business landscape with toll highway and general environmental protection as its dual core businesses. In recent years, the Group adheres to a market-oriented, specialised and industrialised approach to continuously adjust and integrate its internal organisational structure and functions. It has gradually established various business platforms for urban infrastructure, environmental protection, operation, construction, advertising and new energy which include the Investment Company, a company principally engages in the business of expanding infrastructure construction market as well as joint comprehensive development of land; the Operation Development Company, a company principally engages in the provision of highway operation, maintenance management services and intelligent transportation business; the Environmental Company, a company principally engages in the expansion of businesses relating to the environmental protection industry such as solid waste and hazardous waste treatment; the Construction Development Company, a company principally engages in the provision of project construction management services; the Advertising Company, a company principally engages in the advertising resources rental and development business, and the New Energy Company, a company principally engages in the expansion of businesses relating to wind energy and other new energy. Through the aforesaid business platform, the Group will give full play to its own competitive advantages in infrastructure investment and finance, construction, operation and integrated management. The Group will also actively extend its business scope to the upstream and downstream of the industrial chain of its dual core businesses and develop other service-oriented businesses, such as operation maintenance, intelligent transportation/environmental protection system, engineering consulting, advertising service, urban comprehensive services and industrial finance, striving for greater rooms for the development of the Group's operation.

I. Business Review

At the current stage, the Group's revenues and profits are mainly derived from toll highway operations and investments, and the profit contribution of environmental protection and new energy business is gradually emerging. In addition, the Group provides outstanding construction management and highway operation management services for the government and other enterprises. Building on the relevant management experiences and resources and relying on its core business, the Group has launched businesses such as project development and management, financial, advertising, engineering consulting and inter-network toll collection businesses, etc. As of the date of this report, the principal business of the Group is set out as follows:



In the first half of 2020, the outbreak of the epidemic had a significant impact on the production and operation of the Group. In addition to properly carrying out work in relation to the prevention and control of the epidemic, the Group has also promptly taken active steps to achieve resumption of its production and operation in a full manner, and mitigated the negative impact of the epidemic by stepping up its efforts in developing quality projects in the market, improving production efficiency, reducing operating costs and broadening revenue streams.

During the Reporting Period, the Group earnestly managed the main business of toll highway, environmental protection and clean energy, and steadily developed relevant businesses such as entrusted management, infrastructure development and financial services businesses. During the Reporting Period, the Group recorded revenue of approximately RMB1,687 million, representing a YOY decrease of 37.71%, of which toll revenue of approximately RMB1,046 million, solid and hazardous waste treatment business revenue of approximately RMB195 million, clean energy business revenue of approximately RMB228 million, entrusted management services revenue of approximately RMB127 million and other business revenue of approximately RMB91 million accounted for 62.00%, 11.55%, 13.53%, 7.53% and 5.39% of the total revenue of the Group, respectively.

Management Discussion and Analysis

(I) Analysis of Operating Environment

1. Economic environment

In the first half of 2020, the sudden outbreak of novel coronavirus pneumonia epidemic has posed great impacts to global business activities and the economies were forced to a standstill, resulting in declines in economic indicators of major economies around the world. The economic development in China also faced huge pressure and challenges. Confronted with these sudden changes, the Chinese government promptly adopted a series of prevention and control measures against the epidemic and adjusted its macroeconomic policies in a timely manner. Since March 2020, the epidemic has been brought under control in China. With the government's all-out effort in promoting resumption of work and production, the Chinese economy demonstrated strong resilience with gradual recovery of production and operation in an orderly manner. Despite the continuous spread of the epidemic as well as the complex international political and economic situations on the external front, the Chinese economy showed a positive trend of gradual recovery quarter-on-quarter with GDP saw a turnaround from negative to positive and recorded a YOY growth of 3.2% in the second quarter of 2020; and a YOY GDP decrease of 1.6% for the first half of the year. The orderly economic recovery is conducive to the general growth of the regional transportation and logistics demand via highway. Source of data: Government statistics information website

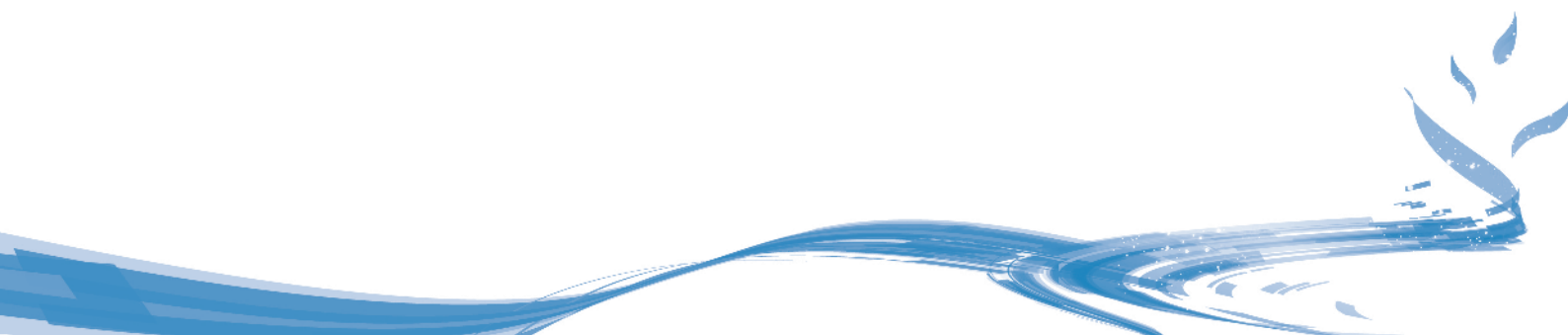
2. Policy environment

- ◆ **Toll highway industry:** The government introduced a number of policies regarding the toll highway industry successively in 2019. Such policies includes the removal of provincial boundary highway toll stations, which aim to achieve non-stop express toll collection, and the vigorous promotion of application of ETC on highways, which aim to realise ETC utilisation rate of vehicles passing through the highways of over 90% by the end of 2019, as well as strict implementation of the basic preferential policy that offer a discount of not less than 5% of the toll fees for ETC users. In addition, the MOT issued the "Classification of Toll Fees for Vehicles on Toll Highways" (《收費公路車輛通行費車型分類》), a new standard for the transportation industry. The new standard downgraded original Type-2 passenger vehicles with 8 and 9 seats as Type-1 mini passenger vehicles, and implemented toll-by-class instead of toll-by-weight policy for trucks. The traffic management department of Guangdong Province requires a cancellation of toll collection on mileage in relation to interchanges connecting ramp at transportation hubs starting from 1 January 2020 and reapproval of the toll fees standard for section fees with the amount of toll fees for each section rounded to the nearest cents. Moreover, after the resumption of toll collection from 6 May 2020, the ETC systems over the country have adopted the calculation method of "round-down and no round-up" for toll fees charged at all sections of expressways, i.e. for the expressway toll fee which the cent portion is less than RMB0.5, the amount will be round-down to the whole yuan; for those which the cent portion is larger than RMB0.5, the fee will be collected at the exact amount without rounding up but a 5% off discount will be offered to such fee. In general, the implementation of the above policies has had a negative impact on the Company's toll revenue. On the other hand, however, the changes in industrial policies will be more favorable for the long-term industrial development and the improvement of both efficiency and service quality. For instance, the implementation of toll-by-class instead of toll-by-weight policy has realised restriction over over-limit and overloaded vehicles without requiring them to stop for weighting or inspection at highway toll stations. The policy can also enhance the traffic efficiency and lower the maintenance cost of highways, which is positive to the reduction of labour cost and management fee of the Company in the long-term.

As required by the MOT, commencing from 00:00 on 17 February 2020 and until 00:00 on 6 May 2020, a toll-free policy was implemented for all vehicles using toll highways according to the laws, so as to ensure the transportation of materials for prevention and control of the coronavirus as well as for production and daily lives, thereby supporting the resumption of work and production of enterprises and hence providing strong support for economic and social stability as a whole. The government will study and promulgate relevant supporting and protective policies separately to coordinate and protect the legitimate interests of the users, creditors, investors and operators of the toll highways. The implementation of this policy has caused a decrease in the revenue of the Group during the period of prevention and control of the epidemic, and the operating results of the Group was negatively affected. As of the date of this report, the relevant supporting and protective policies are yet to be promulgated. The Group will actively communicate with the transport departments to minimise the negative impacts brought by the epidemic.

- ◆ **Environmental protection industry:** The “13th Five-Year Plan for Ecological & Environmental Protection” (《“十三五”生態環境保護規劃》) clarified the construction of ecological civilisation as a national strategy. 2020 is a year of harvest for the 13th Five-Year Plan. The “2020 Government Work Report” has set out plan for work in relation to ecological and environmental protection and regulation with an aim to further implement the goals regarding environmental protection under the 13th Five-Year Plan. In June 2019, 9 departments of the State including the Ministry of Housing and Urban-Rural Development have issued the “Notice on the Comprehensive Commencement of Classification of Household Waste in Cities at Prefecture Level and Above in China” (《關於在全國地級及以上城市全面開展生活垃圾分類工作的通知》). In 2020, various provinces and cities across China issued regulations on waste classification and management successively, for example, the “Implementation Rules for Classification of Household Waste in Shenzhen City” (《深圳市生活垃圾分類管理條例》) will be officially implemented commencing from 1 September 2020. Entering into an era with waste classification regulated by laws and progressing from “suggested classification” to “mandatory classification”, new opportunities have emerged in various segments along the industrial chain of solid waste.

The “Notice of the National Development and Reform Commission on Improvement of Policy regarding On-grid Tariff of Wind Power” (《國家發展改革委關於完善風電上網電價政策的通知》) issued in May 2019 replaced the on-grid tariff of onshore wind power with government’s guided price and the on-grid tariff of all newly approved centralised onshore wind power projects shall be determined through competitive process. For those onshore wind power projects approved in the previous years, there is a clear division of time limit for grid connection and tariff subsidies. Driven by such policy, the construction of onshore wind power project will remain in the peak period in 2020. Since May 2020, the National Energy Administration has successively issued policies in relation to the wind power and photovoltaic power industries, which highlighted two key directions, namely promoting grid parity and stepping up the efforts in the implementation of competitive allocation of projects that require state subsidies. The transmission and consumption guarantee mechanism of wind power and photovoltaic power were also improved to enhance market competitiveness. Furthermore, pursuant to the “Notice on Commencement of Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies” (《關於開展可再生能源發電補貼項目清單審核有關工作的通知》) issued by the General Office of the Ministry of Finance issued in March 2020, the application for government subsidies regarding renewable energy has been reopened, which will facilitate earlier receipt of existing power generation subsidies for new energy power generation and operation projects. The abovementioned policies will be favorable for the stable and orderly development of the wind and photovoltaic power industries, and the new energy power generation industry will enter a new stage of quality development.



Management Discussion and Analysis

(II) Toll Highway Business

1. Business Performance and Analysis

In the first half of 2020, the average daily toll revenue of toll highway projects operated and invested by the Group are as follows

Toll highway	Average daily toll revenue (RMB'000)		
	2020 Interim	2019 Interim	YOY
Guangdong Province – Shenzhen Region:			
Meiguan Expressway	179	351	-48.9%
Jihe East	895	2,047	-56.3%
Jihe West	726	1,778	-59.2%
Coastal Expressway ⁽¹⁾	857	1,391	-38.4%
Shuiguan Expressway	706	1,703	-58.6%
Shuiguan Extension	98	322	-69.5%
Guangdong Province – Other Regions:			
Qinglian Expressway	1,148	2,332	-50.7%
Yangmao Expressway	597	1,575	-62.1%
Guangwu Project	369	833	-55.7%
Jiangzhong Project	479	1,245	-61.5%
GZ W2 Expressway	623	1,518	-58.9%
Other Provinces in the PRC:			
Wuhuang Expressway	515	1,109	-53.6%
Yichang Project	503	1,080	-53.5%
Changsha Ring Road	219	388	-43.7%
Nanjing Third Bridge	785	1,422	-44.8%

Note:

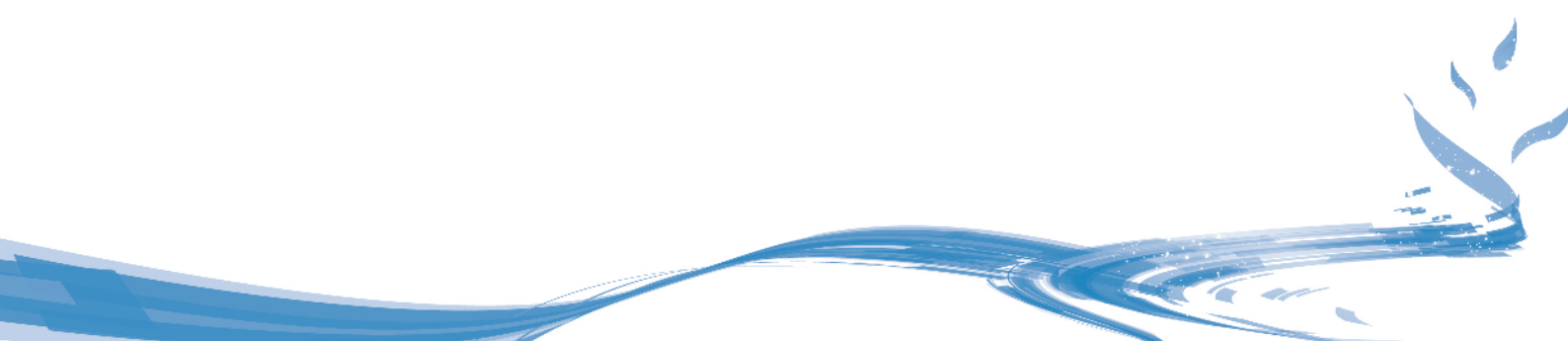
- (1) According to the agreement of implementation of toll adjustment for lorries by Coastal Project signed between Shenzhen Transport Bureau and Coastal Company, all types of trucks passing through the Coastal Project will be charged 50% of the normal toll fees standard from 1 March 2018 to 31 December 2020, and Shenzhen Transport Bureau compensates to Coastal Company for RMB302 million.

After resumption of toll fee collection from 00:00 on 6 May 2020, the basic operation information of the toll highways operated and invested by the Group during the period from 6 May 2020 to 30 June 2020 (“Toll Collection Resumption Period”) is as follows:

Toll highway	Average daily mixed traffic volume (number of vehicles in thousand) ⁽¹⁾			Average daily toll revenue (RMB'000)		
	6 May 2020 – 30 June 2020	1 May 2019 – 30 June 2019	YOY	6 May 2020 – 30 June 2020	1 May 2019 – 30 June 2019	YOY
Guangdong Province – Shenzhen Regions:						
Meiguan Expressway	123	112	9.5%	439	383	14.5%
Jihe East	328	307	6.8%	2,211	2,154	2.7%
Jihe West	234	231	1.3%	1,829	1,884	-2.9%
Coastal Expressway	109	99	10.2%	1,555	1,460	6.5%
Shuiguan Expressway	265	231	14.9%	1,718	1,843	-6.7%
Shuiguan Extension	77	83	-6.9%	240	342	-30.0%
Guangdong Province – Other Regions:						
Qinglian Expressway	49	43	13.4%	2,432	2,043	19.1%
Yangmao Expressway	40	42	-5.4%	1,303	1,440	-9.5%
Guangwu Project	43	33	28.0%	700	799	-12.4%
Jiangzhong Project	163	153	6.1%	1,090	1,222	-10.9%
GZ W2 Expressway	105	84	24.3%	1,470	1,545	-4.9%
Other Provinces in the PRC:						
Wuhuan Expressway	56	56	0.2%	1,048	1,076	-2.5%
Yichang Project	49	40	21.6%	1,014	955	6.1%
Changsha Ring Road	51	37	38.2%	460	408	12.6%
Nanjing Third Bridge	39	34	15.7%	1,392	1,390	0.2%

Notes:

- (1) Traffic volume which is toll free during holidays is not included in the figures of average daily mixed traffic volume.
- (2) The average daily operation data for the period from 6 May to 30 June 2020 is calculated based on the testing days of 56 days, and the average daily operation data for the period from 1 May to 30 June 2019 is calculated based on the testing days of 61 days.
- (3) The above data are based on the Group’s internal records which are unaudited. Differences may arise between such data and the actual data due to toll revenue of certain projects need to be recorded and disclosed on the basis of estimation at the date of monthly settlement under the circumstance of inter-network toll collection. Therefore, above data is only for investors’ references. Investors are advised to use such statistics cautiously.



Management Discussion and Analysis

In the first half of 2020, the novel coronavirus pneumonia epidemic has caused significant impact on the lives and economic activities of the general public. During the severe outbreak of the epidemic, local governments imposed management and control measures including lockdown of cities and closure of expressways to prevent and control the spread of the epidemic, resulting in a rapid decrease in traffic volumes. In order to support prevention and control against the epidemic and facilitate the resumption of work and production, as required by the transport department of China, the Group implemented a toll-free policy during holidays from 24 January 2020 to 8 February 2020 and further implemented a toll-free policy on all vehicles using toll highways lawfully from 00:00 on 17 February 2020 to 00:00 on 6 May 2020. Moreover, the revenue of toll highways was also adversely impacted by the new toll collection policies implemented since 2020, and the increase of users of ETC toll passes which can enjoy discount on toll fee. Due to the combined effects of the above factors, the total toll revenue from the toll highways operated and invested by the Group showed a significant YOY decrease for the first half of the year.

From the resumption of toll on 6 May 2020 to 30 June, the overall traffic volume of the toll expressways operated and invested by the Group has resumed back to normal level and exceeded the same period of previous year. However, the overall toll revenue has a slightly YOY decrease, which is mainly due to adoption of the ETC toll system and the new toll sections and charging standards after removal of toll collection stations at provincial boundary, the adjustment to vehicle classification and relevant charging standards, the ETC toll discounts and adjustment to charging rules, and the adjustment to the charging policy and charging standards of the sections in Guangdong Province.

Moreover, the operational performance of toll expressways is also affected by factors such as changes in surrounding competitive or coordinated road network, construction or maintenance of the expressways, maintenance of connected or parallel expressways, implementation of urban traffic organisation plans, and positive or negative impact from other transportation means.

(1) Guangdong Province – Shenzhen Region

Highways of the Group in Shenzhen region are major express passage of the Guangdong-Hong Kong-Macau Greater Bay Area. Numerous industrial parks, large communities, cultural and daily lives ancillary facilities, as well as large-scale infrastructure projects under construction are located along the highways. With the government's all-out effort in promoting resumption of work and production after the period of stringent anti-epidemic measures, the traffic volume recovered rapidly. Since the resumption of toll collection, the production base of Huawei and its industrial chain located along Meiguan Expressway resumed to work in full force, and the construction of surrounding large-scale infrastructure projects of Meiguan Expressway had also accelerated, which promoted the growth of the daily average traffic volume and toll revenue of Meiguan Expressway. The Group steered its efforts to accelerate the construction of certain infrastructure projects in Qianhai and the Exhibition Center area in order to catch up with the progress, resulting in the higher-than-expected growth in traffic volume of freight cars passing through Coastal Expressway. In addition, in light of the opening of the connecting lane of Dongbin Tunnel Shahe West Section since the end of 2019, the operational performance of Coastal Expressway will be positively impacted.

Guangdong Province has implemented policies such as exemption of toll fees for the hub interchange ramp, and reorganise and re-approved the toll mileage of each sections, resulting in adjustments to the toll fees of Jihe Expressway, Shuiguan Expressway and Shuiguan Extension. In addition, Banyin Avenue (Shenzhen Municipal Road) was officially opened on 1 May 2020, which significantly diverted the traffic flow of Shuiguan Extension. Due to the combined effects of the aforesaid factors, the average daily toll revenue of Shuiguan Extension during the Toll Collection Resumption Period recorded a relatively extensive YOY decrease.

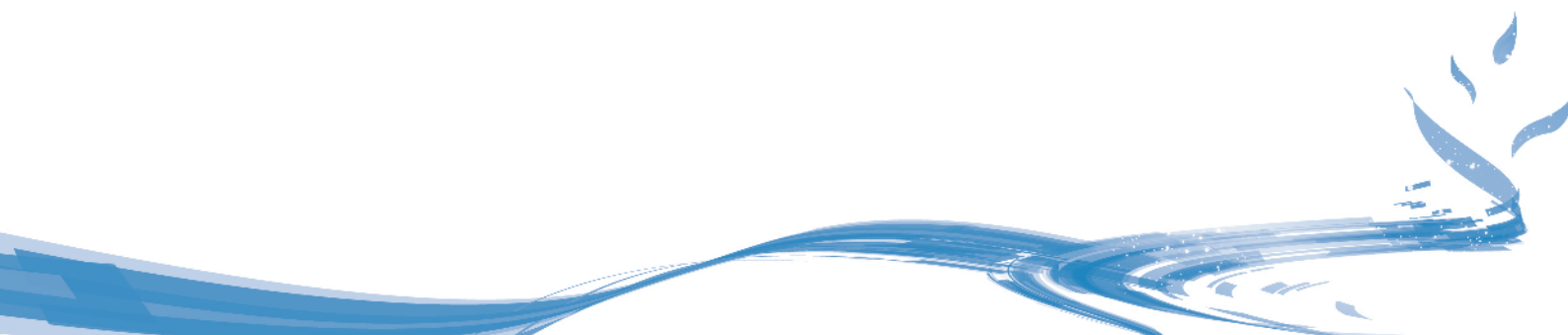
(2) *Guangdong Province – Other Regions*

The commencement of operation of all sections of Xuguang Expressway highlighted the effect of Qinglian Expressway as a north-south traffic artery from Southern China to Central China, while the official opening of Qingyun Section of Shanzhan Expressway on 1 January 2020 has driven an increase in the traffic volume of Qinglian Expressway. The reopening of Qingyuan Bridge in mid-June 2020 also has a positive impact on Qinglian Expressway as some vehicles using the linkage chose to pass through Qinglian Expressway likewise. With the orderly resumption of production and operation in areas along the highways and the continuous improvement of surrounding road network, the operational performance of Qinglian Expressway was enhanced effectively upon the resumption of toll collection.

During the Toll Collection Resumption Period, the average daily traffic volume and toll revenue of Yangmao Expressway recorded a YOY decrease due to varying degree of negative impacts brought by adjustment of toll policy, successive opening of adjacent road network, and the renovation and expansion work at certain sections of Yangmao Expressway. The average daily traffic volume of Guangwu Project and Jiangzhong Project both recorded a YOY increase. However its toll revenue recorded a YOY decrease since the traffic volume of the entire mileage decreased due to the opening of adjacent road network.

(3) *Other Provinces*

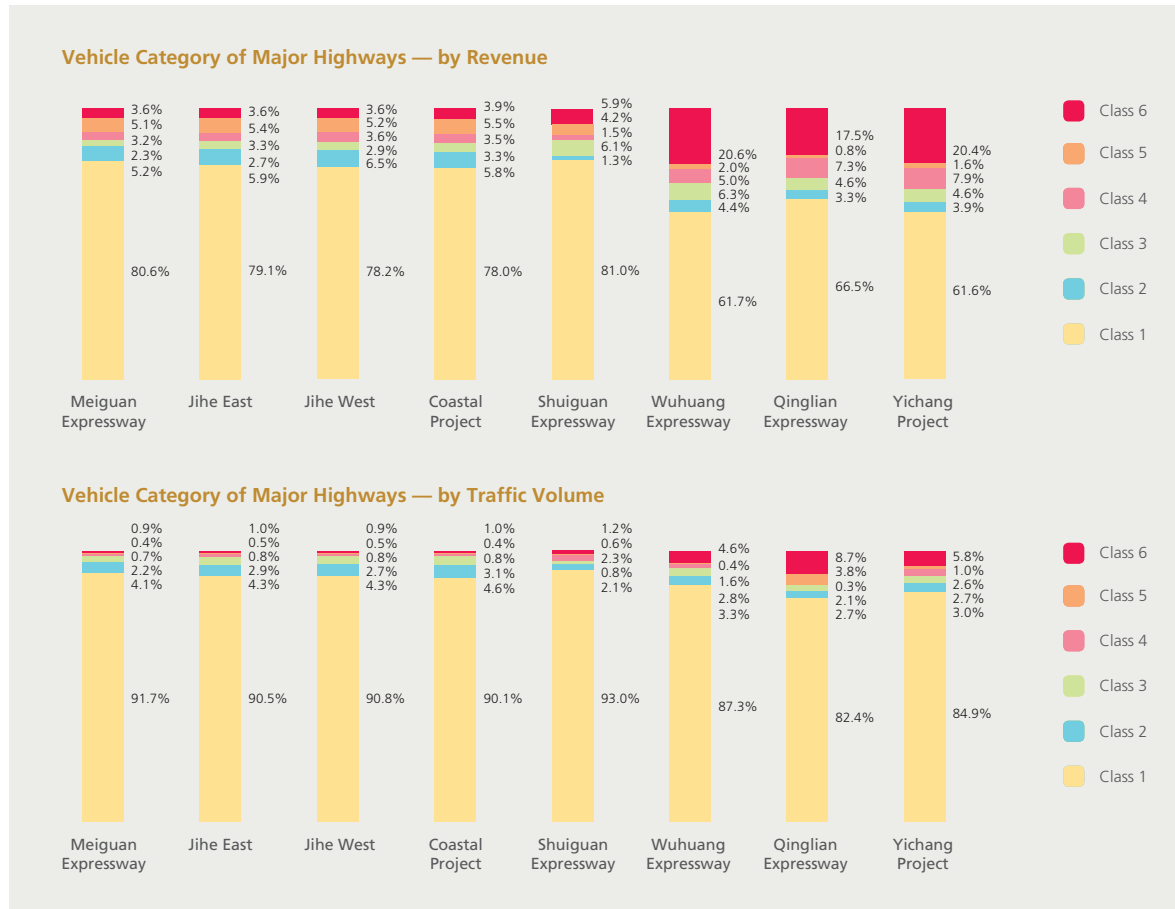
During the Toll Collection Resumption Period, with the government's all-out effort in promoting resumption of work and production, the operational performance of Yichang Expressway has returned to the normal level and the toll revenue has gradually increased upon the resumption of toll collection. As Wuhuang Expressway is located at the epicenter of the epidemic, its operating performance during the Reporting Period was greatly affected by the epidemic. With production and operating activities gradually recovered in Wuhan after the epidemic has been brought under control, the traffic volume of Wuhuang Expressway has also recovered gradually. As at the end of the Reporting Period, the operating performance of other toll highways in other provinces operated and invested by the Group has all returned to normal levels.



Management Discussion and Analysis

Reference Information

In the first half of 2020, there was no substantial change in the vehicle category for each major toll highway project of the Group as compared with last year. The detailed data is as follows:



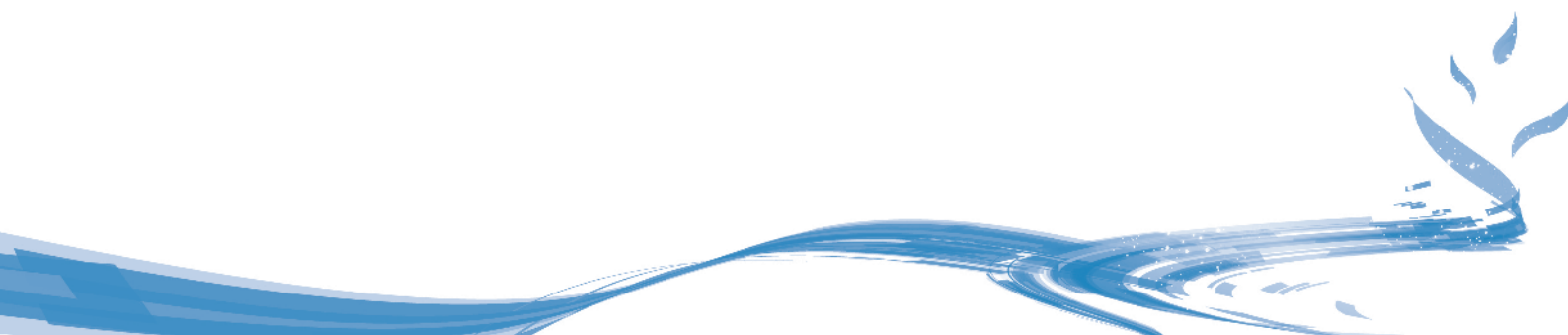
2. **Business Management and Upgrade**

◆ *Reinforce the first line of defense against the epidemic and proactively prepare for resumption of work and production*

The outbreak of the epidemic during the Chinese New Year at the beginning of the year has posed a huge threat to lives and safety of the general public. To support the prevention and control of the epidemic, the central government and governments at all levels unified command for and allocation of urgently mobilised manpower across the country to help winning the battle against the epidemic through prevention and control measures. Among which, the Group shouldered the important mission of building the first line of defense for prevention and control of the epidemic in regions where the expressways are located, and fully cooperated with the government to commence inspection work for epidemic prevention during the Chinese New Year holiday. A three-level command task force comprising the Company, relevant departments and toll stations was set up to establish a comprehensive epidemic prevention and control mechanism. Over 1,200 employees and a huge amount of epidemic prevention and inspection supplies were deployed and utilised. In order to ensure prevention and control work to be carried out in an accurate manner at all sections, nearly 60 inspection stations were set up along the expressways. Regular disinfection would be carried out at the stations, which were operated under the supervision of designated staff to ensure effective implementation of the prevention and control measures, thereby reinforcing the first line of defense against the epidemic. The earnest and pragmatic effort of the Company has received high acclaim from the government departments and the public.

In addition to the proactive efforts made in epidemic prevention, the Group also formulated detailed plans for resumption of work and production in advance and became one of the first batch of listed state-owned enterprises in Shenzhen to fully resume its work and production. Besides, leveraging the toll-free period, the Group has further optimised its ETC system and carried out on-road quality tests therefor. It has also closely monitored the operating condition of each section to solve technical issues arising in the course of operation. About 80 suggestions on technical issues and operation management have been submitted to the provincial transport department, all of which have been adopted. Furthermore, the operation management department has established a new operating management system for the toll collection operation model under ETC system and developed the "One Station One Policy" emergency protection measure to enhance management efficiency and service quality. The optimised ETC system has been operating smoothly since the commencement of operation and the traffic efficiency of various sections have been enhanced effectively.

In order to enhance operating performance, during the Reporting Period, the Group actively organised various marketing and promotional activities, formulated and implemented targeted marketing and promotional campaigns, promoted the advantages of the Company's road network and projects through multiple channels in an effort to attract traffic via its proactive measures. For instance, Magerk Company widely promoted the significant route and pricing advantages of Wuhuang Expressway under the new toll fee standards to driver and passengers by means of traffic announcement, mobile APP, WeChat Official Account and leaflet distribution. These promotions have, to a certain extent, contributed to the increase in traffic volume upon resumption of toll collection at Wuhuang Expressway, which is located in epicenter of the epidemic. Following the resumption of toll collection, taking advantage of the quality scenic spots along the highway and activities launched during the tourism festival such as Lianzhou Golden Pear Festival, Qinglian Company extensively promoted the advantages of Qinglian Expressway such as special features of the sightseeing route in Qinglian region and the location of the expressway through promotional channels such as advertorial articles on WeChat, billboards along the highways and distribution of leaflets at toll stations and service centres with an aim to attract traffic volume.



Management Discussion and Analysis

◆ *Enhance operation and management capacity and efficiency through application of innovative technologies*

In the first half of 2020, the Group continued to strenuously push forward the research on and implementation of intelligence traffic. Through the application of new technologies such as artificial intelligence and the Internet of Things, an integrated system platform for monitoring, command and deployment of road network was established to realise automatic monitoring, identification, pre-warning and business connection of road conditions, traffic incidents and vehicle flows. During the Reporting Period, the Group also commenced research on projects such as drone application and toll collection inspection management system under the free-flow model. The drone application system enabled the Group to implement works such as monitoring of traffic flows, inspection and emergency rescue coordination. Leveraging the computer intelligent software system, the Group was able to conduct big data analysis through automatic audit and analysis of records of passing vehicles, which were used to provide data support for toll collection and operations management. Furthermore, the Group's Outer Ring Project, Jihe Expressway reconstruction and expansion project and other major projects were adopted as carriers to promote the pilot application of innovative technologies such as BIM technology, QR code technology, special equipment monitoring and smart construction site in engineering construction. Through adopting information technology, the elements of the construction site were managed in a unified manner to formulate an information-based, visualised and intelligent BIM-based engineering project management system, thereby improving the management efficiency and application value. The Group has also actively commenced the research and construction work of the Outer Ring Intelligent Highway Pilot Demonstration Project.

3. **Business Development**

Affected by the epidemic, constructions in progress of the Group experienced stagnancy of supply chain, insufficient supply of raw materials and delayed work resumption of workers. Besides of the impact on the progress of the construction project in progress, the Group also faced pressure from the surging costs of raw materials, transport and labour. During the Reporting Period, the Group proactively deployed epidemic prevention measures and gradually resumed work and production for the construction project in progress from mid-February to early March. In order to eliminate the effects of the epidemic on construction progress, the Group strived to complete various projects on schedule under effective cost control by demanding the construction project teams to streamline all crucial points of construction comprehensively, adopt the schedule of inverted construction period, increase resource input, arrange reasonable work procedures and enhance production efficiency leveraging innovative technologies.

As at the end of the Reporting Period, approximately 76% of the Outer Ring project has been completed. While the land acquisition and demolition and relocation work has been basically completed, the construction of roadbed, bridges, tunnels and pavements have completed at a percentage of approximately 89.5%, 82.1%, 100% and 35.1%, respectively. Facilitated with a series of effective measures, construction at critical points of the Outer Ring Project were completed on schedule, including the multi-span continuous beam across Bao'an Boulevard and the multi-span continuous beam at two locations on Zhongxin Road, laying the foundation for the targeted opening of the main line in late 2020. During the Reporting Period, with the approval of the Board, the Company was actively conducting the preliminary work, such as inspection and design, of the first-stage section of Outer Ring Phase III. For details of the Outer Ring Project, please refer to the relevant contents of the Company's announcement dated 18 March 2016 and the circular dated 25 April 2016.

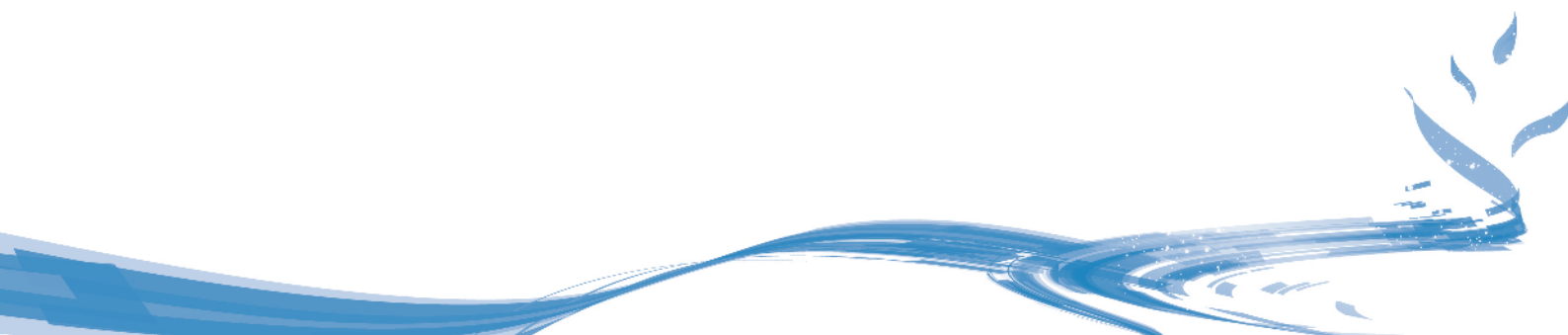
As at the end of the Reporting Period, the land acquisition and demolition and relocation work has all completed, approximately 59% of the construction in progress of Coastal Phase II has completed, while the construction of roadbed, bridges and pavements have completed at a percentage of approximately 53%, 59% and 10%, respectively.

To match the overall work plan and arrangement of the government's expressway construction and improve road safety and quality and the traffic environment, the Board of Directors have approved the preliminary work of the Group's preliminary design of the Jihe Expressway reconstruction and expansion project in January 2018. The Company actively communicated and coordinated with various administrative authorities, and reached basic consensus on the overall construction plan. The preliminary work such as the preparation of the engineering feasibility report and the preliminary design has been basically completed. During the Reporting Period, with the approval of the Board, the Company actively pushed forward the drawing design and cost consultation of the Jihe Expressway reconstruction and expansion project.

According to the Shenzhen Municipal Government's plans and arrangements of Shenshan Second Expressway (Shenzhen – Shanwei) and with approval of the Board, the Company has commenced preliminary work such as inspection and design of Shenshan Second Expressway during the Reporting Period. Shenshan Second Expressway has a total length of approximately 35 km and will have access to a number of main routes including Outer Ring Expressway upon completion. Becoming an express traffic passage between Shenzhen City and the Shenshan Special Cooperation Zone, the Expressway will act as a significant role in facilitating the cooperation and development among the areas such as Shenzhen, Huizhou and Shanwei.

The Company holds 25% equity interests in Yangmao Company. The reconstruction and expansion of Yangmao Expressway commenced in mid-2018 and is scheduled to be completed in 2022. During the Reporting Period, the reconstruction and expansion of Yangmao Expressway are in steady progress. The construction of main structures including roadbeds, girder prefabricated field construction, soft foundation treatment and bridge pile foundation construction are underway.

In addition, on 29 May 2020, Operation Development Company, a wholly-owned subsidiary of the Group, entered into agreement contract in respect of acquiring 60% of the equity interest in Guangdong Boyuan Construction Engineering Co., Ltd (廣東博元建設工程有限公司) at a consideration of RMB6.99 million. Boyuan Company possesses a grade two qualification for general contractor in terms of road project construction as well as relatively leading professional technological advantages and extensive experience in operation management in the field of highway maintenance. Upon completion of acquisition of the controlling interests in Boyuan Company, the Group may proactively expand its businesses relating to the upstream and downstream industrial chain such as highway and municipal road maintenance and construction, acquire more of various construction projects in Shenzhen and other areas, and thus developing its core competitiveness in the segments of comprehensive highway management and maintenance. As of the date of this report, the relevant procedures of change in business registration have been completed.



Management Discussion and Analysis

(III) Environmental Protection Business

In order to explore a broader room for the Group's long-term development, the Group will proactively explore the investment prospects and opportunities of the general environmental protection industry including solid waste and hazardous waste treatment and clean energy principally while consolidating and enhancing the core business of toll highway. The Group has established Environmental Company and New Energy Company as a market-oriented platform for expanding businesses in relation to the general environmental protection industry.

1. *Solid and hazardous waste treatment*

The organic waste treatment industry has a relatively large room for development as supported by the national environmental protection policies. Organic waste treatment is a key industry segment of focused development of the Group in the general environmental protection area. The Group also proactively explores the investment prospects and opportunities in the area of solid and hazardous waste treatment.

On 30 October 2019, the consortium formed by companies including the Environmental Company won the bid for the Guangming Environmental Park Project. For details, please refer to the announcement of the Company dated 30 October 2019. The Guangming Environmental Park Project is located in Guangming District, Shenzhen. The project will be developed into a treatment plant with a processing capacity of 1,000 tons/day for kitchen waste, large pieces waste (wasted furniture) and greening waste. The project shall be implemented under the BOT model, social capital partner who has won in the bidding shall incorporate a project company in Guangming District, and such project company shall be responsible for the efforts in investment, financing, design, construction, transformation, operation, maintenance and handover of the project. The proposed concession period of the project is 10 years. The static total investment of the project is estimated to be approximately RMB708 million.

On 8 January 2020, Environmental Company entered into the "capital increase and equity transfer agreement in respect of acquiring not more than 68.1045% of shares in Lande Environmental Technology Group Holdings Co., Ltd." (the "Agreement") with the relevant parties, pursuant to which Environmental Company will acquire not more than 160,000,000 shares of Lande Environmental at a consideration of not more than RMB809,600,000, the shareholding percentage will not exceed 68.1045%. For details, please refer to the announcement of the Company dated 8 January 2020. As of the date of this report, the Company holds approximately 67.14% of the shares in Lande Environmental. Lande Environmental has been included in the consolidated financial statements of the Group since 20 January 2020. Lande Environmental is currently an important enterprise in the field of organic waste comprehensive treatment, construction and operation in the PRC. It principally engages in provision of systematic comprehensive solutions and services for treatment of municipal organic waste treatment such as kitchen waste and waste leachate to its customers. Lande Environmental currently has a total of 16 organic waste treatment projects under BOT/PPP model, most of which are located in cities with better economic development, have relatively long concession period, and able to generate relatively stable returns. During the Reporting Period, with the impact of the epidemic, the volume of kitchen waste collection and transportation by Lande Environmental further decreased, while the volume of kitchen waste treatment remained basically the same. The business development has not aligned with its increasing treatment capacity. With the gradual recovery and unleashing the potential of the public's consumption capacity since the epidemic has been brought under control, as well as the stricter implementation of waste classification and management regulations, the waste treatment business is expected to develop and expand gradually. Regarding the EPC construction business and the manufacturing and sales of the ancillary equipment (the "equipment business"), Lande Environmental made progress in the construction of various EPC projects actively in 2020 due to continuous improvement in liquidity following the acquisition by the Group and the implementation of a series of enhanced management measures. As a result, the revenue from EPC construction and equipment business recorded a significant YOY increase. Furthermore, during the Reporting Period, Lande Environmental put great efforts in technological development, progress has been made in technological innovations such as harmless dehydration treatment system of dead livestock or poultry and kitchen waste sorting and pulping equipment.

Furthermore, with the approval of the Board, in August 2020, Shenshan Company, a wholly-owned subsidiary of the Company, entered into an agreement in respect of acquiring 50% of equity interest in Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Limited (深圳深汕特 合作區乾泰技術有限公司) (“Qiantai Company”) by way of capital increase and transfer. The total capital contribution will be RMB225 million. Qiantai Company possesses qualification for scrapping new energy vehicles and is principally engaged in electric-vehicle battery recycling business and vehicle scrapping business. Owning over 10 independent intellectual property rights related to key technologies of electric-vehicle battery recycling and scrapping new energy vehicles, Qiantai Company possess relatively strong integrated strength in the field of scrapping new energy vehicles and electric-vehicle battery technologies as well as the upstream and downstream markets. Recently China has listed the new energy vehicle industry as a strategic emerging industry for focused promotion. As the popularity of new energy vehicles increased, the future prospect of the electric-vehicle battery disposal market is promising. Upon completion of the acquisition of controlling interests in Qiantai Company, the Group will be able to capture the opportunities in the development of emerging market by promptly entering the sector of scrapping new energy vehicles, solid and hazardous waste disposal of electric-vehicle battery and post-market recycling and application. The acquisition aligns with the Group’s strategic development vision to explore the general environmental protection business sector.

The Group will demonstrate the regional advantages and resources advantages of the Company. It will gradually establish a comprehensive service system integrating cleaning and treatment of household waste. On this basis, the Group will also expand into the upstream and downstream industrial chain. During the Reporting Period, the Group also proactively conducted site visits and negotiations in respect of research and investment projects regarding treatment of industrial hazardous waste and sewage in the field of industrial environmental protection. In conjunction with the regional expansion strategy, the Group will participate in comprehensive urban development and construction and seek opportunities in strategically expanding into the area of construction and operation of environmental protection projects such as municipal sanitation integration and treatment of industrial solid waste.

2. Clean Energy

Clean energy, being an emerging sector in the general environmental protection industry, will be a new industrial development direction that the Group has decided to place strong emphasis on in its development strategies. In recent years, following the implementation of a series of national industrial policies and development plans related to wind power industry, wind power has become the main source of power supply for the society. The problem of wind power curtailment has been improved rapidly, which indicates a new stage of stable and sound development of wind power industry in the long run.

After the acquisition of Nanjing Wind Power in 2019, the Group has significantly improved the operation and management of Nanjing Wind Power by implementing a series of measures, including enhancing the quality of internal management, enhancing market development and construction of supply chain, stepping up efforts in research and development and optimising the production process constantly, thereby comprehensively improving production capacity of the complete machine manufacturing. Driven by related policy, onshore wind power project construction has been still in the peak period in 2020. The demand of the complete machine significantly increased, which brought rare market opportunity to Nanjing Wind Power. However, the gross margin of the complete machine manufacturing faced the pressure of decline due to the limited productivity caused by tight supply of key components and parts in the upstream, and increased procurement costs of components and parts. Together with factors such as delay in resumption of work during the epidemic, the progress of production delivery and sales of Nanjing Wind Power were delayed during the Reporting Period, affecting its interim results. During the Reporting Period, the Wuhu Production Base of Nanjing Wind Power officially commenced production in late April and completed the technical development for two new models. Currently, Nanjing Wind Power seeks to ensure fulfilment of its business objectives of the year by increasing market sales, expanding supply chain channels, enhancing productivity and management and strengthening receipt of payments of sales. It also makes preparation in advance for business development in the next two years.

Management Discussion and Analysis

During the Reporting Period, Baotou Nanfeng continued to improve wind farm operation and management during the epidemic and its operating and production activities are getting back on track broadly. With improved situation of epidemic prevention and control, the resumption of work and production in Mengxi Region accelerated, posing increasing demand of power supply. Benefitted from local stable policy environment related to wind power, the market foundation of consumption of power generated of Nanjing Wind Power is sound. Baotou Nanfeng recorded an aggregate on-grid power supply of 321,208 MWh during the first half of 2020, which outperformed various interim business objectives. Besides, based on requirements of the notice issued by the Ministry of Finance (Caibanjian [2020] No. 6), Baotou Nanfeng is actively working on the application of renewable energy power generation subsidies for its five subsidiaries engaging in wind farm projects, in order to obtain power generation subsidies for its existing projects as soon as possible.

With increasing scale of the new energy segment business, in August 2020, the Group established a wholly-owned subsidiary named Shenzhen Expressway New Energy Holdings Co., Ltd (深圳高速新能源控股有限公司) with a registered capital of RMB1.4 billion (paid-up capital of the first tranche was RMB30 million), in order to enhance the operation and management efficiency of the new energy industry and business development, with a view to integrating internal and external resources in an effective way, thereby establishing a more scientific governance structure with independent legal entity and an operation and management system, so as to align with the needs of integrated development strategies of the Group's new energy business. The subsidiary will act as a platform for investment in, financing and management of the new energy industry, which the Group will develop with a focus on wind power, supplemented by the businesses of photovoltaic power and energy storage.

3. *Water Environmental Remediation and Others*

In 2017, Environmental Company, a wholly-owned subsidiary of the Group, acquired 20% equity interests in Derun Environment. Derun Environment is a comprehensive environmental enterprise with majority owned subsidiaries including Chongqing Water and Sanfeng Environment, etc., and with major business segments including water supply and sewage treatment, waste incineration power generation and environmental restoration, etc. Chongqing Water is mainly engaged in urban water supply and sewage treatment. Occupying a dominant position in the city's water supply and sewage treatment market, Chongqing Water has stable earnings and abundant cash flow. Sanfeng Environment is a large-scale environmental protection group integrating investment, construction, integrated equipment and operation management in domestic waste incineration power generation field. It is mainly engaged in the investment of waste incineration power generation projects, EPC (Engineering Procurement Construction), equipment manufacturing and operation management of the whole industry chain service, with a complete set of core technologies such as waste incineration and flue gas purification, and third-generation tube-type membrane treatment and other technologies. On 5 June 2020, Sanfeng Environment (601827) was officially listed on SSE, which will help with its long-term development of becoming the leader in domestic waste incineration power generation field. During the Reporting Period, Derun Environment focused on developing the markets in Chongqing and the peripheral areas and actively pushed forward the construction of projects, including the Project in respect of Ecological Restoration, Management and Maintenance of Landfills of Changsheng Bridge in Chongqing (EPC), the Water Environmental Remediation Project of Changsheng River in Chongqing and the Water Environmental Remediation Project of Wuhou District in Chengdu. By acquiring the equity interests of Derun Environment, the Group, on the one hand, would be able to expand the Company's environmental protection business and obtain a reasonable return on investment. On the other hand, it can carry out in-depth cooperation with domestic leading enterprises.

Besides, the Group also held 15% of the equity interests in Water Planning Company. During the Reporting Period, Water Planning Company undertook three BO projects in respect of sewage treatment facilities, successfully won the bid for over 70 projects and received sufficient business orders.

For details of the profits of Lande Environmental, Nanjing Wind Power, Baotou Nanfeng and Derun Environment during the Reporting Period, please refer to the relevant content in “Financial Analysis” below and note VI.1 to the Financial Statements in this report.

(IV) Entrusted Management and the Development of Other Infrastructure

Relying on the core business of toll highway and building on the expertise and experience accumulated in the relevant areas throughout these years, the Group has continuously launched or engaged in the entrusted construction management business and the entrusted operation management business (also known as entrusted construction business and entrusted management business). Through the provision of services relating to construction management and operation management of toll highway, the Group has realised reasonable revenues and returns from the receipt of management fee and/or bonus according to the calculation methods as agreed with the entrusting parties. In addition, the Group also attempts to use its own financial resources and financing capability to participate in the construction and development of local infrastructure so as to obtain reasonable revenues and returns.

1. Entrusted Construction Business

During the Reporting Period, the Company has had entrusted construction projects including Outer Ring Project in Shenzhen region, Cargo Organisation Adjustment Project, Longhua Municipal Section Project, Shenshan Environmental Park Project, Duohua Bridge Project of Longli County and Bimeng Project, etc. At this stage, the major work of the Group in entrusted construction business is to strengthen the safety and quality management of the projects under construction, coordinate and supervise the collection of revenue from each of the entrusted construction projects, push forward the completion and acceptance of the completed projects and proactively promote the development and cooperation in new markets and new projects.

During the Reporting Period, all the work of the entrusted construction projects has been carried out in good order. In particular, for the relevant information on the progress of Outer Ring Project, please refer to the relevant content in above description of “Business Development” in this section. The 4 toll stations in the first batch of Cargo Organisation Adjustment Project have been completed and the second batch of preliminary works for Paibang and Xiufeng stations are being carried out. Construction of Longhua Municipal Section Project commenced in September 2018, which was mainly divided into three construction sections, namely Jianshe Road, Dafu Road and Golf Boulevard, among which 70% of the overall physical work of the Jianshe Road section have been completed; the application for construction work planning permit of the Dafu Road section is still in progress; the construction of the Golf Boulevard section has been suspended due to conflict with other municipal planning.

In addition, the Company was identified as entrusted construction party of infrastructure and ancillary projects for Shenshan Eco-Environmental Science and Technology Industrial Park through an open tendering procedure in July 2019, and was assigned to be responsible for the whole process of infrastructure construction of the Environmental Park. The construction primarily includes four sub-construction projects, namely municipal roads ancillary to the Park, “seven connections and site leveling” in the Park, public management and service facilities and ancillary facilities related to waste transfer. The management fee of the entrusted construction is approximately RMB226.55 million. This infrastructure construction project is invested by the Shenzhen Municipal People’s Government and is expected to be completed by 2025. During the Reporting Period, the Company has been proactively promoting the preliminary works of each construction work of the project. The tendering work for construction is expected to complete in September this year and the construction may commence during the year.



Management Discussion and Analysis

Duohua Bridge Project is about 2.2 km long in total, the major construction work of the project is the construction of Duohua Bridge. The total investment amount of the project is approximately RMB900 million and the construction period of the project is expected to be approximately 3 years. It is a municipal project invested by the government of Longli County, Guizhou through Guilong Holdings, its platform company. On 29 March 2018, Longli County Government, Guilong Holdings and Guishen Company signed an investment cooperation agreement for the project. According to the investment cooperation agreement, Guishen Company is responsible for raising construction funds, and Guilong Holdings will pay project fee to Guishen Company according to the contract. For details, please refer to the announcement of the Company dated 29 March 2018. As at the end of the Reporting Period, approximately 46% of the physical work of the project have been completed. Located in a valley with high mountains, Duohua Bridge was requested by the local government to be constructed into a landscape bridge overseeing the scenes of the valley that could be accessed by both pedestrians and vehicles. The engineering design and construction is extremely demanding. During the Reporting Period, the project team conducted scientific research and investigation on the reliability of high-strength bolts for large-span bridges and active preventive measures, while conducting in-depth design work of landscape lighting, style and colour of railing, alley trees, street lamps and sightseeing elevators featuring characteristics of local geographical area and culture, with a view to securing the safety of travelling and sightseeing on Duohua Bridge.

The Bimeng Project is a residential resettlement construction project invested by the government of Longli County through Guilong Holdings. The total investment budget of the project is expected to be not more than RMB1,000 million. On 13 May 2020, Guilong Holdings and Guishen Company signed an investment cooperation agreement for the project. According to the investment cooperation agreement, the construction period of the project will be 2 years and the operation period will be 3 years; Guishen Company is responsible for raising construction funds, and Guilong Holdings will pay project fee and investment returns to Guishen Company according to the contract. For details, please refer to the announcement of the Company dated 13 May 2020. During the Reporting Period, Guishen Company is carrying out the related preliminary works.

2. *Entrusted Management Business*

On 30 December 2019, the Company entered into the entrusted management agreement with Baotong Company, pursuant to which Baotong Company will entrust the Company to manage its 89.93% equity interest in Longda Company. The term of the entrusted management agreement will commence on 1 January 2020 and expire on 31 December 2020. For details, please refer to the announcement of the Company dated 30 December 2019.

The Four Expressways have been transferred to the Shenzhen Transportation Bureau from 0:00 on 1 January 2019. In 2019, through the public tendering procedures, the consortium established by the Company and Operation Development Company has successfully won the bid for the comprehensive maintenance project for the Four Expressways and undertake the maintenance work of the Four Expressways. During the Reporting Period, the Company has renewed the contract for the comprehensive maintenance project for the Four Expressways for a contractual term from 11 June 2020 to 10 June 2021.

For details of the profits as well as incomes and expenses of various entrusted management businesses during the Reporting Period, please refer to the content in "Financial Analysis" below and the relevant content in Note V45 to the Financial Statements in this report.

3. *Development and Management of Land Projects*

With the relevant management experience and resources, the Group prudently explores new business types such as comprehensive development of land and urban renewal, while paying close attention to and seizing the opportunities for the cooperation between the advantageous areas and the existing business-related areas as business development and expansion beyond its core business as well as a beneficial supplement to revenue.

(1) *Guilong Development Project*

The model of “construction – transfer” and ancillary land development was adopted for Guilong Project, which enabled the Group to accumulate business and management experience in respect of the exploration in the area of Guilong and development of appropriate business model. Following Guilong Project, the Group has contracted for the construction of Duohua Bridge Project and Bimeng Project in collaboration with the government of Longli County or its platform company successively.

With the improvement of Guilong Road and the infrastructure in peripheral regions and the development of the whole Guilong Economic Zone, it is expected that the peripheral land in the area of Longli County will have great potential for appreciation. In order to seize market opportunities and effectively reduce the risk of fund recovery from Guilong Project and Duohua Bridge Project, Guishen Company actively participated in the land tenders within the area of Guilong. At the end of the Reporting Period, Guishen Company has successfully won the bid for the land of Longli Project with an area of approximately 3,005 mu (approximately 2,000,000 square meters) in aggregate, including approximately 2,770 mu of Guilong Project land with a transaction amount of approximately RMB961 million, and approximately 235 mu of Duohua Bridge Project land with a transaction amount of approximately RMB117.71 million. In respect of Guilong Project land, the interests in approximately 1,610 mu have been transferred, while 1,075 mu is under secondary development as at the end of the Reporting Period. Guishen Company has set up certain wholly-owned subsidiaries to hold and manage the land use rights of the land parcels mentioned above.

Guishen Company is adopting a rolling development strategy by phases. Focusing on the Interlaken Town Project, it has conducted secondary self-development for certain land parcels acquired, which has an area of 1,075 mu (approximately 717,000 square meters). During the construction of the Interlaken Town Project, Guishen Company fully demonstrated the artisanal spirit of Shenzhen Expressway and diligently delivered high-end and quality works. As such, the Interlaken Town Project has established a favorable brand image in the local market with its unique architectural style, beautiful landscape and good living environment. The houses launched for Interlaken Town Phase I (approximately 247 mu, equivalent to 164,000 square meters) and Phase II (approximately 389 mu, equivalent to 260,000 square meters) in Stage I have been fully delivered for use, and payments have been received. The construction of Phase II Stage II project, mainly for commercial supporting property, has been fully completed. 95 sets of commercial properties have been launched, of which 58 sets have been contracted for sale and delivered for use, and payments have been received. The Interlaken Town Phase III has been put into construction. Among which Phase III Stage I project (approximately 162 mu, equivalent to 107,000 square meters), which is expected to be completed by the end of 2020, would provide 271 sets of houses, of which 225 sets have been contracted for sale and payments have been received. During the Reporting Period, the construction of Phase III Stage II project, which is intended to be commercial supporting property, has commenced. Guishen Company is now conducting works in relation to the planning and design for the development of the remaining land.

By operating and implementing the preliminary work of Interlaken Town Project, Guishen Company has explored and accumulated some experience in the management and operation of property development projects, thereby developing a business development model suitable for the property industry in such region. On the above basis, Guishen Company will, through means such as timely market transfer, cooperation or self-development based on the overall market conditions and development opportunities, realise the market value of the lands it holds and the Group’s investment income as soon as possible, at the same time prevent the contractual and market risks in relation to the lands in an effective way.



Management Discussion and Analysis

(2) *Meilin Checkpoint Renewal Project*

Pursuant to the relevant agreement and the approval of the general meeting of the Company, the Company, Shenzhen International (through XTC Company, its wholly-owned subsidiary) and Vanke jointly invested in United Land Company. The three parties held 34.3%, 35.7% and 30% equity interests of United Land Company respectively. United Land Company mainly serves as the reporting and implementing entity of Meilin Checkpoint Renewal Project. Meilin Checkpoint Renewal Project occupies a land area of approximately 96,000 square meters, which shall be used for residential and commercial purposes, and a capacity building area of not more than 486,400 square meters (including public facilities) in aggregate. For details, please refer to the Company's announcements dated 8 August 2014, 10 September 2014, 8 October 2014, 25 July 2018, 28 September 2018 and 13 November 2018 respectively and the circular dated 17 September 2014 and 22 October 2018 respectively.

The Meilin Checkpoint Renewal Project will be developed in three phases. Among which, Phase I of the project comprises residential units with an saleable area of approximately 75,000 square meters, affordable housing with an area of approximately 42,000 square meters; Phase II of the project comprises residential units with an saleable area of approximately 68,000 square meters; Phase III of the project will comprise residential units with an estimated saleable area of approximately 63,000 square meters and a complex building of office and business apartment with an area of approximately 190,000 square meters. In addition, the project has reserved approximately 34,500 square meters as commercial supporting property in its overall planning. As at the end of the Reporting Period, 832 sets of houses of Phase I Hefengxuan have all been sold and payments have been received. Phase II Heyaxuan has been launched to the market in the end of September 2019, and 683 sets of houses have all been sold and payments have been basically received as at the end of the Reporting Period. Phase III of the project is applying for relevant construction and the preliminary engineering work has commenced.

4. *Development and Management of Other Infrastructure*

With the approval of the Board, the Investment Company and CCCC Tianjin Dredging Co., Ltd. have jointly established a consortium to participate in the investment, construction and management of the Nanmen River Comprehensive Treatment Project in Shenzhen-Shanwei Special Cooperation Zone. The construction that met the operating conditions was basically completed in last year. Affected by factors such as changes in local land resumption policies, certain sections were not available for construction, resulting in changes in construction plan of the project. The Company has been communicating and negotiating repeatedly with relevant management departments regarding solutions for the related matter. During the Reporting Period, the Group has been working diligently to promote clear procedures such as management, acceptance and settlement of all parties regarding the project, with a view to accelerating the acceptance of construction and receipt of payments in respect of the project.

The Investment Company and Shenzhen One Apartment Management Co., Ltd. (深圳市壹家公寓管理有限公司) has established in Shenzhen a joint venture, i.e. Shenzhen Expressway One Apartment Management Co., Ltd. (深高速壹家公寓管理有限公司) which was held as to 60% by the Investment Company, as the principal entity for the cooperation under the long-term rental apartment business in Fuyong and Songgang. Due to the impact of the epidemic, the occupancy rate of Songgang Project was 67%, while the occupancy rate of Fuyong Project was 63% as at the end of the Reporting Period.

For details of the profits as well as incomes and expenses of various entrusted management businesses during the Reporting Period, please refer to the relevant content in "Financial Analysis" below.

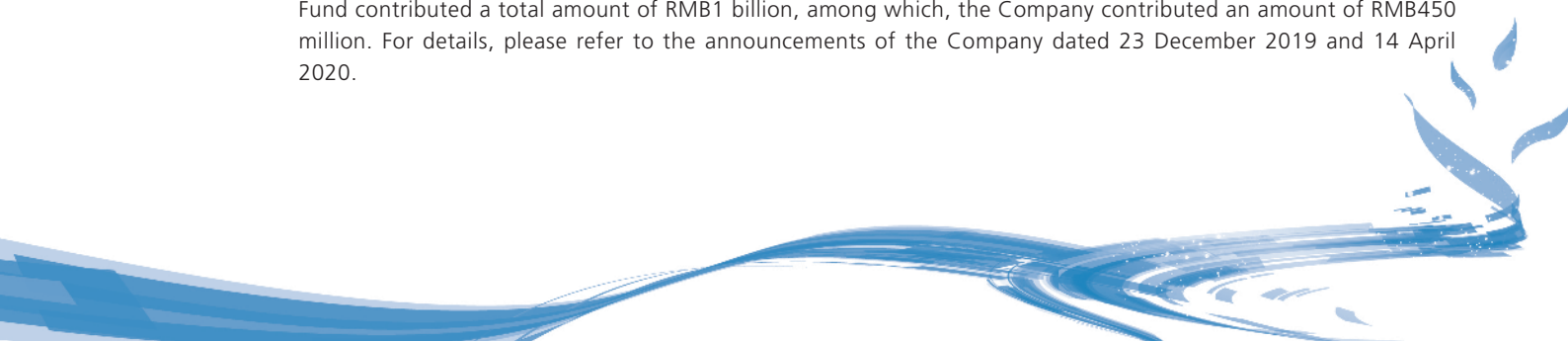
(V) Financial Business

The Group subscribed for the additional shares issued by Bank of Guizhou in 2015 and 2016 respectively. The Board has approved the Company or its authorised subsidiary to increase the shareholding in the Bank of Guizhou with a total investment amount of not more than RMB190 million. The validity period of the authorisation shall be from 11 June 2019 (i.e. the date of approval of the Board) to 20 May 2021. Bank of Guizhou has been listed on the HKEx since 30 December 2019, 76,207,000 shares of which were subscribed under IPO by the Group at a price of HK\$2.48/share through Mei Wah Company, a wholly-owned subsidiary of the Group. As at the end of the Reporting Period, the Group held a total of around 502,000,000 shares in Bank of Guizhou, which accounted for approximately 3.44% of its total share capital as at the end of the Reporting Period. As Bank of Guizhou has a sound cash dividend capability and huge rooms for development, the increase in shareholding of the additional shares issued by Bank of Guizhou may be favorable to maintaining the position as key shareholders of strategic investors of the Company, obtaining stable investment returns and strengthening regional business synergies. For details of the investment gains from Bank of Guizhou, please refer to the relevant content in “Financial Analysis” below.

During the Reporting Period, the Group has completed the acquisition of 48% interest in Financial Leasing Company held by SZ International through its wholly-owned subsidiaries at the consideration of RMB151.69 million (including debt obligations of RMB129 million). For details, please refer to the announcement of the Company dated 17 March 2020. Financial Leasing Company has been incorporated into the scope of consolidated statements of the Company since 15 April 2020. The principal businesses of Financial Leasing Company comprise financial leasing services and commercial factoring business. The acquisition of Financial Leasing Company is conducive for the Group to give full play to its financing advantages, and helps to provide financial leasing services to satisfy the capital required in the principal businesses and the upstream and downstream of the industry chain of the Group. It is an important way for the Group to achieve “industrial-financial integration” and its business synergy strategy, which will help to enhance the overall value of the Group. During the Reporting Period, the Group conducted research and refined management on Financial Leasing Company in respect of its internal management as well as the mechanism for decision-making and approval, with a view to facilitating its daily business operation and development, thereby enhancing the efficiency in management and decision-making. During the Reporting Period, Financial Leasing Company has been proactively expanding business after optimisation. As of the Reporting Date, Financial Leasing Company has invested an amount of approximately 314.27 million in the business of industrial-financial integration.

In order to effectively consolidate its resources, expand the fund-raising channels and establish a market-oriented talent management system, the Board approved the capital injection of Fund Company by way of public listing and competitive negotiation. Two strategic investors were introduced with a shareholding of 49% in aggregate. During the Reporting Period, the matter is under active progress. For details, please refer to the announcement of the Company dated 23 December 2019.

The Board approved the promotion of establishment and participation in the investment of “Shengchuang – Shenzhen Expressway Environmental Technology Industry Investment M&A Fund” (“晟創-深高速環科產業併購投資基金”, name of fund subject to the industrial and commercial registration) by the Company (“Environmental Technology Industry M&A Fund”). On 14 April 2020, six parties, including the Company and Shengchuang Investment, entered into a partnership agreement, pursuant to which, the parties agreed to jointly invest in and establish Environmental Technology Industry M&A Fund. All partners of Environmental Technology Industry M&A Fund contributed a total amount of RMB1 billion, among which, the Company contributed an amount of RMB450 million. For details, please refer to the announcements of the Company dated 23 December 2019 and 14 April 2020.



Management Discussion and Analysis

The Board approved the participation in the investment of Shenzhen State-owned Assets Collaborative Development Private Fund (Limited Partnership) (深圳國資協同發展私募基金合夥企業(有限合夥), in preparation and name of partnership subject to the industrial and commercial registration) by the Company (“State-owned Assets Collaborative Development Fund”). On 17 August 2020, eight parties, including the Company and Shenzhen Kunpeng Zhanyi Equity Investment Management Co., Ltd. (深圳市鯤鵬展翼股權投資管理有限公司), entered into a partnership agreement, pursuant to which, the target size of proceeds raised for State-owned Assets Collaborative Development Fund shall be RMB4.01 billion, among which, the Company shall contribute an amount of RMB300 million, accounting for 7.48% of the total contribution. For details, please refer to the announcements of the Company dated 30 June 2020 and 17 August 2020.

On 21 August 2020, the Board approved the Company’s participation in the capital increase and share subscription project of Vanho Securities, pursuant to which the Company proposes to invest an amount of approximately RMB950 million for subscription of approximately 8.68% of the enlarged equity interest in Vanho Securities (actual amount shall be calculated based on the assessed price approved and filed by the state-owned authorities). Vanho Securities is a comprehensive securities firm with full license controlled by the Shenzhen SASAC. Its principal business has developed steadily. The Company’s participation in the capital increase and share subscription project of Vanho Securities can, on one hand, allow the Company to share the development results in the PRC capital market and obtain certain investment income; on other hand, allow the Company to cooperate with State-owned enterprises in Shenzhen, share high-quality project resources and enhance the Company’s industry-finance integration business.

(VI) Other Businesses

The Company has commenced to engage in billboard leasing, advertising agency, design production and related businesses alongside the toll highways and at the toll stations through Advertising Company, its wholly-owned subsidiary. In addition to operating and disseminating the self-owned media resources along the expressways, Advertising Company has also further developed outdoor media businesses of main urban roads in recent years and provided brand building and promotion plans for customers.

Consulting Company, held as to 24% by the Company, is a professional engineering consulting company with independent legal entity qualification. Its business scope covers pre-consultation, survey and design, tendering agency, cost consulting, engineering supervision, testing and inspection, as well as maintenance consulting, etc., and with the qualification and capability of providing consulting services to the whole process of investment and construction of the engineering project.

During the Reporting Period, Guangdong UETC completed the private placement. The Company currently holds 9.18% of its equity interests after placement. Guangdong UETC is principally engaged in the electronic clearing business for the toll highways in Guangdong Province, including investment, management and provision of services of the electronic toll and clearing systems, and sales of related products.

During the Reporting Period, each of the above businesses proceeded smoothly and has met the Group’s expectation in general. Due to the limitation on the scales or investment models, the contributions from these businesses currently only account for a very small proportion of the Group’s revenue and profit. For details of other businesses during the Reporting Period, please refer to the relevant content in note V14 and note V45 to the Financial Statement in this report.

II. Financial Analysis

In the first half of 2020, the Group recorded net profit attributable to owners of the Company (“net profit”) of RMB43,923,000 (2019 interim (restated): RMB1,578,646,000), representing a YOY decrease of 97.22%, mainly due to the expressway Toll-free Policy during the Epidemic, resulting in the decrease in the toll revenue from toll highways operated and invested by the Group during the Reporting Period.

(I) Analysis of Main Business

1. Analysis of Changes in Related Items in the Financial Statements

Unit: ‘000 Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year (Restated)	Change (%)
Revenue	1,686,872	2,707,939	-37.71
Cost of services	1,458,357	1,413,154	3.20
Selling expenses	10,673	10,369	2.94
General and administrative expenses	101,107	83,553	21.01
Research and development expenses	11,548	2,982	287.19
Financial expenses	340,757	268,472	26.92
Investment income	142,482	597,091	-76.14
Income tax expenses	-17,826	-188,929	N/A
Net cash flows from operating activities	-157,418	819,070	-119.22
Net cash flows from investing activities	-1,264,294	623,789	-302.68
Net cash flows from financing activities	2,088,581	-1,240,931	N/A

2. Reasons for Change in Revenue:

During the Reporting Period, the Group recorded revenue of RMB1,686,872,000, representing a YOY decrease of 37.71%, mainly due to the expressway Toll-free Policy during the Epidemic. The detailed analysis of revenue is as follows:

Unit: ‘000 Currency: RMB

Revenue item	2020 Interim	Proportion (%)	2019 Interim (Restated)	Proportion (%)	Change (%)	Description
Revenue from main business – toll highways	1,045,927	62.00	2,204,299	81.40	-52.55	(1)
Revenue from main business – clean energy	228,158	13.53	–	–	N/A	(2)
Revenue from main business –solid waste and hazardous waste treatment	194,811	11.55	–	–	N/A	(2)
Revenue from other businesses – entrusted management services	127,025	7.53	85,361	3.15	48.81	(3)
Revenue from other businesses – real estate development	–	–	309,498	11.43	-100.00	(4)
Revenue from other businesses – other businesses	90,951	5.39	108,781	4.02	-16.39	(5)
Total revenue	1,686,872	100.00	2,707,939	100.00	-37.71	

Management Discussion and Analysis

Description:

- (1) During the Reporting Period, the Group recorded a YOY decrease of 52.55% in toll revenue, mainly due to the expressway toll-free policy during the epidemic, resulting in an increase in the number of toll-free days for the Group's ancillary toll highways during the Reporting Period as compared with that for the corresponding period of last year.

Detailed analysis of the operational performance of various projects during the Reporting Period is set out in the "Management Discussion and Analysis" above. Breakdown of revenue by specific items is set out in Point (II) "Analysis of Business Management by Industry, Product or Region" below

- (2) Nanjing Wind Power, Baotou Nanfeng and Lande Environmental were consolidated into the financial statements of the Group on 8 April 2019, 17 September 2019 and 20 January 2020, respectively, contributing RMB120,544,000, RMB107,614,000 and RMB194,811,000 to the revenue related to sales of wind turbine equipment, wind power generation and solid waste and hazardous waste treatment, respectively during the Reporting Period.
- (3) During the Reporting Period, revenue from entrusted management services recorded a YOY increase of 48.81%, mainly in line with the progress of the entrusted construction projects revenue from entrusted management services in the Reporting Period.
- (4) Represents failure to deliver commercial housing by Guilong Development Project.
- (5) Represents the decrease in advertising revenue.

3. Reasons for Change in Cost of Services:

During the Reporting Period, the cost of services of the Group amounted to RMB1,458,357,000 (2019 interim (restated): RMB1,413,154,000), representing a YOY increase of 3.20%, mainly due to the consolidation of Nanjing Wind Power and Lande Environmental into the financial statements of the Group leading to the increase in the Group's cost of services in the Reporting Period. The detailed analysis of cost of services is as follows:

Unit: '000 Currency: RMB

Breakdown by industry							
Industry	Cost item	2020 Interim	2020 Interim proportion (%)	2019 Interim (restated)	2019 Interim proportion (%)	Change (%)	Description
Cost of main business of toll highway	Employee expenses	131,501	9.02	141,341	10.00	-6.96	(1)
	Road maintenance expenses	60,138	4.12	79,710	5.64	-24.55	(2)
	Depreciation and amortisation	686,239	47.05	728,011	51.52	-5.74	(3)
	Other business costs	66,395	4.55	103,251	7.31	-35.70	(4)
	Subtotal	944,273	64.74	1,052,313	74.47	-10.27	(5)
Cost of main business – clean energy		146,362	10.04	–	–	N/A	(6)
Cost of main business –solid waste and hazardous waste treatment		188,576	12.93	–	–	N/A	(6)
Other business costs– entrusted management services		109,052	7.48	80,504	5.70	35.46	(7)
Other business costs– real estate development		–	–	199,220	14.10	-100.00	(8)
Other business costs– other businesses		70,093	4.81	81,117	5.74	-13.59	(9)
Total cost of services		1,458,357	100.00	1,413,154	100.00	3.20	

Description:

- (1) Mainly due to the decrease in toll collection staff during the epidemic as compared with the corresponding period of last year and the implementation of pension insurance Reduction and Exemption Policy, resulting in a corresponding decrease in labour cost.
- (2) Mainly due to repairing the slope landslide of Shuiguan Expressway for the corresponding period of last year, resulting in a decrease in special maintenance costs in the current period.
- (3) Mainly due to the YOY decline of ancillary toll highway traffic volume during the epidemic.
- (4) The decrease in toll revenue of Wuhuang Expressway during the Reporting Period, resulting in a corresponding decrease in the entrusted management services costs.
- (5) Breakdown of cost by specific items is set out in Point (III) "Analysis of Business Management by Industry, Product or Region" below.
- (6) Represents the increase in cost related to sales of wind turbine equipment of RMB100,362,000, wind power generation cost of RMB46,000,000 and cost related to solid waste and hazardous waste treatment of RMB188,576,000 as a result of the consolidation of Nanjing Wind Power, Baotou Nanfeng and Lande Environmental into the financial statements of the Group, respectively.
- (7) Mainly represents an increase in related entrusted construction management costs in line with the progress of the entrusted construction projects.
- (8) Represents failure to deliver commercial housing by Guilong Development Project in the current period, resulting in a corresponding the YOY decrease in the cost of commercial housing development.
- (9) Represents the decrease in advertising cost.

4. Expenses

Reasons for Change in Selling Expenses: The Group's selling expenses for the Reporting Period amounted to RMB10,673,000 (2019 interim: RMB10,369,000), representing a YOY increase of 2.94%, which was mainly due to the increase in the Group's selling expenses resulting from the consolidation of Lande Environmental into the financial statements.

Reasons for Change in General and Administrative Expenses: The Group's general and administrative expenses for the Reporting Period amounted to RMB101,107,000 (2019 interim (restated): RMB83,553,000), representing a YOY increase of 21.01%, which was mainly due to the increase in the Group's general and administrative expenses resulting from the consolidation of Lande Environmental into the financial statements.

Reasons for Change in Research and Development Expenses: The Group's research and development expenses for the Reporting Period amounted to RMB11,548,000 (2019 interim: RMB2,982,000), representing a YOY increase of RMB8,565,000, which was mainly due to the consolidation of Nanjing Wind Power and Lande Environmental into the financial statements.



Management Discussion and Analysis

Reasons for Change in Financial Expenses: The Group's financial expenses for the Reporting Period amounted to RMB340,757,000 (2019 interim (restated): RMB268,472,000), representing a YOY increase of 26.92%, which was mainly due to the facts that the interest expenses increased as the average borrowing scale went up, and exchange losses increased YOY as foreign liabilities were affected by fluctuation in RMB exchange rate. After hedging the "Gain from changes in fair value – Income from changes in fair value of foreign currency swaps", the Group's consolidated financial cost during the Reporting Period was RMB309,949,000 (2019 interim (restated): RMB253,613,000), representing a YOY increase of 22.21%. In addition, during the Reporting Period, the comprehensive borrowing cost of the Group was 4.32% (2019 interim: 4.42%), down by 0.1 percentage point over the corresponding period of last year. For details of the changes in borrowing scale, please refer to "Analysis of Assets and Liabilities" below. The detailed analysis of financial expenses is as follows:

Unit: '000 Currency: RMB

Financial expenses item	2020 Interim	2019 Interim (Restated)	Change (%)
Interest expenses	454,189	346,701	31.00
Less: Interest capitalised	122,416	59,212	106.74
Interest income	29,618	26,153	13.25
Add: Exchange loss	33,023	1,026	3,117.72
Finance income arising from the early repayment of finance leases	-1,166	–	N/A
Others	6,745	6,110	10.39
Total financial expenses	340,757	268,472	26.92

Reasons for Change in Income Tax Expenses: During the Reporting Period, the Group's income tax expenses amounted to RMB-17,826,000 (2019 interim (restated): RMB-188,929,000), representing a YOY increase of RMB171,103,000, mainly because the Group's total profits decreased during the Reporting Period resulting from the expressway toll-free policy during the epidemic, leading to a corresponding decrease in taxable income tax, and Coastal Company's related deferred income tax assets in respect of partially compensable losses and impairment of road assets incurred in previous periods were recognised during the corresponding period of last year.

5. Investment Income

During the Reporting Period, the Group's investment income amounted to RMB142,482,000 (2019 interim: RMB597,091,000), representing a YOY decrease of 76.14%, which was mainly due to the decrease of profit in toll highways operated by associates resulting from the expressway toll-free policy during epidemic, and the recognition of equity transfer income from the transfer of 100% equity interests and creditor's rights in four subsidiaries including Guizhou Shengbo during the corresponding period of last year. Detailed analysis of investment income is as follows:

Unit: '000 Currency: RMB

Item	2020 Interim	2019 Interim	Change in amount
1. Investment income attributable to associates:			
Guangwu Project	-1,222	20,246	-21,468
Yangmao Expressway	5,801	41,646	-35,845
Jiangzhong Project	-4,836	18,714	-23,550
GZ W2 Expressway	-2,057	31,323	-33,380
Nanjing Third Bridge	6,119	29,583	-23,464
United Land	-4,138	-4,163	25
Derun Environment	98,900	97,105	1,795
Others ^{Note 1}	43,914	65,936	-22,022
Subtotal	142,482	300,390	-157,909
2. Investment income arising from transfer of subsidiaries	-	267,176	-267,176
3. Dividend received from Guangdong UETC	-	28,080	-28,080
4. Investment income from wealth management products	-	1,445	-1,445
Total	142,482	597,091	-454,609

Note 1: Investment income attributable to the Shuiguan Extension, Consulting Company and Bank of Guizhou.

6. Cash Flow

Descriptions on the reasons for changes in net cash flows from operating activities: During the Reporting Period, the Group's net cash inflows from operating activities amounted to RMB-157,418,000 (2019 interim (restated): RMB819,070,000), representing a YOY decrease of RMB976,488,000, mainly due to the decrease in toll revenue as a result of the expressway toll-free policy during the epidemic and the consolidation of Lande Environmental into the financial statements during the Reporting Period. In addition, the recurring cash return on investments from associates^{Note} during the Reporting Period amounted to RMB44,295,000 (2019 interim: RMB189,716,000), representing a YOY decrease of RMB145,421,000, mainly due to the decrease in cash flow distributed by associates operating toll highways as affected by the expressway toll-free policy during the epidemic.

Note: The recurring cash return on investments refers to the cash flow distribution (including profit distribution) from the Company's associates. According to the articles of association of certain associates of the Company operating toll highways, those companies will distribute cash to their shareholders if the conditions for cash distribution are fulfilled. According to the characteristics of the toll highway industry, such cash return on investments will provide continuous and stable cash flow. The reason that the Company provided the aggregated figures of net cash inflows from operating activities and recurring cash return on investments was to help the users of the financial statements understand the performance of recurring cash flow from the Group's operating and investing activities.

Management Discussion and Analysis

Descriptions on the reasons for changes in net cash flows from investing activities: During the Reporting Period, the Group's net cash from investing activities recorded a YOY decrease of approximately RMB1,888 million, which was mainly attributable to the payment for acquisition of equity interests in companies such as Lande Environmental and the payment for the investment of Shengchuang Shenzhen Expressway Environmental Technology Industry Fund during the Reporting Period, as well as the receipt of the remaining capital reduction of United Land Company, and the transfer money from the transfer of equity interests in four subsidiaries including Guizhou Shengbo and the redemption of the wealth management products from banks for the corresponding period of last year.

Descriptions on the reasons for changes in net cash flows from financing activities: During the Reporting Period, the Group's net cash from financing activities recorded a YOY increase of approximately RMB3,330 million, which was mainly due to the issuance of epidemic prevention and control bonds and short-term financing bonds for fund raising during the current period, and the payment of A-share dividends for the corresponding period of last year.

7. ***Amortisation Policies of Concession Intangible Assets and the Difference of Different Amortisation Methods***

The Group's concession intangible assets are amortised based on the units-of-usage method. The amortised amount is calculated, based on usage amount per unit, by the percentage of the actual traffic volume in the respective periods to the total projected traffic volume during the toll operating period. The Group conducts regular review on the projected traffic volume and makes corresponding adjustments to ensure truthfulness and accuracy of the amortised amount. Details of this accounting policy and accounting estimates are set out in note III\17(1) and 32 to the Financial Statements in this report.

During the preliminary stages of toll highways' operation, the amortised amount calculated by the units-of-usage method is generally lower than that calculated by the straight-line method. During the Reporting Period, the difference in amortisation attributable to the Company calculated by using two amortisation methods based on its share of interests was RMB219 million (2019 interim: RMB142 million), representing an increase in the difference in amortisation, which was mainly due to the YOY decrease in traffic volume during the Reporting Period as affected by the epidemic and the reduction in the unit amortisation amount of Meiguan Expressway, Jihe Expressway and Jiangzhong Expressway in the previous year. The adoption of different amortisation methods had no impact on the cash flow generated from various toll highway projects and thus had no impact on the valuation of various projects.

(II) Analysis of Business Management by Industry, Product or Region**1. Breakdown of main business by industry and product**

Unit: '000 Currency: RMB

Breakdown of main business by industry						
Industry	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in cost of services (%)	YOY change in gross profit margin (%)
Toll highway	1,045,927	944,273	9.72	-52.55	-10.27	Decrease by 42.54 percentage points
Clean energy business	228,158	146,362	35.85	N/A	N/A	N/A
Breakdown of main business by product						
Product	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in cost of services (%)	YOY change in gross profit margin (%)
Qinglian Expressway	208,989	216,379	-3.54	-50.48	-4.51	Decrease by 49.84 percentage points
Jihe East	162,853	127,327	21.81	-56.04	-11.75	Decrease by 39.23 percentage points
Jihe West	132,167	54,497	58.77	-58.93	0.59	Decrease by 24.40 percentage points
Shuiguan Expressway	128,407	202,033	-57.34	-58.35	-12.59	Decrease by 82.37 percentage points
Coastal Expressway	155,884	129,930	16.65	-38.06	-4.16	Decrease by 29.49 percentage points
Wuhuang Expressway	93,655	68,328	27.04	-53.35	-33.85	Decrease by 21.51 percentage points
Yichang Expressway	91,488	91,475	0.01	-53.21	-4.78	Decrease by 50.85 percentage points
Changsha Ring Road	39,830	26,193	34.24	-43.34	1.44	Decrease by 29.03 percentage points
Meiguan Expressway	32,653	28,111	13.91	-48.61	-20.54	Decrease by 30.42 percentage points
Subtotal	1,045,927	944,273	9.72	-52.55	-10.27	Decrease by 42.54 percentage points
Sales of wind turbine equipment	120,544	100,362	16.74	N/A	N/A	N/A
Wind power generation	107,614	46,000	57.25	N/A	N/A	N/A
Subtotal	228,158	146,362	35.85	N/A	N/A	N/A

2. Breakdown of main business by region

Unit: '000 Currency: RMB

Region	Revenue – toll highways	Change (%)	Revenue – clean energy	Change (%)
Guangdong Province	820,954	-52.76	–	N/A
Hubei Province	93,655	-53.35	–	N/A
Hunan Province	131,319	-50.60	–	N/A
Inner Mongolia Autonomous Region	–	N/A	107,614	N/A
Jiangsu Province	–	N/A	120,544	N/A
Total	1,045,927	-52.55	228,158	N/A

Management Discussion and Analysis

Description:

During the Reporting Period, the overall gross profit margin of the Group's ancillary toll roads was 9.72%, representing a YOY decrease of 42.54 percentage points, mainly due to the significant decrease in toll revenue as affected by the expressway toll-free policy during the epidemic, while normal expenditures were still required for cost of services, resulting in a larger YOY decrease in gross profit margin. The overall gross profit margin of the Group's clean energy business was 35.85%, of which the gross profit margin of wind power generation was 57.25% and the gross profit margin of sales of wind turbine equipment was 16.74%.

(III) Analysis of Assets and Liabilities

1. *Assets and Liabilities*

The Group's assets mainly comprise concession intangible assets in high-grade toll highways and equity investments in associates, which account for 50.66% of its total assets, and cash at bank and on hand as well as other assets, which accounts for 11.63% and 37.71% of its total assets, respectively. As at 30 June 2020, the Group's total assets amounted to RMB49,424,995,000 (as at 30 June 2019 (restated): RMB41,696,828,000), representing an increase of 18.53% over the end of the corresponding period of last year, which was mainly due to the consolidation of Baotou Nanfeng and Lande Environmental into the financial statements.

As at 30 June 2020, the total outstanding amount of interest-bearing liabilities of the Group was RMB19,857,415,000 (as at 30 June 2019: RMB14,030,705,000), representing an increase of 41.53% over the end of the corresponding period of last year, mainly due to the withdrawal of consortium loans for Outer Ring Project based on the investment progress, the investment expenses for mergers and acquisitions in companies such as Baotou Nanfeng, and the consolidation of Lande Environmental into the financial statements. In the first half of 2020, the Group's average borrowing scale was RMB18.9 billion (2019 interim: RMB13.9 billion), representing a YOY increase of approximately 36.26%.

The detailed analysis of assets and liabilities is as follows:

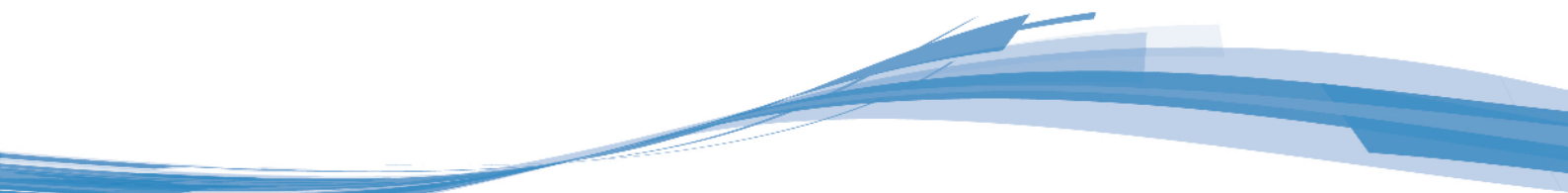
Unit: '000 Currency: RMB

Name of item	Amount as at the end of the current period	Amount as at the end of the current period as a percentage of total assets (%)	Amount as at the end of the corresponding period of last year (restated)	Amount as at the end of the corresponding period of last year as a percentage of total assets (%)	Change in amount as at the end of the current period as compared to the end of the corresponding period of last year (%)	Description
Transactional financial assets	93,498	0.19	59,963	0.14	55.93	(1)
Bills receivable	114,990	0.23	48,995	0.12	134.70	(2)
Accounts receivable	650,431	1.32	335,438	0.80	93.91	(3)
Prepayments	735,325	1.49	233,097	0.56	215.46	(4)
Other receivables	539,351	1.09	402,695	0.97	33.94	(5)
Inventories	922,504	1.87	519,451	1.25	77.59	(6)
Contract assets	688,672	1.39	349,017	0.84	97.32	(7)
Other current assets	286,347	0.58	71,455	0.17	300.74	(8)
Long-term receivables	485,024	0.98	271,109	0.65	78.90	(9)
Net fixed assets value	2,718,909	5.50	796,234	1.91	241.47	(10)
Construction in progress	48,034	0.10	18,187	0.04	164.11	(11)
Provisions	29,716	0.06	8,170	0.02	263.74	
Short-term borrowings	731,139	1.48	483,676	1.16	51.16	(12)
Bills payable	265,867	0.54	60,739	0.15	337.72	(13)
Accounts payable	1,103,422	2.23	792,792	1.90	39.18	(14)
Contract liabilities	1,242,163	2.51	717,022	1.72	73.24	(15)
Employee benefits payable	161,194	0.33	89,310	0.21	80.49	(16)
Long-term employee benefits payable	105,824	0.21	30,240	0.07	249.95	
Non-current liabilities due within one year	531,539	1.08	280,078	0.67	89.78	(17)
Other non-current liabilities	-	-	64,185	0.15	-100.00	
Other current liabilities	1,006,246	2.04	-	-	N/A	(18)
Bonds payable	6,109,424	12.36	4,641,116	11.13	31.64	(19)
Long-term payables	2,389,558	4.83	-	-	N/A	(20)

Descriptions of assets and liabilities:

- (1) Foreign exchange swap instruments were under the influence of exchange rate fluctuation.
- (2) Increase in bills receivable of Nanjing Wind Power.
- (3) Increase in trade receivable of Nanjing Wind Power and the consolidation of Baotou Nanfeng and Lande Environmental into the financial statements.

Management Discussion and Analysis

- (4) Increase in prepayments for purchases of Nanjing Wind Power and the consolidation of Lande Environmental into the financial statements.
 - (5) Increase of the construction fee advanced for Nanjing Wind Power Project, consolidation of Lande Environmental into the financial statements and recognition of the 2019 dividend receivable from Bank of Guizhou.
 - (6) Increase in inventories of Nanjing Wind Power, improvement in construction progress of Guilong Development Project, and the consolidation of Lande Environmental into the financial statements.
 - (7) Increase of the construction fee advanced for Duohua Bridge Project and the consolidation of Lande Environmental into the financial statements.
 - (8) The consolidation of Baotou Nanfeng and Lande Environmental into the financial statements, and increase in relevant input tax pending deduction.
 - (9) The consolidation of Baotou Nanfeng into the financial statements, and increase in long-term receivables of tariff subsidies.
 - (10) Baotou Nanfeng was consolidated into the financial statements and the investment in the renovation on the non-stop toll collection system was carried forward to fixed assets after completion.
 - (11) Items in related statements increase due to the consolidation of Lande Environmental into the financial statement.
 - (12) Increase short-term borrowings in light of the adequacy of funds in the marketplace.
 - (13) The consolidation of Lande Environmental into the financial statements and increase in payments for materials purchases of Nanjing Wind Power.
 - (14) The consolidation of Lande Environmental and Baotou Nanfeng into the financial statements, and increase in payments for inventory purchases of Nanjing Wind Power.
 - (15) Increase in advances from sales of wind turbine set.
 - (16) Increase in the Group's performance bonus.
 - (17) The consolidation of Lande Environmental into the financial statements, and advanced compensations related to the freight subsidy of Coastal Expressway were classified as non-current liabilities due within one year.
 - (18) Issuance of ultra-short-term financing bonds.
 - (19) Issuance of epidemic prevention and control bonds.
 - (20) Shareholder loan from United Land Company was received and Lande Environmental was consolidated into the financial statements.
- 

2. Restriction of main assets as at the end of the Reporting Period

(1) As at the end of the Reporting Period, details of the Company's and its subsidiaries' assets mortgaged or pledged are as follows:

Assets	Type	Beneficiary of security	Scope of security	Term
Toll collection rights of Qinglian Project ^{Note 1}	Pledge	A consortium including China Development Bank, etc.	Principal and interests of bank loans in an aggregate amount of RMB5.9 billion	Until repayment of all liabilities under the loan agreement.
100% equity interests in Meiguan Company	Pledge	China Construction Bank Shenzhen Branch	Counter-guarantee for the irrevocable guarantee with joint liability in respect of the redemption of the corporate bonds with an amount of RMB800 million upon maturity	Until repayment of corporate bonds (principal and interests)
Toll collection rights of Outer Ring Expressway and all proceeds from the project ^{Note 2}	Pledge	A consortium including China Development Bank, etc.	Bank loans in an aggregate amount of RMB6.5 billion	Until repayment of all liabilities under the loan agreement
45% equity interests in JEL Company ^{Note 3}	Pledge	The Hong Kong and Shanghai Banking Corporation Limited	Bank loans in an aggregate amount of HKD350 million (including principal and interests)	Until repayment of all liabilities under the loan agreement
Toll collection rights of Coastal Expressway ^{Note 4}	Pledge	A consortium including China Development Bank, etc.	Bank loans in an aggregate amount of RMB5.4 billion (including principal and interests)	Until repayment of all liabilities under the loan agreement
Toll collection rights of Shuiguan Expressway ^{Note 5}	Pledge	Guangdong Huaxing Bank Co., Ltd. Shenzhen Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB600 million	Until repayment of all liabilities under the loan agreement
Equity interests, franchise rights, accounts receivable and production equipment, among other assets, of various subsidiaries of Lande Environmental ^{Note 6}	Pledge, mortgage	Various banks and financial leasing companies	The scope of security covers principal and interests of bank loans and finance leases for various projects in an aggregate amount of RMB889 million	Certain periods after the repayment of liabilities

(2) As at the end of the Reporting Period, details of the restrictions on the capital of the Company and its subsidiaries are as follows:

Type of restricted capital	Amount subject to restrictions
Fund in special deposit account for the entrusted construction and management project	RMB1,641 million
Payable guarantee for acceptance of bills	RMB236 million
Consideration for acquisition of equity interest under supervision	RMB210 million
Security for meeting performance under contracts	RMB27 million
Pledged fund for deposit certificates	RMB20 million
Fund frozen due to litigation	RMB13 million
Total	RMB2,146 million

Details of mortgage/pledge of assets:

- (1) Pledged by Qinglian Company, a controlling subsidiary of the Company. As at the end of the Reporting Period, the balance of such consortium loans held by Qinglian Company was RMB384 million.
- (2) Outer Ring Company, a wholly-owned subsidiary of the Company, applied for a bank loan in an aggregate amount of RMB6.5 billion from the consortium by pledging the proceeds and credits receivable from the toll collection rights and the operating activities legally owned by Outer Ring Expressway. As at the end of the Reporting Period, the balance of such consortium loans held by Outer Ring Company was RMB4,231 million.

Management Discussion and Analysis

- (3) Pledged by Mei Wah Company, a wholly-owned subsidiary of the Company, for application of a bank loan in HKD. As at the end of the Reporting Period, the balance of such loan was HKD125 million.
- (4) Pledged by Coastal Company, a wholly-owned subsidiary of the Company. As at the end of the Reporting Period, the balance of such consortium loans was RMB3,518 million.
- (5) Pledged by Qinglong Expressway, a controlling subsidiary of the Company. As at the end of the Reporting Period, the balance of loans was RMB350 million.
- (6) Mortgaged and pledged by Lande Environmental, a controlling subsidiary of the Company, or various subsidiaries of Lande Environmental. As at the end of the Reporting Period, the total balance of debt was RMB646 million.
- (7) Details of the restrictions on the Group's major assets at the end of the Reporting Period are set out in note V59 to the Financial Statements in this report.

3. Capital Structure and Debt Repayment Capability

The Company is always committed to maintaining a rational capital structure and enhancing its profitability, in order to maintain its good credit ratings and solid financial position. As at the end of the Reporting Period, affected by the increase in interest-bearing liabilities scale resulting from the rise in capital expenditure, profit decline resulting from expressway toll-free policy during the epidemic and the share profit distribution for 2019, the debt-to-asset ratio and the net borrowings-to-equity ratio of the Group increased to a certain extent as compared with that at the beginning of the year. Considering the improved situation in the domestic epidemic prevention and control, resumption of toll collection as well as the Group's strong capability in financing and capital management, the Board is of the view that changes of the debt repayment indicators were periodic and the financial leverage ratios remained at a safe level at the end of the Reporting Period.

Key indicators	30 June 2020	31 December 2019 (restated)
Debt-to-asset ratio (Total liabilities/Total assets)	59.03%	53.82%
Net borrowings-to-equity ratio ((Total borrowings – cash and cash equivalents)/Total equity)	80.29%	66.44%
Net borrowing/EBITDA ((Total borrowings – cash and cash equivalents)/Earnings before interests, tax, depreciation and amortisation)	15.39	3.08
	2020 interim	2019 interim (restated)
Interest covered multiple ((Profit before tax + interest expenses)/Interest expenses)	0.64	5.76
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortisation/Interest expenses)	2.50	8.21

4. *Liquidity and Cash Management*

During the Reporting Period, revenue declined and the Group distributed the dividend for 2019, leading to a decrease in the net current assets of the Group as at the end of the period. Based on the Group's financial status and capital needs, the Group will strengthen the overall fund arrangements for subsidiaries and key projects, continue to optimise the capital structure, maintain appropriate cash on hand, and sufficient bank credit lines to prevent liquidity risks.

During the Reporting Period, no cash of the Group was used in wealth management product, and no deposit was placed in non-bank financial institutions or applied to investment in securities.

Unit: Million Currency: RMB

	30 June 2020	31 December 2019 (restated)	Change in amount
Net current assets	433	1,264	-831
Cash and cash equivalents	3,600	2,933	666
Banking facilities available	12,200	14,366	-2,166

5. *Capital Expenditure Plan*

As at the approval date of this report, the Group's capital expenditure plans approved by the Board mainly comprised construction expenditures of projects such as investment in Outer Ring Project, kitchen waste project of Lande Environmental, Guangming Environmental Park PPP Project, investment in road properties and mechanical and electrical equipment in the auxiliary operation sections, and equity investment expenditure of capital increase and share subscription project of Vanho Securities, etc. It is expected that the total amount will be approximately RMB7.5 billion by the end of 2022. The Group plans to satisfy such capital needs with its own funding and bank borrowings. According to the Directors' assessment, the Group's financial resources and financing capability are currently sufficient for satisfying the needs of various capital expenditures.



Management Discussion and Analysis

The Group's main capital expenditure plans approved by the Board from the second half of 2020 to 2022 are as follows:

Unit: '000 Currency: RMB

Name of item	Second half of 2020	2021	2022	Total
I. Intangible assets and fixed assets investment				
Outer Ring Project	403,317	1,770,616	–	2,173,932
Coastal Phase II	15,032	16,720	16,720	48,472
Settlement of completed reconstruction and expansion projects such as Qinglian Expressway/Meiguan Expressway	39,053	–	–	39,053
Initial expenditure for reconstruction and extension of Jihe Expressway	394,627	–	–	394,627
ETC renovation investment	129,191	–	–	129,191
Reinforcement of Changsha Ring Road pavement structure	258,361	73,600	11,400	343,361
Kitchen waste project of Lande Environmental	574,830	300,000	–	874,830
Guangming Environmental Park PPP Project	–	358,000	350,000	708,000
Other investment (investment in mechanical and electrical equipment, etc.)	238,824	239,090	239,090	717,004
II. Equity investment				
Reconstruction and expansion of Yangmao Expressway	61,000	196,580	196,590	454,170
Environmental protection projects of Lande Environmental	169,959	–	–	169,959
State-owned Assets Collaborative Development Fund	300,000	–	–	300,000
Qiantai Company Project	175,000	–	–	175,000
Boyuan Company Project	6,991	–	–	6,991
Capital increase and share subscription project of Vanho Securities	950,000	–	–	950,000
Other projects	20,000	–	–	20,000
Total	3,736,184	2,954,606	813,800	7,504,590

Note: The total investment amount in the project of Qiantai Company is RMB225,000,000, among which RMB175,000,000 was the consideration for equity transfer, while the remaining amount was for capital injection and will be set-off after Qiantai Company is consolidated into the Group. Accordingly, the investment amount after taking into account the consolidation was RMB175,000,000.

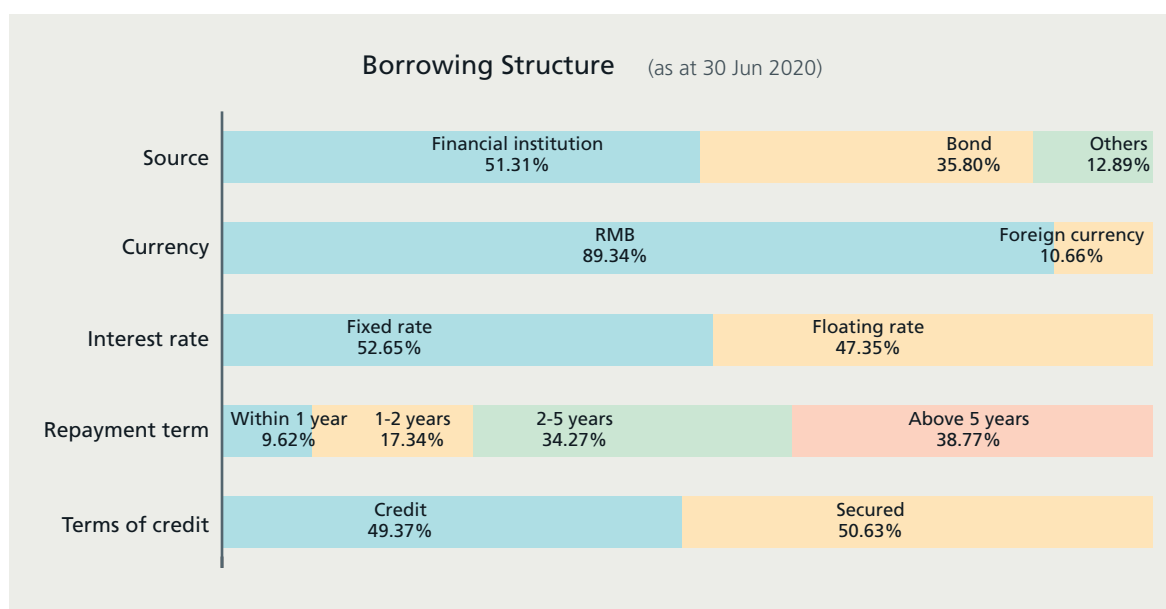
6 Financial Strategies and Financing Arrangements

During the Reporting Period, the central bank continued to implement the stable monetary policy with more emphasis on flexibility and moderation, and increased the base currency supply through the cutting of requirement reserve rate and the open market operations, thereby maintaining sufficient market liquidity in general, which has in turn led to a decrease in the price of funds. During the Reporting Period, the Group used its self-owned funds and some bank loans to meet the capital needs of debt repayment and investment expenditures, etc., based on the demands for operating expenses and the development of project investment. In addition, leveraging the favourable market opportunities, the Group issued epidemic prevention and control debt and ultra-short-term financing bonds for repayment of certain loans with higher interest rates, and negotiated with the financial institutions to cut the interest rates of some existing debts due to changes in the market profiles in order

to further lower financial cost, optimise debt structure and control financial risks. The Company actively expanded its financing channels, and approved the issuance of ultra-short-term financing bonds with a principal amount of RMB2 billion and green cooperate bonds with a principal amount of RMB2 billion during the first half of the year. It has also received the approval from CSRC for the issuance of not more than 300 million additional overseas-listed foreign shares in July 2020, which further expanded the financing channels for the Company.

During the Reporting Period, the Group did not have any overdue principal and interests for bank loans and bonds.

As at the end of the Reporting Period, the specific borrowing structure is shown as follows:



During the Reporting Period, the Company continued to maintain the highest credit rating of AAA for domestic entities, and maintained the existing investment grade ratings for international entities. As for credit ratings of debt, enterprise bonds, corporate bonds and medium-term notes remained at the highest credit rating of AAA.

As of 30 June 2020, the Group had obtained a total of RMB28.168 billion of banking facilities, including RMB15.918 billion of credit facilities specifically for construction projects and RMB12.25 billion of general credit facilities. As at the end of the Reporting Period, un-utilised banking facilities amounted to RMB12.2 billion.

7. Contingencies

Details of the Group's contingencies during the Reporting Period are set out in note XI of the Financial Statements in this report.

Management Discussion and Analysis

(IV) Analysis of the Investment

1. External Equity Investments

(1) Material Equity Investments

During the Reporting Period, the total equity investment of the Group amounted to approximately RMB1,120 million (2019 interim: RMB568 million), representing a YOY increase of RMB552 million, mainly due to reasons such as the acquisition of equity interests and the increase of capital in Lande Environmental and Financial Leasing Company during the Reporting Period. For details, please refer to the content in Business Review above. The details of material equity investments during the Reporting Period are as follows:

Unit: '000 Currency: RMB

Name of Investee company	Major business	Shareholding at the end of the Reporting Period	Investment amount in 2020 interim	Description
Yangmao Company	Investment in the construction, operation and management of Yangjiang-Maoming Expressway and development of its supporting service projects	25%	42,750	The approved budget for Yangmao reconstruction and expansion project is estimated to be RMB8.0 billion (35% are self-raised funds), and the Company should invest RMB700 million according to the 25% shareholding ratio. During the Reporting Period, the Company paid RMB43 million according to shareholding ratio and project progress, and had made an accumulated investment of RMB209 million.
Environmental Technology Industry Investment M&A Fund	Investment management and equity investment	45%	135,000	During the Reporting Period, the Company agreed to contribute 45% of the capital of Environmental Technology Industry Investment M&A Fund, totalling RMB450 million. As at the end of the Reporting Period, the Company had paid initial investment of RMB135 million in accordance with the investment progress.
Financial Leasing Company	Finance lease and commercial factoring	48%	151,690	During the Reporting Period, the Company and Mei Wah Company, a wholly-owned subsidiary of the Company, acquired the 48% equity interests of the Financial Leasing Company owned by Shenzhen International through its wholly-owned subsidiary at a total consideration of RMB151.69 million (including the repayment of RMB129 million borrowed by shareholders of Logistics Finance company).
Lande Environmental	Engaging in the research and development of organic waste treatment technology with a focus on kitchen waste, manufacture of core equipment, investment in construction, and operation and maintenance, etc.	66.46%	790,095	During the Reporting Period, Environmental Company, a subsidiary of the Company, acquired a total of 66.46% of equity interests of Lande Environmental through acquisition of equity interests and increase of capital.

(2) *Material Non-equity Investments*

During the Reporting Period, the Group's expenditures on material non-equity investments mainly comprised expenditures for the construction of Outer Ring Expressway, renovation on the non-stop toll collection system of ancillary toll highways and the investment in road properties and mechanical and electrical facilities of the highway sections operated by subsidiaries, totalling approximately RMB1,016,435,000. The investments in major projects are as follows:

Unit: '000 Currency: RMB

Project name	Project amount	Project progress	Amount invested during the Reporting Period	Accumulated amount invested	Gains from the project
Outer Ring Project	6,500,000	76%	775,847	4,326,068	For details of the operational performance of projects (except for Outer Ring Project and Coastal Phase II, which are still under construction) during the Reporting Period, please refer to the Analysis of Main Business as set out above.
Coastal Phase II	1,000,000	59%	3,423	33,193	
Investment in the renovation on the non-stop toll collection system	438,000	100%	60,452	224,459	
Total	/	/	839,722	4,583,720	

(3) *Financial Assets at Fair Value*

Unit: '000 Currency: RMB

Project name	Opening balance	Closing balance	Change during the period	Impact on total profit for the Reporting Period
Transactional financial assets	62,689	93,498	30,808	30,808
Other non-current financial assets	217,939	230,706	12,767	10,523

(V) *Analysis of Major Controlling Companies and Participating Companies*

Unit: '000 Currency: RMB

Company name	Percentage of interests held by the Group at the end of the Reporting Period	Registered capital	30 June 2020		2020 interim			Principal business
			Total assets	Net assets	Revenue	Operating profit	Net profit/Net loss (loss shown with "-")	
Meiguan Company	100%	332,400	804,848	525,623	40,663	5,314	3,447	Construction, operation and management of Meiguan Expressway.
Jihe East Company	100%	440,000	1,712,555	1,296,766	164,796	35,307	24,971	Construction, operation and management of Jihe East.
Mei Wah Company	100%	HKD 795,381	1,995,655	1,272,683	93,655	8,853	-1,669	Indirectly holding 25% interests in Qinglian Company, 10% interests in Qinglong Company and 100% interests in Magerk Company.
Qinglian Company	76.37%	3,361,000	6,708,756	2,808,593	212,684	-89,371	-67,721	Construction, operation and management of Qinglian Expressway and related auxiliary facilities

Management Discussion and Analysis

Company name	Percentage of interests held by the Group at the end of the Reporting Period	Registered capital	30 June 2020		2020 interim			Principal business
			Total assets	Net assets	Revenue	Operating profit	Net profit/Net loss (loss shown with“-”)	
JEL Company	100%	USD 30,000	619,703	511,214	93,655	29,256	21,784	JEL Company: investment holding (holding interests in Magerk Company); Magerk Company: toll collection and management of Wuhuang Expressway.
Qinglong Company	50%	324,000	2,606,793	1,490,405	131,893	-84,647	-62,308	Development, construction, toll collection and management of Shuiguan Expressway.
Investment Company	100%	400,000	2,054,475	780,485	80,123	-21,763	-15,928	Investment in industries and project construction.
Guishen Company	70%	500,000	1,996,218	1,148,654	73,165	-2,435	1,324	Guishen Company: Investment, construction and management of road and urban and rural infrastructure; Guizhou Property: real estate development at “Interlaken Town” in Longli, Guizhou.
Yichang Company	100%	345,000	2,819,732	1,497,398	91,488	-20,539	-15,636	Construction, operation and management of Yichang Expressway.
Coastal Company	100%	4,600,000	8,318,646	6,154,718	163,081	32,924	24,693	Investment in the construction and operation of the Shenzhen section of the Guangzhou-Shenzhen Coastal Expressway.
United Land Company	34.3%	714,286	12,759,338	3,489,045	-	-11,075	-12,063	As the reporting entity and legal person for the Meilin Checkpoint Urban Renewal Project, it is responsible for acquiring the land, demolition and relocation and other works in respect of the Meilin Checkpoint Urban Renewal Project.
Environmental Company	100%	5,000,000	10,568,748	5,624,345	316,141	45,847	65,595	Investment and launching of projects of environmental protection industry as well as investment, construction, operation and management of municipal public works and environmental management engineering. The major asset is 51% and 20% equity interests held in Nanjing Wind Power and Derun Environment, respectively.
Derun Environment	20%	1,000,000	47,531,724	16,303,935	4,998,201	1,144,933	494,499	The principal business of Derun Environment is investment holding. The major assets equity interests held in Water Group and Sanfeng Environmental.
Outer Ring Company	100%	100,000	4,922,237	100,000	-	-	-	Investment in the construction and operation of the Shenzhen section of Outer Ring Expressway.
Nanjing Wind Power	51%	357,143	2,798,293	741,839	121,083	-18,072	-17,478	The research, integration, production, installation, sales and maintenance of wind power generation system, as well as investment and operation of wind farms.
Baotou Nanfeng	67%	6,000	2,142,436	52,849	107,614	15,618	15,837	Investment, development and operation of wind power projects
Lande Environmental	66.46%	243,933	2,639,445	1,172,272	195,053	-19,687	-16,489	The research and development of organic waste treatment technology with a focus on kitchen waste, manufacture of core equipment, investment in construction, and operation and maintenance, etc.
Financial Leasing Company	48%	300,000	357,855	307,276	7,344	2,990	2,243	Finance leasing and commercial factoring.

Note: the table above is consolidated. The revenue and the net profit of Lande Environmental for the first half of 2020 in the table above were the amounts realised upon the completion of acquisition of relevant equity interests by the Company.

(VI) Changes in Accounting Policies

1. Impact of Changes in Accounting Estimates

According to the Company's requirements under relevant accounting policies and systems, and in view of the actual situation of each of the major toll highways, the Group changed relevant accounting estimates of amortisation amount of the concession intangible assets of Yichang Expressway and Shuiguan Expressway with effect from 1 January 2020. Above changes in accounting estimates have resulted in a decrease of approximately RMB4,319,000 in equity attributable to owners of the Company as of 30 June 2020 and a decrease of approximately RMB4,319,000 in the Group's net profit attributable to owners of the Company for the Reporting Period. However, there were no material impact on the overall financial position and operating results of the Group.

The above changes in accounting estimates have been reviewed and approved at the 25th meeting of the 8th session Board of Directors of the Company. For details, please refer to note III\33 to the Financial Statements in this interim report and the relevant announcement dated 18 March 2020 of the Company.

(VII) Proposals of Profit Distribution or Conversion of Capital Reserve into Share Capital

1. Profit Distribution Proposal for 2020 Interim

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2020 (2019 Interim: Nil), nor does it recommend any conversion of capital reserve into share capital.

2. Implementation of the Annual Profit Distribution Proposal for 2019

In accordance with the resolution passed at the 2019 annual general meeting, the Company distributed a final dividend of RMB0.52 per share (tax inclusive) in cash for 2019 to all shareholders, amounting to RMB1,134,000,569.52, which was calculated by reference to the total share capital of 2,180,770,326 shares of the Company as at the end of 2019. The profit distribution proposal was completed by 21 August 2020.

III. Outlook and Plans

In the first half of 2020, the outbreak of the novel coronavirus pneumonia epidemic had a significant impact on the production and operation of the Group. The Company has taken active steps to resume its production and operation in a full manner, and will mitigate the negative impact of the outbreak through measures such as stepping up efforts in developing quality projects in the market, improving production efficiency, reducing operating costs and broadening revenue streams. The Group's toll highway projects have resumed toll collection since 6 May 2020, and hence the toll revenue was on the rise. The Group is actively communicating with government departments to secure reasonable protective policies. In the first half of 2020, there have been no other significant changes in the Group's external policies and operating environment, industry competition landscape and development trend as well as major risk factors.

According to the "2015~2019 Development Strategies" of the Company, the Company will "pursue a market-oriented and innovation-driven strategy, continue to seize the opportunities of this era to consolidate and strengthen the core business of toll highway and actively explore and determine the new industry direction so as to achieve the sustainable development of the Company". In view of the promising development prospect and immense business opportunities in domestic transport infrastructure, comprehensive urban development and the general-environmental protection industry, as well as the compatibility of the business model and core competitiveness, the Company has basically determined the development directions of placing emphasis on and implementing new projects for the above two industries. In this connection, the Company will actively explore and put into practice the transformation and development of its business to ensure stable and sustainable development of its business operation. The "2015~2019 Development Strategies" of the Company has been completed and the formulation of the new development strategy was basically completed. On the basis of its achievements from the transformation and development in the previous strategic period, the Company will continue to focus on the development of its two core businesses, namely transport and urban infrastructure and general-environmental protection. Leveraging its core businesses, the Company will also proactively explore and cultivate new businesses, such as comprehensive urban service and integration of industry and finance. The particulars of these strategies, such as specific strategic goals and implementation procedures, are still in the process of research and deliberation.

Management Discussion and Analysis

In the second half of 2020, the working focuses for the Group are as follows:

Toll Highway Business: The Group will actively maintain sound communication with the transport departments to secure reasonable supporting and protective policies so as to reduce the impact caused by the toll-free policy implemented during the epidemic. The Group will also further optimise its cost management and control system to align with the characteristics of operation and management at this stage. Meanwhile, the Group will actively explore and examine data collected and optimise the inspection management system of toll collection in a bid to enhance the traffic efficiency of the road network and improve user's experience on an ongoing basis. In terms of project construction, the Group will properly carry out the construction work of Coastal Phase II, Section A of Outer Ring and other sections. With major projects such as the reconstruction and expansion of Jihe Expressway as carriers, the Group will further enhance the level of informatisation and intelligence through intelligent collection and summary integration. The Group will also proactively explore opportunities for mergers and restructuring, invest in promising toll highway and bridge projects and continue to strengthen its core business of toll highway.

General Environmental Protection: With a focus on segments such as organic urban waste treatment, industrial hazardous waste and sewage and clean energy, the Group will pursue appropriate investment opportunities and strive to realise integration of and synergy between its existing businesses and other resources of the Group. The Group will further optimise the internal management of subsidiaries such as Nanjing Wind Power, Baotou Nanfeng and Lande Environmental, while stepping up its efforts in the supply chain management of wind turbine manufacturing as well as research and development of new models so as to effectively expand its production capacity. The construction and operation of various BOT/PPP projects of Lande Environmental will progress as planned. Meanwhile, efforts will be made to improve production safety, operation standardisation and cost control system of the wind farms to ensure that the annual electricity production target can be met. In addition to recruitment and cultivation of professional talents, and improvement of performance appraisal and salary incentive mechanism, the Group will also enhance its dedication to the research and development of environment technology, and strengthen cooperation with local and international higher education institutes and scientific research institutions in a bid to further enhance its core competitiveness.

Strategic Research and Business Expansion: The main focus of the Group will be to facilitate the completion of the formulation, approval and implementation of the new development strategies, and research, reserve, select and examine projects on toll highway and environmental sub-sectors that are in line with the Company's development strategies so as to explore business models which are in the interest of the Group, while continuing to pay attention to and control risks. On the other hand, the Group will also actively facilitate various works in respect of the existing business expansion, including the preliminary work of the reconstruction and expansion of Jihe Expressway. The Group will specify the construction plan, and improve the investment and financing plans. The Group will continue to properly carry out the construction work of Duohua Bridge and Bimeng Project, the development and sales in relation to Meilin Checkpoint Renewal Project and the land development and cash realisation of Guilong Land, and will actively promote the preliminary work such as the feasibility study of infrastructure construction of roads in Shenzhen-Shanwei Special Cooperation Zone.

Financial Management and Corporate Governance: The Group will actively promote the non-public offering of H shares and the issuance of corporate bond to replenish the Company's capital, at the same time maintaining sound fund management and financing to ensure financial safety. The Group will coordinate financial resources, safeguard the Company's domestic and overseas credit rating and strengthen the management of existing credit lines so as to maintain sufficient credit lines. The Group will also strengthen its management over the invested companies, and establish a comprehensive authorisation system based on the characteristics of newly acquired enterprises. Adhering to the principles of good corporate governance, the Group will further improve corporate governance and various operational rules with the aim to effectively improve the transparency, independence and integrity of the Company's operations. The multi-level incentive and restraint system will also be enhanced and optimised in an effort to promote healthy and stable development of the Company.

Directors, Supervisors and Senior Management

I. Changes of the Directors, Supervisors and Senior Management

1. Personnel Changes during the Reporting Period

Name	Position	Change	Reason for the change
Lin Ji Tong	Shareholders Representative Supervisor	Newly appointed. Mr. Lin Ji Tong was appointed as a shareholders representative supervisor of the eighth session of the Supervisory Committee of the Company in the 2019 Annual General Meeting on 23 June 2020.	Elected at the General Meeting
Wang Zeng Jin	Director	Newly appointed. Mr. Wang Zeng Jin was appointed as a director of the eighth session of the Board of the Company in the 2019 Annual General Meeting on 23 June 2020.	Elected at the General Meeting
Wang Zeng Jin	Supervisor	Resign. The resignation of Mr. Wang Zeng Jin from the position of supervisor of the Company was effective after a new shareholders representative supervisor has been elected at the general meeting on 23 June 2020.	Work arrangement

II. Information on the Interests of Directors, Supervisors and Senior Management in Securities

1. Changes in Shareholding

During the Reporting Period, none of the Directors, the Supervisors or the Senior Management had held or traded the stock of the Company or be granted equity incentive by the Company.

2. Disclosure of Interests of the Management Pursuant to the Listing Rules of HKEx

As at 30 June 2020, the interests or short positions of the Directors, the Supervisors or the Chief Executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part 15 of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) which were required to be entered into the register maintained by the Company under Section 352 of Securities and Futures Ordinance (including deemed interests and short positions under such provisions of Securities and Futures Ordinance) or which were required to be notified to the Company and HKEx pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (collectively, "interests or short positions") were as follows:

Long positions in ordinary shares of Shenzhen International:

Name	Number of ordinary shares held as at 30 June 2020	Change during the Period	Approximate percentage of ordinary shares in issued share capital of Shenzhen International	Nature of interests	Capacity
Hu Wei	130,315	–	0.0059%	Personal	Beneficial owner
Liao Xiang Wen ⁽³⁾	16,192	–	0.0007%	Family interests	Beneficial owner
Chen Yan	5,500	–	0.0003%	Personal	Beneficial owner
Fan Zhi Yong ⁽³⁾	72,081	+22,081	0.0033%	Family interests	Beneficial owner
Chen Kai	31,379	+2,634	0.0014%	Personal	Beneficial owner

Directors, Supervisors and Senior Management

Interests in share option of Shenzhen International:

Name	Options	Share options unexercised as at 30 June 2020 ⁽¹⁾⁽²⁾	Change during the Reporting Period				Nature of Interests	Capacity
			Adjustment during the Reporting Period	Granted during the Reporting Period ⁽²⁾	Exercised	Lapsed		
Hu Wei	share option scheme 1	1,173,448	92,726	-	-	-	Personal	Beneficial owner
	share option scheme 2	-	-	-	-	-		
Liao Xiang Wen	share option scheme 1 ⁽³⁾	460,150	36,361	-	-	-	Family interests	Beneficial owner
	share option scheme 2	282,308	22,308	260,000	-	-	Personal	
Chen Yan	share option scheme 1	570,033	45,044	-	-	-	Personal	Beneficial owner
	share option scheme 2	-	-	-	-	-		
Fan Zhi Yong	share option scheme 1	704,069	55,636	-	-	-	Personal	Beneficial owner
	share option scheme 2	-	-	-	-	-		
Chen Kai	share option scheme 1	629,956	49,779	-	-	-	Personal	Beneficial owner
	share option scheme 2	-	-	-	-	-		
Lin Ji Tong ⁽⁴⁾	share option scheme 1	378,051	-	-	-	-	Personal	Beneficial owner
	share option scheme 2	-	-	-	-	-		

Note:

- (1) The share option scheme 1 was granted on 26 May 2017 and could be exercised during the period from 26 May 2019 to 25 May 2022 pursuant to the grant provision. On 19 June 2020, Shenzhen International adjusted the exercise price and quantity of the outstanding options. The exercise price was adjusted from HK\$11.100 per share to HK\$10.223 per share.
- (2) The share option scheme 2 was granted on 18 May 2020 and could be exercised during the period from 18 May 2020 to 25 May 2022 pursuant to the grant provision. On 19 June 2020, Shenzhen International adjusted the exercise price and quantity of the outstanding options. The exercise price was adjusted from HK\$15.108 per share to HK\$13.914 per share.
- (3) The interests are owned by the spouse of Liao Xiang Wen and Fan Zhi Yong respectively, both Directors.
- (4) Lin Ji Tong has served as a supervisor of the Company since 23 June 2020. During Mr. Lin's tenure, his interests in share option of Shenzhen International has not changed.

Saved as disclosed above, as at 30 June 2020, none of the Directors, the Supervisors or the Chief Executive had interests or short positions defined above.

3. Model Code for Securities Transactions by Directors and Supervisors

The "Securities Transaction Code" of the Company has been adopted by the Board in accordance with Appendix 10 to the Listing Rules of HKEx entitled "Model Code for Securities Transactions by Directors of Listed Issuers" and the relevant provisions of the domestic securities regulatory authorities, as a written guide to regulate dealings in the Company's securities by Directors, Supervisors and relevant staff. The "Securities Transaction Code" of the Company has included and exceeded the standards set by Appendix 10 to the Listing Rules of HKEx to a certain extent.

After making specific enquiry of all the Directors, Supervisors and Senior Management, the Company confirms that all of the Directors, Supervisors and Senior Management have complied with the standards on securities transactions by directors as stipulated by the aforementioned code during the Reporting Period.

Significant Events

Information on General Meetings

During the first half of 2020, 2 general meetings, 2 A Share class meetings and 2 H Share class meetings were held by the Company at the conference room of the Company. Details of the meetings are as follows:

Name of the meeting	Convening date	Query index on designated websites for the resolutions	Disclosing date of resolutions
The First Extraordinary General Meeting 2020	31 March 2020	http://www.sse.com.cn	1 April 2020
The First Class Meeting 2020 for holders of A Shares		http://www.hkexnews.hk	
The First Class Meeting 2020 for holders of H Shares			
The 2019 Annual General Meeting	23 June 2020		24 June 2020
The Second Class Meeting 2020 for holders of A Shares			
The Second Class Meeting 2020 for holders of H Shares			

Progress of the Public Issuance of A Share Convertible Corporate Bonds

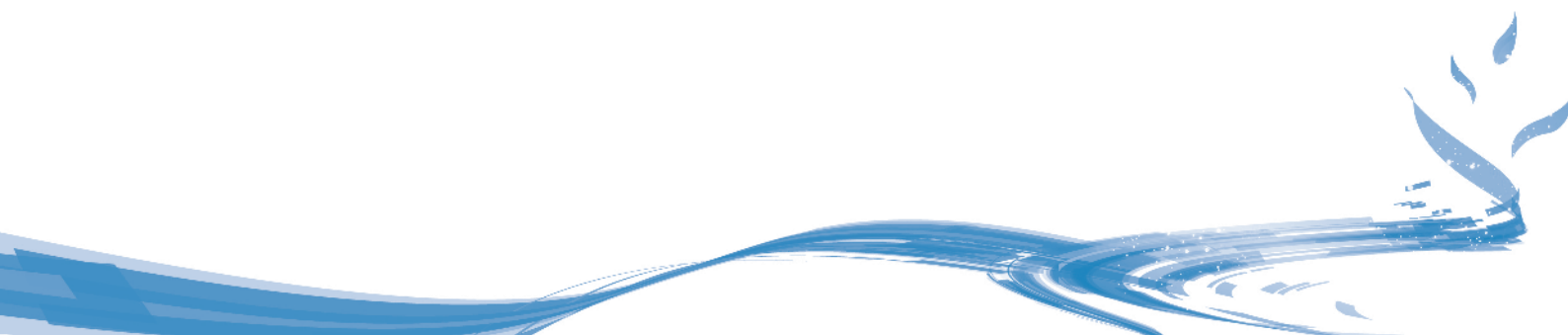
On 28 December 2017, the Company's general meeting and class meetings of shareholders considered and approved the proposal of public issuance of A Share convertible corporate bonds ("convertible bonds") with validity period of one year, respectively. Thereafter, the Company's extraordinary general meeting and class meetings of shareholders have approved the extension of the validity period of the relevant resolution to 27 December 2019.

On 23 December 2019, after taking into account the changes in the external environment and the actual conditions of the Company, the Board decided to terminate the issuance of convertible bonds and would not apply to the general meeting for extension of the validity period regarding the resolution on and authorization for the issuance of convertible bonds, and upon the expiry of the validity period regarding the resolution and authorization, would make application to the CSRC to withdraw the application document relating to the issuance of convertible bonds.

On 24 March 2020, the Company received the Notification of Termination of Inspection on the Application for Administrative Approval issued by the CSRC. The CSRC has determined to terminate its inspection on the Company's application for administrative approval. Accordingly, the declarations, undertakings and confirmations in relation to the issuance of convertible bonds were also terminated on the same day. For details, please refer to the announcements of the Company dated 9 November 2017, 28 December 2017, 28 December 2018, 4 March 2019, 23 December 2019 and 25 March 2020 respectively.

Progress of the Non-public Issuance of H Shares

On 10 January 2020, the Board of the Company considered and approved the resolution on the non-public issuance of not more than 300 million (inclusive) H Shares and proposed to the general meeting and class meetings for consideration and approval. An extraordinary general meeting and the A/H Shares class meetings were held by the Company on 31 March 2020 and the relevant resolutions were considered and approved. The CSRC has accepted the Company's application for administrative permission of its non-public issuance of H Shares and approved the aforesaid application of the Company on 7 July 2020. For details, please refer to the announcements of the Company dated 10 January 2020, 14 February 2020, 31 March 2020, 22 April 2020 and 14 July 2020 respectively and the circular dated 27 February 2020.



Significant Events

Progress of the Issuance of Corporate Bonds

Pursuant to the approval by the CSRC, the Company is entitled to issue corporate bonds with nominal value not exceeding RMB5 billion to qualified investors by way of public issuance. The issue of phase 1 of the 2020 corporate bonds (epidemic prevention and control debt) (the “20SE01 Bonds”) has been completed by the Company on 20 March 2020. The actual issuance size thereof is RMB1.4 billion and the final coupon rate is 3.05%. The bonds have a term of 5 years, to which the Company shall have the coupon rate adjustment right and the bondholders shall have the right to sell-back at the end of the third year. For details of the issue of the 20SE01 Bonds, please refer to the announcements of the Company dated 16 March 2020 and 20 March 2020.

On 10 March 2020, United Credit Ratings Co., Ltd. issued the “Credit Rating Report of Public Issue of Phase 1 of the 2020 Corporate Bonds (Epidemic Prevention and Control Debt) of Shenzhen Expressway Company Limited” (《深圳高速公路股份有限公司公開發行2020年公司債券(第一期)(疫情防控債)信用評級報告》) and confirmed that the Company’s long-term credit rating was ‘AAA’ and its rating outlook was ‘stable’, while the 20SE01 Bonds’ credit rating was ‘AAA’. On 28 April 2020, United Credit Ratings Co., Ltd. issued the “2020 Follow-up Rating Report of Corporate Bonds of Shenzhen Expressway Company Limited” (《深圳高速公路股份有限公司公司債券2020年跟蹤評級報告》) and confirmed that the Company’s long-term credit rating remained ‘AAA’ and its rating outlook remained ‘stable’, while the 20SE01 Bonds’ credit rating remained ‘AAA’.

Pursuant to the authorization of the general meeting, the Company has applied for the registration of public issue of green corporate bonds to professional investors and received approval by the CSRC on 25 May 2020. The Company may issue green corporate bonds with nominal value not exceeding RMB2 billion to qualified investors by way of public issue. For details, please refer to the announcement of the Company dated 3 June 2020.

Progress of the Establishment of and Investment in M&A Fund

On 18 August 2017, the Board of the Company considered and approved the “Proposal on Establishing a Traffic and Environmental Protection Investment M&A Fund”. Pursuant to the approval of the Board, the Fund Company has been established by the Company and the establishment of the fund manager has been completed. On 23 December 2019, the Board considered and approved the “Proposal on the Capital Injection and Introduction of Strategic Investors to Shenzhen Expressway (Guangzhou) Industrial Investment Fund Management Co. Ltd through Public Listing”. The Fund Company intended to increase the capital contribution and introduce strategic investors. As at the end of the Reporting Period, the related work is still in progress. For details, please refer to the announcements of the Company dated 18 August 2017, 12 January 2018 and 23 December 2019, respectively.

On 23 December 2019, the Board of the Company considered and approved the “Proposal on the Joint Establishment of and Investment in Shengchuang-Shenzhen Expressway Environmental Protection Technology Industry M&A Fund (晟創-深高速環科產業併購投資基金)”. It is proposed that the Company will promote the establishment of and participate in the investment in Shengchuang-Shenzhen Expressway Environmental Protection Technology Industry M&A Fund. The investment amount to be made is RMB450 million. On 14 April 2020, the Company and related parties signed the partnership agreement. As at the end of the Reporting Period, the filing procedure of the fund with the Asset Management Association of China is in progress. For details, please refer to the announcements of the Company dated 23 December 2019 and 14 April 2020, respectively.

On 30 June 2020, the Board of the Company considered and approved the “Proposal on the Investment in Shenzhen State-owned Assets Collaborative Development Fund Project”, which proposed that the Company will participate in the investment in Shenzhen State-owned Assets Collaborative Development Private Fund Partnership (Limited Partnership) (深圳國資協同發展私募基金合夥企業(有限合夥)). The investment amount to be made is RMB300 million. The relevant partnership agreement was signed on 17 August 2020. For details, please refer to the announcements of the Company dated 30 June 2020 and 17 August 2020 respectively.

Absorption and Merger of Certain Wholly-owned Subsidiaries

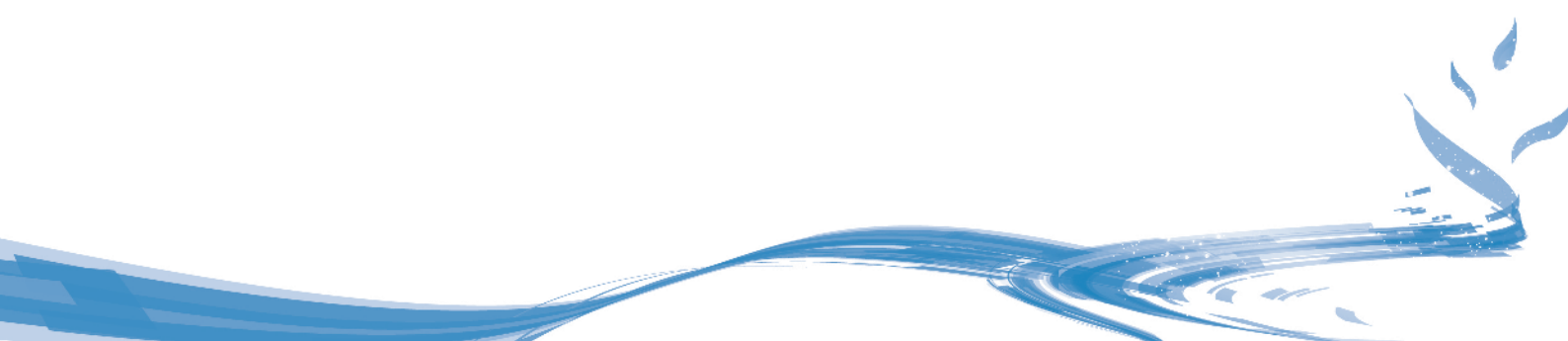
On 13 August 2020, the Board of the Company resolved the “Resolution on the Absorption and Merger of Certain Wholly-owned Subsidiaries”. In order to reduce the levels of management, give full play to the economic benefits to be brought by asset integration, and meet the needs of the overall renovation and expansion of Jihe Expressway, the Company proposes to absorb and merge with its wholly-owned subsidiaries, Jihe East Company and Coastal Company. As the merging party, the Company will merge all the assets, liabilities, businesses and personnel of the said two subsidiaries through the method of overall absorption and merger, and the Company will continue to operate upon completion of the absorption and merger while the independent legal status of Jihe East Company and Coastal Company will be cancelled. This matter is subject to the consideration and approval at the general meeting of the Company. For details, please refer to the announcement of the Company dated 13 August 2020.

Significant Transaction

On 13 May 2020, Investment Company, a wholly-owned subsidiary of the Company, and Guilong Holdings entered into an investment cooperation agreement. Pursuant to the investment cooperation agreement, Investment Company shall be responsible for the financing and construction work of Bimeng Project, and it shall handover the project to Guilong Holdings upon completion and inspection. The investment amount of the Investment Company in the Bimeng Project is estimated to be approximately RMB1 billion, and Guilong Holdings shall pay the project fee to Investment Company pursuant to the investment cooperation agreement. The Bimeng Project is located in Guizhou Province, with a total construction area of approximately 327,000 square meters. The project is composed of four first-class high-rise commercial and residential buildings and twelve second-class high-rise residential buildings. For details, please refer to the announcement of the Company dated 13 May 2020.

Progress of Material Contract (as defined in the relevant PRC regulatory rules)

Through public tendering, Outer Ring Company entered into construction contracts of the second, third, fourth, sixth and ninth sections of Outer Ring Section A with China Railway 12th Bureau Group Co., Ltd., CCC Second Highway Engineering Bureau Co., Ltd., CCC Second Harbour Engineering Bureau Co., Ltd., China Railway 18th Bureau Group Co., Ltd. and CCC Third Harbour Engineering Bureau Co., Ltd. on 24 March 2016 respectively. The total contract prices are approximately RMB1,167 million, RMB1,237 million, RMB956 million, RMB962 million and RMB929 million respectively. The total contract prices are determined based on the bid prices submitted by each of the construction contractors for the public tenders for the construction of the relevant sections of Outer Ring Section A conducted by Outer Ring Company. For details, please refer to the announcement of the Company dated 24 March 2016. As at the end of the Reporting Period, the contract amounts recognised in each construction section were RMB1,130 million, RMB876 million, RMB939 million, RMB920 million and RMB786 million, respectively.



Significant Events

Connected transactions

On 17 March 2020, the Company and Mei Wah Company, a wholly-owned subsidiary of the Company, entered into two equity transfer agreements with SZI (HK) and SZI Logistics (both being wholly-owned subsidiaries of SZ International) respectively. Pursuant to the agreements, the Group shall acquire an aggregate of 48% interest in Finance Leasing Company at a consideration of RMB151.69 million (including debt obligations of RMB129 million). Since SZ International indirectly holds approximately 52% interest of the Company, and SZI (HK) and SZI Logistics are wholly-owned subsidiaries of SZ International, the transaction constitutes a connected transaction of the Company under the Listing Rules of SSE and the Listing Rules of HKEx. For details, please refer to the announcement of the Company dated 17 March 2020.

On 17 August 2020, the Company and other partners entered into a partnership agreement. Pursuant to the partnership agreement, the Company, as a limited partner, shall subscribe RMB300 million for the investment in Shenzhen State-owned Assets Collaborative Development Private Equity Partnership (Limited Partnership) (深圳國資協同發展私募基金合夥企業(有限合夥)) (tentative name, the final name is subject to the industrial and commercial registration). Since Shenzhen International Holdings (SZ) Limited, a wholly-owned subsidiary of Shenzhen International, is also a limited partner of the fund, and Shenzhen International indirectly holds approximately 52% interests of the Company, the transaction constitutes a connected transaction of the Company under the Listing Rules of SSE and the Listing Rules of HKEx. For details, please refer to the announcement of the Company dated 17 August 2020.

Credits and Liabilities with the Related Parties (as defined in the relevant PRC regulatory provisions)

As at the date of this Report, none of the Company's funds are embezzled by its controlling shareholder or its related parties for non-operating purpose.

Management Contract

Pursuant to a contract dated 7 June 1995 and the subsequent amendments, Magerk Company entrusted the toll collection of Wuhuang Expressway and the usage, management, preservation, maintenance and repair of its ancillary facilities to Hubei Bureau for the Administration of Higher Class Public Roads (湖北省高等級公路管理局), or the contractor whom it may designate from time to time (now being Hubei Wuhuang Expressway Management Co. Ltd. (湖北武黃高速公路經營有限公司)), throughout the operating period of Wuhuang Expressway. The entrusted management service was charged at a fee which is proportional to the toll revenues on a fixed basis. The aforesaid matters were disclosed in the relevant announcement and circular of the Company in relation to the acquisition of interests in Wuhuang Expressway by the Company.

In mid-2020, the entrusted assets and entrusted management fees recognized for Magerk Company amounted to RMB296,587,000 and RMB23,414,000, respectively. In mid-2020, Magerk Company achieved operating profit of RMB29,257,000 and net profit of RMB21,784,000. This aforesaid management contract has no material impact on the operating results and financial position of the Group.

External Guarantees

Unit: RMB million, unless otherwise stated

External guarantees of the Company (excluding guarantees for subsidiaries)										
Name of the guarantor	Name of the guaranteed	Amount of Guarantee	Date of occurrence (date of the agreement)	Commencement of guarantee	Expiry of guarantee	Type of guarantee	Completed or not	Overdue or not	Counter guarantee provided or not	Guarantee for related party or not
The Company	China Construction Bank Shenzhen Branch	800	2007-4-20	August 2007	Full repayment of principal and interest of the corporate bonds	Joint liability guarantee ⁽¹⁾	No	No	No	No
Guizhou Property	Customers of Shenzhen Expressway • Interlaken Town	655.54	2015-05 to 2020-06	Effective date of the mortgage loan contract	Effective date of the mortgage under the contract	Joint liability guarantee ⁽²⁾	No	No ⁽²⁾	No	No
Total amount of guarantees occurred during the Reporting Period										4.62
Total balance of guarantees as at the end of the Reporting Period (A)										1,455.54
Guarantees for subsidiaries of the Company										
Total amount of guarantees occurred for subsidiaries during the Reporting Period										0
Total balance of guarantees for subsidiaries as at the end of the Reporting Period (B)										0
Total amount of guarantees of the Company (including guarantees for subsidiaries)										
Total amount of guarantees (A+B)										1,455.54
Proportion of total amount of guarantees to the net assets of the Company (%)										8.38
Including:										
Amount of the guarantees for shareholders, de-facto controller and their related parties (C)										-
Amount of the debt guarantees directly or indirectly provided for those whose gearing ratio exceeded 70% (D)										800
Amount of the guarantees that exceed 50% of net assets in aggregate (E)										-
Total amount of the above three guarantees (C+D+E)										800
Description on unexpired guarantees may be confronted with joint liability										Please refer to point (2) in description below

Description on guarantees:

- (1) The external guarantees to China Construction Bank Shenzhen Branch have been approved by the 2006 annual general meeting of the Company. For details on the guarantee, please refer to the relevant content heading "Mortgage and Pledge of Assets" below.
- (2) The provision of periodical joint liability guarantees by Guizhou Property, a subsidiary of the Company, to qualified mortgage customers of "Shenzhen Expressway • Interlaken Town" project in accordance with the business practices of the real estate industry have been considered and approved by the 4th meeting of the 7th session of the Board held on 30 June 2015, the 27th meeting of the 7th session of the Board held on 18 August 2017, and the 2017 annual general meeting held on 31 May 2018. It is expected the total amount of guarantees will not exceed RMB1.55 billion. During the Reporting Period, Guizhou Property provided periodic guarantees for 8 customers with an accumulated amount of RMB14,730,000 and the periodic guarantees with an amount of RMB10,111,000 provided in the prior periods had been released during the Reporting Period. As at the end of the Reporting Period, the actual amount of the guarantees provided by Guizhou Property is RMB655,535,000.

Significant Events

During the Reporting Period, a customer of “Shenzhen Expressway • Interlaken Town” project defaulted in payment to the lending bank, with the principal payable of RMB1,545,000 and other interest and default interest. Pursuant to the agreement, Guizhou Property shall be liable for the periodic guarantees. Upon the fulfillment of its obligations, Guizhou Property may recover the property through negotiation or litigation. The relevant matters are currently under negotiation and it is not expected to cause economic loss to Guizhou Property.

- (3) The Company has not provided external guarantee in violation of the stipulated decision-making procedures.

Authorisation of Guarantee

The Company’s 2018 annual general meeting held on 22 May 2019 considered and approved the proposal on the authorisation of the guarantees. The Board of the Company may provide guarantees for wholly-owned subsidiaries for not more than RMB4.5 billion in aggregate, and not more than RMB500 million in aggregate for non-wholly-owned subsidiaries, as necessary. The guarantee includes guarantee for financing and guarantee for bankers’ letter of guarantee. The guarantee authorisation is effective from the date of approval by the general meeting until the date of the convening of the 2019 annual general meeting. Subsequently, the 2019 annual general meeting held on 23 June 2020 considered and approved the proposal on the authorisation of the guarantees. The Board of the Company may provide guarantees for wholly-owned subsidiaries of not more than RMB2.7 billion in aggregate, and not more than RMB3.7 billion in aggregate for non-wholly-owned subsidiaries, as necessary. The guarantee includes guarantee for financing and guarantee for bankers’ letter of guarantee. The guarantee authorisation is effective from the date of approval by the general meeting to the date of convening of the 2020 annual general meeting. As of the end of the Reporting Period, the relevant guarantees have not occurred.

Mortgage and Pledge of Assets

As of the end of the Reporting Period, details of the mortgaged or pledged assets of the Company and its subsidiaries are as follows:

Assets	Type	Beneficiary of the security	Scope of security	Term
Toll collection rights of Qinglian Project ⁽¹⁾	Pledge	A consortium including China Development Bank, etc.	Principal and interests of bank loans in an aggregate amount of RMB5.9 billion	Until repayment of all liabilities under the loan agreement
100% equity interests in Meiguan Company	Pledge	China Construction Bank Shenzhen Branch	Counter-guarantee for the irrevocable guarantee with joint liability in respect of the redemption of the corporate bonds with an amount of RMB800 million upon maturity	Until repayment of corporate bonds (principal and interest)
Toll collection rights of Outer Ring Expressway and all proceeds from the project ⁽²⁾	Pledge	A consortium including China Development Bank, etc.	Bank loans in an aggregate amount of RMB6.5 billion	Until repayment of all liabilities under the loan agreement
45% equity interests in JEL Company ⁽³⁾	Pledge	The Hong Kong and Shanghai Banking Corporation Limited	Principal and interests of bank loans in an aggregate amount of HKD350 million	Until repayment of all liabilities under the loan agreement
Toll collection rights of Coastal Expressway ⁽⁴⁾	Pledge	A consortium including China Development Bank, etc.	Principal and interests of bank loans in an aggregate amount of RMB5.4 billion	Until repayment of all liabilities under the loan agreement
Toll collection rights of Shuiguan Expressway ⁽⁵⁾	Pledge	Guangdong Huaxing Bank Shenzhen branch	Principal and interests of fixed asset loans in an aggregate of RMB600 million	Until repayment of all liabilities under the loan agreement
Equity interests, concessions, accounts receivables and production facilities of subsidiaries of Lande Environmental ⁽⁶⁾	Pledge, Mortgage	Multiple banks and financial leasing companies	Principal and interests of bank loans and financial leasing for multiple projects in an aggregate amount of RMB889 million	Until expiry of a specified period after repayment of all liabilities

Descriptions on mortgage/pledge of assets:

- (1) Pledged by Qinglian Company, a subsidiary of the Company. As at the end of the Reporting Period, the balance of such consortium loans withdrawn by Qinglian Company was RMB384 million.
- (2) Outer Ring Company, a wholly-owned subsidiary of the Company, applied for bank loans in an aggregate amount of RMB6.5 billion from the consortium by pledging the toll collection rights and the proceeds and credits receivable from the operating activities legally owned by Outer Ring Expressway. As at the end of the Reporting Period, the balance of such consortium loans withdrawn by Outer Ring Company was RMB4,231 million.
- (3) Pledged by Mei Wah Company, a wholly-owned subsidiary of the Company, for Hong Kong dollar bank loans under application. As at the end of the Reporting Period, the balance of such loans was HKD125 million.
- (4) Pledged by Coastal Company, a wholly-owned subsidiary of the Company. As at the end of the Reporting Period, the balance of such consortium loans was RMB3,518 million.
- (5) Pledged by Qinglong Company, a subsidiary of the Company. As at the end of the Reporting Period, the balance of such loans was RMB350 million.
- (6) Pledged by Lande Environmental, a subsidiary of the Company, and/or its various subsidiaries. As at the end of the Reporting Period, the aggregate balance of such loans was RMB646 million.
- (7) Details of the restrictions on the Group's major assets at the end of the Reporting Period are set out in note V/59 to the Financial Statements in this report.

Entrusted Wealth Management


As approved by the Board of the Company, subject to the condition that both safety and liquidity of capital reserve can be assured, the Group invested part of the funds in monetary funds, wealth management products issued by banks, financial products for financing purposes issued by holding enterprises within the Shenzhen SASAC system and other types of wealth management products. During the Reporting Period, the Group did not purchase or sell any wealth management products. As at the end of the Reporting Period, the balance of such wealth management products of the Group was nil and there was no outstanding principal and gains overdue.

Other Agreements and Matters

Save as disclosed in this report, the Company did not enter into any contract in respect of the management or administration of its overall business or any material business or had any such contract subsisting, nor did it enter into any other material contract in relation to entrustment, subcontracting, leasing or guarantee during the Reporting Period. Furthermore, there was no such prior material contract subsisting during the Reporting Period.

During the Reporting Period, there was no material litigation or arbitration matter, matter which the media generally questioned, or bankruptcy and reorganisation in connection with the Company, nor was there any implementation of share option incentive scheme. In addition, there was no such prior matter subsisting during the Reporting Period.

During the Reporting Period, the Company acquired equity interests of Lande Environmental and the Financial Leasing Company, and these companies were consolidated into the financial statements of the Company. The two aforesaid acquired companies are involved in certain minor claims arbitrations and litigations, which will not have significant impacts on the daily operations of the Company. For details, please refer to the announcements of the Company dated 21 April 2020 and 13 July 2020 respectively.



Significant Events

Undertakings

Undertaking background	Undertaking type	Undertaking party	Undertaking details	Date and deadline for performance	Deadline for performance or not	Performed timely and strictly or not
Undertakings made in Acquisition Report or Report on the Change of Equity Interests	Other	Shenzhen International/ Shenzhen International Holdings (SZ) Limited	Undertake to avoid peer competition and regulate connected transactions, etc. For details, please refer to Detailed Report on the Change of Equity Interests (詳式權益變動報告書) published on 18 October 2007 to the securities market of the PRC by undertaking parties or related contents in the Annual Report 2007 of the Company.	Oct 2007	No	Yes
	Other	Shenzhen International	Made undertaking in respect of the matters such as avoiding peer competition and supporting the business development of the Company. The undertakings include that Shenzhen International and SIHCL shall inject their expressway assets into the Company in around 5–8 years when certain conditions are fulfilled. For details, please refer to the Acquisition Report (收購報告書) published by SIHCL on 4 January 2011 to the securities market of the PRC and the announcement of the Company dated 1 June 2011.	Dec 2010 June 2011	Yes	Yes
	Other	SIHCL		Dec 2010 May 2011	Yes	Yes
Undertakings made related to IPO	Avoiding peer competition	XTC Company/ SGH Company	The undertaking parties will not engage in any industry or business in any form, which, directly or indirectly, competes with the Company in Shenzhen.	Jan 1997	No	Yes

Note: (1) On 29 December 2017, Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司), a subsidiary of SIHCL (as purchaser), SIHCL (as guarantor of the purchaser) and Anber Investments Limited (as vendor) and Hopewell Holdings Limited (as guarantor of vendor) entered into an agreement in relation to the proposed acquisition of interests in Hopewell Highway Infrastructure Limited (“HHI”). Upon the general offer and placing, SIHCL owned as to 71.83% equity interests in HHI as at 18 September 2018. HHI, a Hong Kong listed company, and its subsidiaries are principally engaged in highway infrastructure construction in Guangdong Province and hold interests in Guangzhou-Shenzhen Expressway and Guangdong Guangzhou-Zhuhai West Expressway. HHI was renamed as Shenzhen Investment Holdings Bay Area Development Company Limited (“Bay Area Development”) on 30 April 2019.

Prior to the entering into of the said agreement, SIHCL had enquired the Company if the Company would desire to be the acquiring entity in the above acquisition without disclosing the name of the target company. Having considered the business of the target company and the conditions of the acquisition such as the scale and completion timeframe as provided by SIHCL, the Company concluded that it was infeasible to carry out the acquisition and the Company intended to give up the offer since it failed to undergo the acquisition. The Board (including the independent non-executive Directors) was reported with the aforesaid matters, and conformed to the view that the Company should not undergo the acquisition. In the event that SIHCL completes the said acquisition, SIHCL will perform its obligations under the non-competition undertaking, further negotiate with the Company on the detailed arrangement on the business of the target company and properly settle the matters in accordance with the existing undertaking.

In view of the factors including that both Bay Area Development and the Company are listed companies, and Bay Area Development does not have control over its domestic expressway assets, SIHCL and the Company will further negotiate on the arrangement of the relevant businesses and settle such issues as and when appropriate. The Company will pay close attention to the progress of related matters and negotiate with SIHCL requesting it to fulfill its non-competition undertaking in a reasonable manner in order to safeguard the interests of the Company effectively.

(2) Given the proposed public issuance of the Convertible Bonds, the Company performed self-inspections on its real estate projects to identify if any violations of laws or regulations pursuant to the relevant requirements of the CSRC. On 20 June 2018, Shenzhen International and XTC Company, each being a holding company of the Company, and all the Directors, Supervisors, and senior management of the Company made undertakings in relation to the relevant issues. During the Reporting Period, upon the application of the Company, the CSRC has terminated the review and inspection on the relevant application for administrative approval and such undertakings were terminated accordingly.

Information on Corporate Governance

The Company is listed on both SSE and HKEx. The Company has to comply with the applicable laws and regulatory requirements for securities regarding the practice of corporate governance of both places. During the Reporting Period, the Company complied with the Company Law and the relevant requirements issued by CSRC. The Company has also fully adopted all the code provisions of the “Corporate Governance Code” as set out in Appendix 14 of the Listing Rules of HKEx and there is no material deviation or breach of the code provisions occurred. The Company strives to achieve better corporate governance practices, for details, please refer to the content in Annual Report 2019 of the Company.

Investor Relationship Management

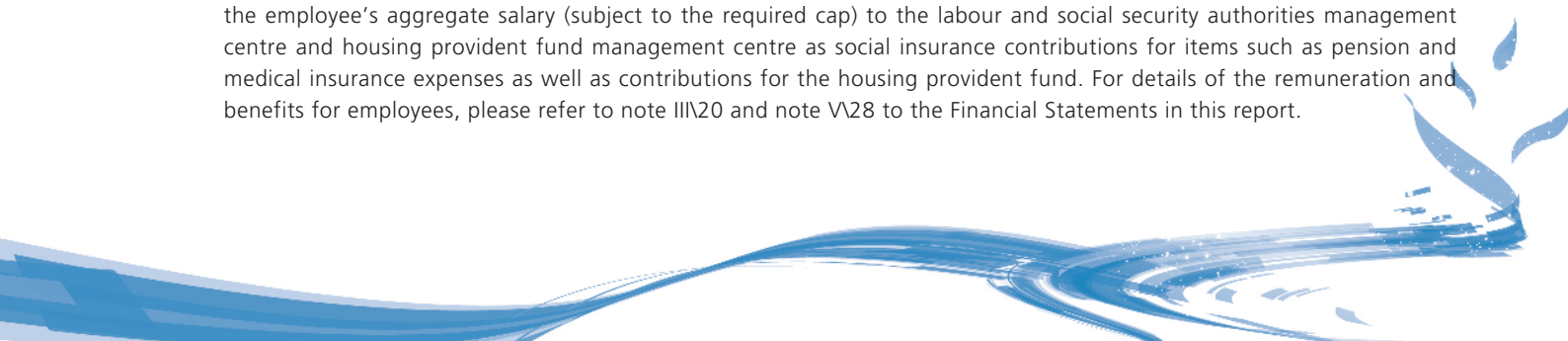
The management of the Company highly values the communication with its investors. In the first half of 2020, the Chairman, President, Chief Financial Officer, Secretary of the Board and other senior management of the Company participated in the relevant investor relations activities to communicate and interact with investors directly. The investor relations activities were organised by the Company chiefly in the following forms:

- Making the investor hotline and investor relations e-mail known to the public, establishing the Investors' Message section on the Company's website, and promptly responding to investors' inquiries. In the first half of 2020, the Company replied approximately 140 investors' inquiries through website, telephone or via e-mail.
- Properly arranging request of visits and researches from the investors. In the first half of 2020, the Company received in aggregate of 21 visits involving 83 visitors, with an open-minded attitude communicating with the investors, and has built up a direct communication mechanism between investors and the Company.
- Conducting various forms of presentation activities, including organising result presentations and press conferences, online investor meetings and road-shows as well as participating in various investor forums. In the first half of 2020, the Company conducted face-to-face communications with over 200 investors and media reporters.
- Regularly dispatching information and materials on the operations and development of the Group. The Company prepared and issued a total of 1 issue of E-news and 6 result and progress presentation materials in the first half of 2020, providing information to investors on the operating performance and environment of the Company, giving responses to issues which concern investors. Apart from the manner of e-mails, E-news is also uploaded to the Company's website for investors' access at any time.
- Investors and the public may check out information such as the Group's basic information, rules for the Company's corporate governance, information disclosure documents, profiles of directors, supervisors and the senior management and the Group's monthly operating performance of toll highway projects at any time on the Company's website (<http://www.sz-expressway.com>).
- The Company also timely handled and replied investors' messages, and uploaded investors' interaction records monthly through the "e-interaction" platform developed by the SSE for listed companies and investors.

Employees, Remuneration and Training

As at 30 June 2020, among the 5,526 employees of the Group (including the Company and its subsidiaries consolidated into the financial statements), 2,177 are administrative and professional staff, and 3,349 are toll collection staff.

The remuneration and benefits of the staff include position salary, the performance bonus and the statutory and corporate benefits and are determined according to the market value of the position and the comprehensive performance of staff. Pursuant to the statutory requirements, the Group has participated in an employee retirement scheme (social pension insurance) and a housing provident fund plan organised by the local government authorities, and has adopted various protection plans such as medical insurance, work injury insurance and unemployment insurance for its employees. According to the relevant regulations, the Group is required to pay contributions equivalent to a certain percentage of the employee's aggregate salary (subject to the required cap) to the labour and social security authorities management centre and housing provident fund management centre as social insurance contributions for items such as pension and medical insurance expenses as well as contributions for the housing provident fund. For details of the remuneration and benefits for employees, please refer to note III\20 and note VI\28 to the Financial Statements in this report.



Significant Events

During the Reporting Period, the Company organised 3 training sessions, with 110 person-times participation.

Review of Interim Results

The 2020 interim financial information and comparative figures for the same period of 2019 were prepared in accordance with CASBE, and also complied with the disclosure requirements under the Listing Rules of the HKEx. The Audit Committee of the Company has reviewed and confirmed the financial statements and interim report of the Group for the six months ended 30 June 2020. The relevant financial information has not been audited.

Name of Directors

As at the Reporting Date, the members of the Board include Mr. Hu Wei (Executive Director and Chairman of the Board), Mr. Liao Xiang Wen (Executive Director and President), Mr. Wen Liang (Executive Director), Mr. Wang Zeng Jin (Executive Director), Ms. Chen Yan (Non-executive Director), Mr. Fan Zhi Yong (Non-executive Director), Mr. Chen Yuan Jun (Non-executive Director), Mr. Cai Shu Guang (Independent non-executive Director), Mr. Wan Siu Wah Wilson (Independent non-executive Director), Ms. Chen Xiao Lu (Independent non-executive Director) and Mr. Bai Hua (Independent non-executive Director).

By Order of the Board

HU Wei

Chairman

Shenzhen, the PRC, 21 August 2020



Share Capital and Shareholders

I. Profile of Movements of Share Capital

During the Reporting Period, there was no change in the Company's total number of shares or share structure.

A total of 2,180,770,326 ordinary shares were issued by the Company, of which 1,433,270,326 A Shares are listed on SSE and 747,500,000 H Shares are listed on HKEx, representing 65.72% and 34.28% of the total share capital of the Company respectively.

II. Information of Shareholders

As at the end of the Reporting Period, based on the shareholders' registers provided by the share registrars and the transfer offices of the Company in the PRC and Hong Kong, the information of the total number of shareholders, the top ten shareholders and the top ten holders of non-restricted circulating shares of the Company were as follows:

1. Total Number of Shareholders:

The total number of shareholders of the Company was 23,565, of which 23,323 were holders of A Shares and 242 were holders of H Shares.

2. Information of the Top Ten Shareholders and the Top Ten Holders of Non-restricted Circulating Shares of the Company

Unit: share

The top ten shareholders						
Name of shareholder	Changes during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of restricted circulating shares held	Number of shares pledged or frozen	Nature of shareholders
HKSCC NOMINEES LIMITED ^{Note}	-50,057	729,875,042	33.47	-	Unknown	Overseas legal person
Xin Tong Chan Development (Shenzhen) Company Limited	-	654,780,000	30.03	-	None	State-owned legal person
Shenzhen Shen Guang Hui Highway Development Company Limited	-	411,459,887	18.87	-	None	State-owned legal person
China Merchants Expressway Network & Technology Holdings Company Limited	-	87,211,323	4.00	-	None	State-owned legal person
Guangdong Roads and Bridges Construction Development Company Limited	-	61,948,790	2.84	-	None	State-owned legal person
Hong Kong Central Clearing Company Limited	-27,748,430	16,908,621	0.78	-	Unknown	Domestic non-state-owned legal person
MO JING XIAN	+12,248,839	12,248,839	0.61	-	Unknown	Domestic natural person
AU SIU KWOK	-	11,000,000	0.50	-	Unknown	Overseas natural person
China Merchants Bank – SSE Dividend Trading Open Index Securities Investment Fund	+4,066,276	9,738,673	0.45	-	Unknown	Domestic non-state-owned legal person
ZHANG PING YING	-	5,017,000	0.23	-	Unknown	Domestic natural person

Share Capital and Shareholders

The top ten holders of non-restricted circulating shares			
Name of shareholder		Number of non-restricted circulating shares held	Type of shares
HKSCC NOMINEES LIMITED ^{Note}		729,875,042	H Share
Xin Tong Chan Development (Shenzhen) Company Limited		654,780,000	A Share
Shenzhen Shen Guang Hui Highway Development Company Limited		411,459,887	A Share
China Merchants Expressway Network & Technology Holdings Company Limited		87,211,323	A Share
Guangdong Roads and Bridges Construction Development Company Limited		61,948,790	A Share
Hong Kong Central Clearing Company Limited		16,908,621	A Share
MO JING XIAN		12,248,839	A Share
AU SIU KWOK		11,000,000	H Share
China Merchants Bank – SSE Dividend Trading Open Index Securities Investment Fund		9,738,673	A Share
ZHANG PING YING		5,017,000	A Share
Connected relationship or concerted action relationship among the abovementioned shareholders		XTC Company and SGH Company are connected persons under the same control of Shenzhen International. There is no connected relationship among the state-owned shareholders in the above table. The Company did not notice any connected relationship among the other abovementioned shareholders or any connected relationship among the abovementioned state-owned shareholders and other shareholders.	

Note: The H shares held by HKSCC NOMINEES LIMITED were held on behalf of various clients.

3. Disclosure of Interests of Shareholders Pursuant to the Listing Rules of HKEx

As at 30 June 2020, the interests or short positions of shareholders, other than a Director, Supervisor or senior management of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), or in accordance with the notice received by the Company and the HKEx, were as follows:

A Shares:

Name of shareholder	Capacity	Number of A Shares of the Company held	Percentage of total issued A Share capital
Shenzhen International ^②	Interest of corporation controlled ^③	1,066,239,887(L)	74.39%(L)
SIHCL	Interest of corporation controlled ^③	1,066,239,887(L)	74.39%(L)

Share Capital and Shareholders

H Shares:

Name of shareholder	Capacity	Number of H Shares of the Company held	Percentage of total issued H Share capital
BlackRock, Inc.	Interest of corporation controlled	60,421,674(L)	8.08%(L)
Shenzhen International ^②	Interest of corporation controlled ^③	52,612,000(L)	7.03%(L)
SIHCL	Interest of corporation controlled ^④	52,612,000(L)	7.03%(L)
JPMorgan Chase & Co.	Interest of corporation controlled/ Investment manager/Person having a security interest in shares/Approved lending agent	51,215,651(L) 3,108,000(S) 44,563,198(P)	6.85%(L) 0.41%(S) 5.96%(P)
FMR LLC	Interest of corporation controlled	44,990,541(L)	6.02%(L)
Pacific Asset Management Co., Ltd.	Investment manager	44,112,000(L)	5.90%(L)
Citigroup Inc.	Interest of corporation controlled/ Approved lending agent	40,620,669(L) 298,485(S) 40,283,303(P)	5.43%(L) 0.03%(S) 5.38%(P)
FIDELITY INVESTMENT TRUST	Beneficial owner	39,046,000(L)	5.22%(L)

Note: (L) – long positions, (S) – short positions, (P) – lending pool.
Please refer to Securities and Futures Ordinance for relevant definitions.

Notes :

- ① All the A Shares of the Company are listed on SSE, and all the H Shares of the Company are listed on the main board of HKEx.
- ② Shenzhen International is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of HKEx.
- ③ Long positions of 654,780,000 A Shares were directly held by XTC Company as beneficial owner, 411,459,887 A Shares were directly held by SGH Company as beneficial owner, and 52,612,000 H Shares were directly held by Advance Great Limited as beneficial owner. All of these companies are wholly-owned subsidiaries of Shenzhen International. Pursuant to a written letter provided by Shenzhen International, Advance Great Limited actually held 58,194,000 H shares of the Company as at 30 June 2020, while 58,194,000 H Shares were indirectly held by Shenzhen International and SIHCL.
- ④ SIHCL indirectly held approximately 43.39% interests in Shenzhen International. Pursuant to Securities and Futures Ordinance, SIHCL was deemed to be interested in shares of the Company owned by Shenzhen International.

Save as disclosed above, the register required to be kept under Section 336 of Part 15 of Securities and Futures Ordinance showed that the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company as at 30 June 2020.

4. The Controlling Shareholders and the De-facto Controller

During the Reporting Period, there was no change in the controlling shareholder or the de-facto controller of the Company.

III. Others

Purchase, Sale or Redemption of Securities

During the Reporting Period, no listed securities of the Company were purchased, sold or redeemed by the Company, any of its subsidiaries or any of its joint ventures.



INTERIM FINANCIAL STATEMENTS

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Note: The part marked with * in the notes to the financial statements is the new or more detailed disclosure in compliance with the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange



Consolidated Statement of Financial Position

As at 30 June 2020

RMB

Item	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited) (Restated)
Current assets			
Cash at banks and on hand	V.1	5,745,682,960.52	4,734,602,473.83
Transactional financial assets	V.2	93,497,500.00	62,689,444.00
Bills receivable	V.3	114,989,623.10	9,895,060.34
Accounts receivable	V.4	650,430,896.04	785,775,976.28
Prepayments	V.5	735,324,867.27	335,836,766.05
Other receivables	V.6	539,350,789.67	449,196,180.26
Inventories	V.7	922,503,826.35	723,283,163.42
Contract assets	V.8	688,671,714.87	450,892,553.87
Current portion of non-current assets	V.9	102,663,205.08	104,121,478.11
Other current assets	V.10	286,346,622.82	247,715,780.63
Total current assets		9,879,462,005.72	7,904,008,876.79
Non-current assets			
Long-term prepayments	V.11	354,026,779.14	360,050,431.14
Long-term receivables	V.12	485,023,991.70	432,552,202.51
Other non-current financial assets	V.13	230,705,950.00	217,939,080.00
Long-term equity investments	V.14	8,728,455,825.69	8,706,289,341.73
Investment properties	V.15	11,510,970.00	11,798,941.20
Fixed assets	V.16	2,718,908,975.44	2,838,991,585.24
Construction in progress	V.17	48,033,932.66	15,197,595.66
Right-of-use assets	V.18	151,158,398.42	152,870,380.46
Intangible assets	V.19	25,654,147,242.44	23,493,705,251.38
Development expenditures		1,711,543.23	–
Goodwill	V.20	156,039,775.24	156,039,775.24
Long-term prepaid expenses		29,783,820.68	32,405,392.30
Deferred tax assets	V.21	633,425,834.03	600,075,836.71
Other non-current assets	V.22	342,599,500.00	342,599,500.00
Total non-current assets		39,545,532,538.67	37,360,515,313.57
Total assets		49,424,994,544.39	45,264,524,190.36

Item	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited) (Restated)
Current liabilities			
Short-term borrowings	V.24	731,139,420.41	363,877,741.65
Bills payable	V.25	265,866,667.26	131,749,731.69
Accounts payable	V.26	1,103,421,905.07	970,760,866.09
Contract liabilities	V.27	1,242,163,193.77	953,225,966.42
Employee benefits payable	V.28	161,194,201.86	282,746,505.05
Taxes payable	V.29	251,139,077.42	257,407,140.69
Other payables	V.30	4,153,390,318.19	3,175,091,880.03
Current portion of non-current liabilities	V.31	531,539,251.54	505,101,989.80
Other current liabilities	V.32	1,006,245,563.94	–
Total current liabilities		9,446,099,599.46	6,639,961,821.42
Non-current liabilities			
Long-term borrowings	V.33	9,414,226,227.42	9,031,815,479.53
Bonds payable	V.34	6,109,424,074.54	4,676,256,207.56
Long-term payables	V.35	2,389,557,574.93	2,217,015,191.85
Long-term employee benefits payable	V.36	105,824,300.00	105,824,300.00
Lease liabilities	V.37	118,700,115.13	118,269,744.66
Provision	V.38	29,715,912.92	10,284,566.66
Deferred revenue	V.39	386,082,456.43	405,420,838.75
Deferred tax liabilities	V.21	1,175,409,394.78	1,157,482,536.08
Total non-current liabilities		19,728,940,056.15	17,722,368,865.09
Total liabilities		29,175,039,655.61	24,362,330,686.51
Owners' equity			
Share capital	V.40	2,180,770,326.00	2,180,770,326.00
Capital surplus	V.41	6,339,617,128.68	6,235,711,402.09
Other comprehensive income	V.42	884,255,475.22	916,005,374.46
Surplus reserve	V.43	2,617,808,817.01	2,617,808,817.01
Undistributed profits	V.44	5,354,473,085.16	6,444,550,718.94
Total equity attributable to owners of the Company		17,376,924,832.07	18,394,846,638.50
Minority interests		2,873,030,056.71	2,507,346,865.35
Total owners' equity		20,249,954,888.78	20,902,193,503.85
Total liabilities and owners' equity		49,424,994,544.39	45,264,524,190.36

The attached notes are an integral part of these financial statements.

Legal representative:
Hu Wei

Chief financial officer:
Zhao Guiping

Head of accounting department
(Account officer): Li Xiaojun



Company Statement of Financial Position

As at 30 June 2020

RMB

Item	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current assets			
Cash at banks and on hand		1,705,839,242.30	1,309,001,086.11
Transactional financial assets		93,497,500.00	62,689,444.00
Accounts receivable	XIV.1	14,836,705.21	16,170,543.00
Prepayments		18,259,820.70	15,546,278.08
Other receivables	XIV.2	1,567,339,848.63	1,005,795,909.83
Inventories		769,086.53	776,373.15
Contract assets		131,020,791.08	115,303,836.38
Other current assets		–	13,771,786.56
Total current assets		3,531,562,994.45	2,539,055,257.11
Non-current assets			
Long-term prepayments		87,470,195.09	80,469,002.23
Long-term receivables		6,155,286,904.37	4,503,665,771.45
Long-term equity investments	XIV.3	19,581,678,177.66	19,741,522,254.89
Other non-current financial assets		228,462,220.00	217,939,080.00
Investment properties		11,510,970.00	11,798,941.20
Fixed assets		153,324,093.70	159,982,306.36
Construction in progress		2,273,764.49	2,398,709.49
Right-of-use assets		27,177,559.66	32,330,237.50
Intangible assets		206,411,537.62	219,274,003.05
Long-term prepaid expenses		915,342.77	1,144,174.07
Deferred tax assets		90,278,928.60	62,996,204.64
Total non-current assets		26,544,789,693.96	25,033,520,684.88
Total assets		30,076,352,688.41	27,572,575,941.99

Item	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Current liabilities			
Accounts payable		51,102,647.99	19,760,352.78
Contract liabilities		1,205,880.49	2,411,761.00
Employee benefits payable		64,325,300.36	101,746,485.90
Taxes payable		18,658,548.38	14,883,928.57
Other payables		2,452,481,474.19	2,046,947,507.14
Current portion of non-current liabilities		226,816,239.12	155,386,860.13
Other current liabilities		1,006,245,563.94	–
Total current liabilities		3,820,835,654.47	2,341,136,895.52
Non-current liabilities			
Long-term borrowings		4,277,358,867.55	4,015,858,867.55
Bonds payable		6,109,424,074.54	4,676,256,207.56
Long-term payables		2,051,850,517.48	1,618,960,000.00
Long-term employee benefits payable		59,000,200.00	59,000,200.00
Lease liabilities		22,565,135.07	28,620,243.26
Deferred income		279,804,931.35	291,504,931.35
Total non-current liabilities		12,800,003,725.99	10,690,200,449.72
Total liabilities		16,620,839,380.46	13,031,337,345.24
Owners' equity			
Share capital	V.40	2,180,770,326.00	2,180,770,326.00
Capital surplus		3,279,763,584.72	3,279,942,664.85
Other comprehensive income		-4,560,158.37	770,798.03
Surplus reserve	V.43	2,617,808,817.01	2,617,808,817.01
Undistributed profits		5,381,730,738.59	6,461,945,990.86
Total owners' equity		13,455,513,307.95	14,541,238,596.75
Total liabilities and owners' equity		30,076,352,688.41	27,572,575,941.99

The attached notes are an integral part of these financial statements.

Legal representative:
Hu Wei

Chief financial officer:
Zhao Guiping

Head of accounting department
(Account officer): Li Xiaojun



Consolidated Income Statement

For the six months ended 30 June 2020

RMB

Item	Notes	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited) (Restated)
1. Total revenue			
Including: Revenue from services	五.45	1,686,872,482.94	2,707,939,060.38
2. Total costs		1,931,443,243.44	1,807,183,603.21
Including: Cost of services	五.45	1,458,356,645.15	1,413,153,758.88
Taxes and surcharges	五.46	9,001,680.30	28,653,335.53
Selling expenses		10,673,111.69	10,368,554.37
General and administrative expenses	V.47	101,107,021.84	83,553,166.27
Research and development expenses	V.48	11,547,930.09	2,982,489.52
Financial expenses	V.49	340,756,854.37	268,472,298.64
Including: Interest expense		331,379,901.99	286,848,691.39
Interest income		29,225,196.58	25,512,566.35
Add: Other income	V.50	2,748,837.86	173,081.95
Investment income	V.51	142,481,866.56	597,091,282.60
Including: Share of profits of associates and joint ventures	V.14	142,481,866.56	300,390,369.73
Gain or loss from changes in fair value (loss shown with "-")	V.52	41,331,196.00	24,199,493.00
Credit impairment losses (loss shown with "-")		-1,725,343.94	219,047.72
Gains or loss on disposal of assets (loss shown with "-")		-10,820.96	900.70
3. Operating profits (loss shown with "-")		-59,745,024.98	1,522,439,263.14
Add: Non-operating income	V.53	35,500,900.00	2,096,092.08
Less: Non-operating expenses	V.54	7,911,647.10	1,760,537.35
4. Total profit (loss shown with "-")		-32,155,772.08	1,522,774,817.87
Less: Income tax expenses	V.56	-17,825,648.18	-188,928,706.03
5. Net profit (loss shown with "-")		-14,330,123.90	1,711,703,523.90
Including: net profit before the merger of the merged party in a business combination under common control		1,384,733.13	3,976,659.47
(1) Classified by business continuity Net profit from continuing operations (loss shown with "-")		-14,330,123.90	1,711,703,523.90
(2) Classified by ownership Net profit attributable to owners of the Company		43,922,935.74	1,578,645,874.71
Minority interests		-58,253,059.64	133,057,649.19

Item	Notes	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited) (Restated)
6. Other comprehensive income after tax (loss shown with "-")		-31,749,899.24	5,018,167.27
Other comprehensive income after tax attributable to owners of the company		-31,749,899.24	5,018,167.27
Items that may be reclassified subsequently to profit or loss		-31,749,899.24	5,018,167.27
Including: Foreign exchange gain/loss	V.42	1,341,186.96	353,178.55
Share of other comprehensive income from investees accounted for the equity method to be reclassified to profit or loss in the subsequent period	V.42	-33,091,086.20	4,664,988.72
7. Total comprehensive income		-46,080,023.14	1,716,721,691.17
Total comprehensive income attributable to owners of the Company		12,173,036.50	1,583,664,041.98
Total comprehensive income attributable to minority interests		-58,253,059.64	133,057,649.19
8. Earnings per share			
Basic earnings per share (RMB/share)	V.61(1)	0.020	0.724
Diluted earnings per share (RMB/share)	V.61(1)	0.020	0.724

The attached notes are an integral part of these financial statements.

Legal representative:
Hu Wei

Chief financial officer:
Zhao Guiping

Head of accounting department
(Account officer): **Li Xiaojun**



Company Income Statement

For the six months ended 30 June 2020

RMB

Item	Notes	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
1. Total revenue	XIV.4	188,123,970.00	417,004,906.77
Less: Cost of services	XIV.4	97,153,368.22	134,742,647.95
Tax and surcharges		1,526,198.34	2,666,256.77
General and administrative expenses		49,528,760.62	55,540,093.09
Financial expenses		155,952,024.06	46,909,520.70
Including: Interest expense		244,402,267.43	116,514,109.26
Interest income		125,063,408.51	78,740,332.22
Add: Other income		988,560.16	–
Investment income	XIV.5	99,551,492.29	271,115,778.71
Including: Share of profits of associates and joint ventures		33,551,492.29	202,974,408.85
Gain or loss from changes in fair value		41,331,196.00	24,199,493.00
Gains or loss on disposal of assets		12,978.64	–
2. Operating profit		25,847,845.85	472,461,659.97
Add: Non-operating income		30,132,676.57	93,146.28
Less: Non-operating expenses		6,193,025.60	330,462.91
3. Total profit		49,787,496.82	472,224,343.34
Less: Income tax expenses		-3,997,820.43	66,388,081.28
4. Net profit		53,785,317.25	405,836,262.06
Net profit from continuing operations		53,785,317.25	405,836,262.06
5. Other comprehensive income (loss shown with "-")		-5,330,956.40	-597,743.96
Items that may be reclassified subsequently to profit or loss		-5,330,956.40	-597,743.96
Including: Share of other comprehensive income from investees accounted for the equity method to be reclassified to profit or loss in the subsequent period	V.14	-5,330,956.40	-597,743.96
6. Total comprehensive income		48,454,360.85	405,238,518.10

The attached notes are an integral part of these financial statements.

Legal representative:
Hu Wei

Chief financial officer:
Zhao Guiping

Head of accounting department
(Account officer): **Li Xiaojun**

Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

RMB

Item	Notes	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited) (Restated)
1. Cash flows from operating activities:			
Cash received from rendering services and selling goods		1,913,820,316.05	2,490,220,862.94
Refund of taxes		3,356,472.11	–
Cash received relating to other operating activities	V.57(1)	149,850,305.99	38,873,701.54
Sub-total of cash inflows		2,067,027,094.15	2,529,094,564.48
Cash paid for goods and services		1,142,997,713.32	479,558,650.18
Cash paid to and on behalf of employees		393,188,807.79	361,429,323.69
Payments of taxes and surcharges		308,150,846.19	682,387,477.80
Cash paid relating to other operating activities	V.57(2)	380,107,327.80	186,648,885.30
Sub-total of cash outflows		2,224,444,695.10	1,710,024,336.97
Net cash flows from operating activities	V.58(1)	-157,417,600.95	819,070,227.51
2. Cash flows from investing activities			
Cash received from recovery of investments		–	588,000,000.00
Cash received from returns on investments		44,295,059.37	189,715,582.93
Net cash received from disposal of fixed assets intangible assets and other long-term assets		412,500.00	932,689,464.97
Net cash flows from disposal of subsidiaries and other business units	V.57(3)	–	567,000,000.00
Cash received relating to other investing activities	V.57(4)	95,203,899.12	365,132,219.12
Sub-total of cash inflows		139,911,458.49	2,642,537,267.02
Cash paid to acquire fixed assets, intangible assets and other long-term assets		920,165,311.58	703,782,911.46
Payments for investing activities		177,750,000.00	57,500,000.00
Cash paid to acquire subsidiaries and other business units	V.57(5)	217,096,832.96	207,631,327.78
Cash paid relating to other investing activities	V.57(6)	89,192,970.68	1,049,834,118.97
Sub-total of cash outflows		1,404,205,115.22	2,018,748,358.21
Net cash flows from investing activities		-1,264,293,656.73	623,788,908.81



Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

RMB

Item	Notes	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited) (Restated)
3. Cash flows from financing activities			
Cash received from borrowings		4,530,195,498.65	3,564,676,381.63
Cash received relating to other financing activities	V.57(7)	464,943,402.68	277,830,000.00
Sub-total of cash inflows		4,995,138,901.33	3,842,506,381.63
Cash repayments of borrowings		1,857,218,818.94	3,740,323,950.37
Cash payments for interest expenses and distribution of dividends or profits		283,430,415.49	1,311,317,264.22
Cash payments relating to other financing activities	V.57(8)	765,908,446.20	31,795,742.17
Sub-total of cash outflows		2,906,557,680.63	5,083,436,956.76
Net cash flows from financing activities		2,088,581,220.70	-1,240,930,575.13
4. Effect of foreign exchange rate changes on cash and cash equivalents		-476,652.30	307,269.26
5. Net increase in cash and cash equivalents	V.58(1).2	666,393,310.72	202,235,830.45
Add: Cash and cash equivalents at beginning of period		2,933,307,413.60	2,628,394,337.82
6. Cash and cash equivalents at end of period	V.58(1).2	3,599,700,724.32	2,830,630,168.27

The attached notes are an integral part of these financial statements.

Legal representative:

Hu Wei

Chief financial officer:

Zhao Guiping

Head of accounting department

(Account officer): **Li Xiaojun**

Company Statement of Cash Flows

For the six months ended 30 June 2020

RMB

Item	Notes	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
1. Cash flows from operating activities			
Cash received from selling goods and rendering services		160,306,782.71	343,016,286.51
Cash received relating to other operating activities		909,712,855.44	5,101,591,389.87
Sub-total of cash inflows		1,070,019,638.15	5,444,607,676.38
Cash paid for goods and services		48,733,285.13	37,739,795.56
Cash paid to and on behalf of employees		101,573,371.65	122,038,170.53
Payments of taxes and surcharges		24,037,190.34	97,043,482.15
Cash paid relating to other operating activities		685,478,266.47	1,546,407,474.84
Sub-total of cash outflows		859,822,113.59	1,803,228,923.08
Net cash flows from operating activities		210,197,524.56	3,641,378,753.30
2. Cash flows from investing activities			
Cash received from recovery of investments		–	598,972,000.55
Cash received from returns on investments		60,295,059.37	228,091,473.34
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		–	932,687,618.97
Cash received relating to other investing activities		504,959,239.39	1,028,641,274.22
Sub-total of cash inflows		565,254,298.76	2,788,392,367.08
Cash paid to acquire fixed assets, intangible assets and other long-term assets		14,443,158.28	51,467,940.54
Payments for investing activities		177,750,000.00	57,500,000.00
Net cash paid to acquire subsidiaries and other business units		5,100,000.00	4,620,200,000.00
Cash paid relating to other investing activities		2,774,984,000.00	1,029,834,118.97
Sub-total of cash outflows		2,972,277,158.28	5,759,002,059.51
Net cash flows from investing activities		-2,407,022,859.52	-2,970,609,692.43



Company Statement of Cash Flows

For the six months ended 30 June 2020

RMB

Item	Notes	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited)
3. Cash flows from financing activities			
Cash received from borrowings		2,720,000,000.00	2,342,000,000.00
Cash received relating to other financing activities		445,900,000.00	277,830,000.00
Sub-total of cash inflows		3,165,900,000.00	2,619,830,000.00
Cash repayments of borrowings		392,000,000.00	2,311,364,765.57
Cash payments for interest expenses and distribution of dividends or profits		138,085,583.38	1,075,164,838.63
Cash payments relating to other financing activities		24,043,527.53	5,628,472.79
Sub-total of cash outflows		554,129,110.91	3,392,158,076.99
Net cash flows from financing activities		2,611,770,889.09	-772,328,076.99
4. Effect of foreign exchange rate changes on cash and cash equivalents		2,092.46	751.34
5. Net increase/decrease in cash and cash equivalents		414,947,646.59	-101,558,264.78
Add: Cash and cash equivalents at beginning of period		1,267,105,113.94	1,192,441,921.64
6. Cash and cash equivalents at end of period		1,682,052,760.53	1,090,883,656.86

The attached notes are an integral part of these financial statements.

Legal representative:

Hu Wei

Chief financial officer:

Zhao Guiping

Head of accounting department

(Account officer): Li Xiaojun

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

RMB

Item	For the six months ended 30 June 2020 (Unaudited)								
	Attributable to owners of the Company							Minority interests	Total owners' equity
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profit	Subtotal			
1. Ending balance on 31 December 2019	2,180,770,326.00	6,220,711,401.21	916,005,374.46	2,617,808,817.01	6,439,246,724.95	18,374,542,643.63	2,348,729,616.21	20,723,272,259.84	
Add: Business combination under common control	-	15,000,000.88	-	-	5,303,993.99	20,303,994.87	158,617,249.14	178,921,244.01	
2. Beginning balance on 1 January 2020	2,180,770,326.00	6,235,711,402.09	916,005,374.46	2,617,808,817.01	6,444,550,718.94	18,394,846,638.50	2,507,346,865.35	20,902,193,503.85	
3. Increases/decreases in the current period ("-" for decreases)	-	103,905,726.59	-31,749,899.24	-	-1,090,077,633.78	-1,017,921,806.43	365,683,191.36	-652,238,615.07	
(1) Total comprehensive income	-	-	-31,749,899.24	-	43,922,935.74	12,173,036.50	-58,253,059.64	-46,080,023.14	
Net profit	-	-	-	-	43,922,935.74	43,922,935.74	-58,253,059.64	-14,330,123.90	
Other comprehensive income	-	-	-31,749,899.24	-	-	-31,749,899.24	-	-31,749,899.24	
(2) Profit distribution (Note V.44)	-	-	-	-	-1,134,000,569.52	-1,134,000,569.52	-20,000,000.00	-1,154,000,569.52	
Profit distribution to equity owners	-	-	-	-	-1,134,000,569.52	-1,134,000,569.52	-20,000,000.00	-1,154,000,569.52	
(3) Business combination under common control	-	-22,690,000.00	-	-	-	-22,690,000.00	-	-22,690,000.00	
(4) Business combination not under common control	-	-	-	-	-	-	443,936,251.00	443,936,251.00	
(5) Others	-	126,595,726.59	-	-	-	126,595,726.59	-	126,595,726.59	
4. Ending balance on 30 June 2020 (Unaudited)	2,180,770,326.00	6,339,617,128.68	884,255,475.22	2,617,808,817.01	5,354,473,085.16	17,376,924,832.07	2,873,030,056.71	20,249,954,888.78	



Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

RMB

Item	For the six months ended 30 June 2019 (Unaudited)								
	Attributable to owners of the Company							Minority interests	Total owners' equity
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profit	Subtotal			
1. Ending balance on 31 December 2018	2,180,770,326.00	6,219,027,132.41	881,375,987.20	2,481,665,060.29	5,624,252,437.38	17,387,090,943.28	2,152,661,784.07	19,539,752,727.35	
Add: Business combination under common control	-	15,000,000.88	-	-	5,415,322.53	20,415,323.41	162,412,611.44	182,827,934.85	
2. Beginning balance on 1 January 2019	2,180,770,326.00	6,234,027,133.29	881,375,987.20	2,481,665,060.29	5,629,667,759.91	17,407,506,266.69	2,315,074,395.51	19,722,580,662.20	
3. Increases/decreases in the current period ("-" for decreases)	-	392.90	5,018,167.27	-	30,298,943.25	35,317,503.42	408,709,775.55	444,027,278.97	
(1) Total comprehensive income	-	-	5,018,167.27	-	1,578,645,874.71	1,583,664,041.98	133,057,649.19	1,716,721,691.17	
Net profit	-	-	-	-	1,578,645,874.71	1,578,645,874.71	133,057,649.19	1,711,703,523.90	
Other comprehensive income	-	-	5,018,167.27	-	-	5,018,167.27	-	5,018,167.27	
(2) Withdrawal or transfer of investment by shareholders	-	-	-	-	-	-	-10,541,726.02	-10,541,726.02	
Withdrawal of investment by shareholders	-	-	-	-	-	-	-10,541,726.02	-10,541,726.02	
(3) Profit distribution	-	-	-	-	-1,548,346,931.46	-1,548,346,931.46	-53,885,579.25	-1,602,232,510.71	
Profit distribution to equity owners	-	-	-	-	-1,548,346,931.46	-1,548,346,931.46	-53,885,579.25	-1,602,232,510.71	
(4) Business combination not under common control	-	-	-	-	-	-	340,079,431.63	340,079,431.63	
(5) Others	-	392.90	-	-	-	392.90	-	392.90	
4. Ending balance on 30 June 2019 (Unaudited)	2,180,770,326.00	6,234,027,526.19	886,394,154.47	2,481,665,060.29	5,659,966,703.16	17,442,823,770.11	2,723,784,171.06	20,166,607,941.17	

The attached notes are an integral part of these financial statements.

Legal representative:
Hu Wei

Chief financial officer:
Zhao Guiping

Head of accounting department
(Account officer): **Li Xiaojun**

Company Statement of Changes in Equity

For the six months ended 30 June 2020

RMB

Item	For the six months ended 30 June 2020 (Unaudited)					
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profit	Total owner's equity
1. Beginning balance on 1 January 2020	2,180,770,326.00	3,279,942,664.85	770,798.03	2,617,808,817.01	6,461,945,990.86	14,541,238,596.75
2. Increases/decreases during the period ("-" for decreases)						
(1) Total comprehensive income	-	-179,080.13	-5,330,956.40	-	-1,080,215,252.27	-1,085,725,288.80
Net profit	-	-	-5,330,956.40	-	53,785,317.25	48,454,360.85
Other comprehensive income	-	-	-	-	53,785,317.25	53,785,317.25
(2) Profit distribution	-	-	-	-	-	-5,330,956.40
Profit distribution to equity owners	-	-	-	-	-1,134,000,569.52	-1,134,000,569.52
(3) Business combination under common control	-	-179,080.13	-	-	-	-179,080.13
3. Ending balance on 30 June 2020	2,180,770,326.00	3,279,763,584.72	-4,560,158.37	2,617,808,817.01	5,381,730,738.59	13,455,513,307.95

Item	For the six months ended 30 June 2019 (Unaudited)					
	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profit	Total owner's equity
1. Ending balance on 31 December 2018	2,180,770,326.00	3,279,942,664.85	1,946,181.99	2,481,665,060.29	6,784,999,111.84	14,729,323,344.97
2. Increases/decreases during the period ("-" for decreases)						
(1) Total comprehensive income	-	-	-597,743.96	-	-1,142,510,669.40	-1,143,108,413.36
Net profit	-	-	-597,743.96	-	405,836,262.06	405,238,518.10
Other comprehensive income	-	-	-	-	405,836,262.06	405,836,262.06
(2) Profit distribution	-	-	-	-	-	-597,743.96
Profit distribution to equity owners	-	-	-	-	-1,548,346,931.46	-1,548,346,931.46
3. Ending balance on 30 June 2019	2,180,770,326.00	3,279,942,664.85	1,348,438.03	2,481,665,060.29	5,642,488,442.44	13,586,214,931.61

The attached notes are an integral part of these financial statements.

Legal representative:
Hu Wei

Chief financial officer:
Zhao Guiping

Head of accounting department
(Account officer): **Li Xiaojun**



Notes to Financial Statements

For the six months ended 30 June 2020

RMB

I. GENERAL INFORMATION

Shenzhen Expressway Company Limited (the “Company”) was established as a joint stock limited company in Guangdong Province, the People’s Republic of China (the “PRC”) on 30 December 1996. The Company has its H shares and A shares listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange of the PRC, respectively. The address of its registered office is Fumin Toll Station, Fucheng Subdistrict, Longhua District, Shenzhen, the PRC. The head office of the Company is located at 2-4/F, Jiangsu Building, Yitian Road, Futian District, Shenzhen, the PRC.

The principal activities of the Company and its subsidiaries (collectively the “Group”) are the construction, operation, management, investment of toll highways and environmental protection in China. The environmental business mainly includes solid waste treatment and clean energy.

Shenzhen International Holdings Limited (“Shenzhen International”) is the parent company of the Company. The State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipality (“Shenzhen SASAC”) is the ultimate controlling company of the Company.

These financial statements have been approved for issue by the Company’s Board of Directors on 21 August 2020.

The consolidation scope of the financial statements is determined on the basis of control. The detailed information of changes in the scope of consolidation is included in Note VI.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises (“ASBEs”) issued by the Ministry of Finance.

The financial statements have been presented and disclosed in accordance with the requirements of Accounting Standard for Enterprises No. 32 – Interim Financial Report, issued by the Ministry of Finance, and the Guidelines on the Content and Format of Corporate Disclosure of Publicly Issued Securities No. 3 – the Content and Format of the Semi-annual Report (revised in 2017), issued by the China Securities Regulatory Commission.

The accounting policies adopted in these financial statements are consistent with the accounting policies adopted by the Group in preparing the 2019 financial statements. These interim financial statements should be read in the conjunction with the Group’s 2019 financial statements.

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

Except for certain financial instruments, the financial statements have been prepared using historical cost as the principle of measurement. Where assets are impaired, provisions for asset impairment are made in accordance with the relevant requirements.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group adopts specific accounting policies and makes accounting estimates according to the characteristics of its business operations. The focus of the accounting policies and accounting is the criteria for determining impairment of non-current assets (Note III. 18), depreciation policy for fixed assets and amortization policy for intangible assets (Note III. 13 and 17), measurement of provisions (Note III. 22), revenue recognition (Note III. 23) and recognition of deferred income tax assets (Note III. 27), etc.

Key judgments and estimates applied for critical accounting policies by the Group are disclosed in Note III.32.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial positions of the Group and the Company as at 30 June 2020, and the financial performance and the cash flows for the six months ended 30 June 2020 in accordance with Accounting Standards for Business Enterprises

2. Accounting period

The Company's fiscal year is from 1 January to 31 December. The accounting period started on 1 January 2020 and ended on 30 June 2020.

3. Normal operating cycle

Except for the real estate business, EPC construction and other construction business, the operating cycle of the Group's business is relatively short. The classification standard of asset and liability's liquidity is 12 months. The operating cycle of the real estate business is generally longer than 12 months, starting from the commencement of property development to the collection of sales proceeds. The length of the specific operating cycle, which is used as the classification criterion of the liquidity of assets and liabilities in this business, depends on the development project. The operating cycle of EPC constructions of the kitchen waste disposal projects business and other construction business are generally longer than 12 months, starting from the commencement of construction project to completion settlement. The length of the specific operating cycle, which is used as the classification criterion of the liquidity of assets and liabilities in this business, depends on the development project.

4. Functional currency

The Company adopts Renminbi ("RMB") as its functional currency for preparing its financial statements except that Fameluxe Investment Company Limited ("Fameluxe Investment") adopts the Hong Kong dollar ("HKD") as its functional currency. The financial statements are denominated in RMB unless there is any special circumstance.



Notes to Financial Statements

For the six months ended 30 June 2020

RMB

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Business combinations

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

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 combination, and that control is not transitory. In a business combination involving entities under common control, the entity that, at the combination date, obtains control of another combining entity is the absorbing entity, while that other combining entity is the entity being absorbed. The combination date is the date on which the absorbing entity effectively obtains control on the entity being absorbed. The assets and liabilities (including goodwill arising from the ultimate controlling party's acquisition of the entity being absorbed) that are obtained by the absorbing entity in a business combination involving entities under common control shall be measured on the basis of their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to capital premium under capital reserves. If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not involving entities under common control

A business combination not involving entities 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 combination. In a business combination not involving entities under common control, the entity that, on the acquisition date, obtains control of another combining entity is the acquirer, while that other combining entity is the acquiree. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date.

Where the fair value of combination consideration and the fair value of the equity interest held in the acquiree prior to the acquisition date exceed the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill, which is subsequently measured at cost less accumulated impairment losses. Where the fair value of combination consideration and the fair value of the equity interest held in the acquiree prior to the acquisition date are less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the fair value of combination consideration and the fair value of the equity interest held in the acquiree prior to the acquisition date. If the fair value of combination consideration and the fair value of the equity interest held in the acquiree prior to the acquisition date are still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets after the reassessment, the acquirer recognizes the difference immediately in profit or loss for the current period.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. A subsidiary is an entity (including an entity, a separable part of an investee, and the structural entities controlled by the Company) which is under the control of the Company.

The accounting policies and accounting periods of the Company and subsidiaries are consistent in the preparation of the consolidated financial statements. All assets, liabilities, equity, income, expenses and cash flows arising from intra-group transactions are eliminated on consolidation.

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

For a subsidiary that is acquired in a business combination involving enterprises not under common control, the operating results and cash flows of the acquiree shall be consolidated into the consolidated financial statements from the date on which the Group takes control of acquiree to the date on which such control ceases. In the preparation of the consolidated financial statements, the financial statements of the subsidiary are adjusted based on the fair value of the subsidiary's identifiable assets, liabilities or contingent liabilities determined as at the acquisition date.

For a subsidiary that is acquired in a business combination involving enterprises under common control, the operating results and cash flows of the merged party shall be incorporated into the consolidated financial statements at the beginning of the current period. In the preparation of the consolidated financial statements, the relative items of the financial statements of the previous period are treated as if the merged party had been formed under the control of the Group at the very beginning.

If a change in any facts and circumstances gives rise to one or more changes in controlling factors, the Group will reassess whether it controls the investee or not.

Change in non-controlling interests that does not result in the loss of control over the subsidiary is accounted for as an equity transaction.



Notes to Financial Statements

For the six months ended 30 June 2020

RMB

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Consolidated financial statements (continued)

In the case of package deals, in which the equity investment in the subsidiary is lost through step-by-step disposals and multiple transactions until the Group loses control, the transaction will be treated as a transaction disposing of the subsidiary and losing control. However, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary should be recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to profit or loss of the period of losing control. In the case of disposing of the equity investment in the subsidiary through multiple transactions until the loss of control right, which does not belong to the package deals, a corresponding accounting treatment shall be carried out on whether each transaction division loses the control right. In the case of losing control, the remaining equity shall be remeasured at the fair value on the date of the loss of control. The difference between the consideration obtained by disposing of the equity, adding the fair value of the remaining equity and the share of the net assets calculated on the basis of the original shareholding proportion at the purchase date, is recognized in profit or loss for the period of losing control. If there is goodwill for the subsidiary, the amount of the goodwill should be deducted when calculating the gain or loss on the disposal of the subsidiary. Other comprehensive income related to the equity investment of the original subsidiary is treated on the same basis as the subsidiary directly disposes of the relevant assets or liabilities when losing control. The shareholders' equity recognized in the change in other shareholders' equity, other than the net profit or loss, other comprehensive income, and profit distribution of the original subsidiary, should be transferred to profit or loss for the period of losing control.

7. Cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be withdrawn on demand at any time; cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign currency translation

The Group's foreign currency transactions are translated and recorded in the respective functional currencies.

A foreign currency transaction is recorded in the functional currency on initial recognition, by applying the exchange rate on the date of transaction or applying the average exchange rate through the transaction period. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the spot exchange rates at the end of the reporting period. Exchange differences arising from the differences between the spot exchange rates prevailing at the end of the reporting period and those on initial recognition or at the end of the previous reporting period are recognized in profit or loss for the period, except that exchange differences that qualify for capitalization related to a specific-purpose borrowing denominated in foreign currency are capitalized as part of the cost of the qualifying asset during the capitalization period. Foreign currency non-monetary items measured at historical cost are re-translated at the spot exchange rate on the date of transaction but the amount of the functional currency is not changed. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Differences between the re-translated functional and the original functional currency amount are recognized in profit or loss or as other comprehensive income depending on the nature of the non-monetary items.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Foreign currency translation (continued)

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the statement of financial position are translated at the spot exchange rate at the end of the reporting period; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; income and expenses in profit or loss are translated at the average exchange rates during the transaction period. The exchange differences arising on translation of financial statements denominated in foreign currencies are recognized as other comprehensive income. For disposals of equity interests in foreign operations, the proportionate share of the accumulated exchange differences arising on translation of financial statements in other comprehensive income of foreign operations is transferred to profit or loss. For partial disposals, the reclassification is determined in proportion to the disposal.

Foreign currency cash flows and cash flows of overseas subsidiaries shall be converted at the average exchange rate of the period when the cash flow occurs. The impact of exchange rate changes on cash is shown separately in the statement of cash flows as an adjustment item.

9. Financial instruments

Financial instruments refer to contracts that form the financial assets of one company and form the financial liabilities or equity instruments of other companies.

Recognition and derecognition of financial instruments

The Group recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated balance sheet) when:

- (1) The right to receive cash flows from financial assets expires;
- (2) Transferring the right to receive cash flows from financial assets, or under the "hands-on agreement", the obligation to pay the full amount of cash flows to the third party in full; and (a) substantially transferring the ownership of the financial assets all risks and rewards, or (b) abandoning the control of the financial asset, although it does not substantially transfer or retain almost all of the risks and rewards of ownership of the financial asset.

If the responsibility for a financial liability has been fulfilled or revoked or has expired, the financial liability should be derecognized. If an existing financial liability is replaced by another financial liability of the same creditor on substantially virtually different terms, or if the terms of the existing liability are substantially modified, such replacement or modification is deemed to terminate the recognition of the original liability and to confirm the new disposal of liabilities, the difference is included in the current profit or loss.

The purchases and sales of financial assets in regular ways are recognized and derecognized on a trade date basis. The purchases and sales of financial assets in regular ways refer to the collection or delivery of financial assets within the time limit stipulated by regulations or common practices in accordance with the terms of the contract. The trading day is the date on which the Group commits to buy or sell the financial assets.

Notes to Financial Statements

For the six months ended 30 June 2020

RMB

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

Classification and measurement of financial assets

The financial assets of the Group are classified upon the initial recognition based on the business model of the Group's financial asset management and the characteristics of the financial assets' contractual cash flows: financial assets measured at fair value and whose changes are included in the current profit or loss, financial assets measured at amortized cost, financial assets measured at fair value and whose changes are included in other comprehensive income. Financial assets are measured at fair value on initial recognition, but accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component due within one year, are initially measured at the transaction price.

For financial assets measured at fair value through profit or loss, the related transaction expense is directly recognized in profit or loss for the current period. The related transaction costs of other types of financial assets are included in their initial recognition amount.

Subsequent measurement of financial assets depends on their classification:

Debt instrument investments measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if the financial assets meet the following conditions: The Group's business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets stipulate that cash generated on a specific date. The flow is only the payment of the principal and the interest based on the outstanding principal amount. The effective interest method is used to recognize interest revenue for such financial assets. The gains or losses arising from derecognition, modification or impairment are recognized in profit or loss.

Financial assets measured at fair value through profit or loss

For financial assets classified as measured at fair value through profit or loss, fair value is used for subsequent measurement, and all changes in fair value are recognized in profit or loss for the current period.

Only when it is possible to eliminate or significantly reduce accounting mismatches, financial assets can only be designated as financial assets at fair value through profit or loss.

Once the Company initially designates a financial asset as a financial asset measured at fair value through profit or loss, it cannot be reclassified to other financial assets; other financial assets cannot be reclassified to financial assets measured at fair value through profit or loss after initial recognition.

Under the above conditions, such financial assets designated by the Group consist mainly of transactional financial assets (Note V.2) and other non-current financial assets (Note V.13).

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

Classification and measurement of financial liabilities

The financial liabilities of the Group are classified as financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities measured at fair value through profit or loss, the related transaction expense is directly recognized in profit or loss, while the related transaction expense of other financial liabilities is included in the initial recognition amount.

Subsequent measurement of financial liabilities depends on their classification:

Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivative instruments attributable to financial liabilities) and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading (including derivative instruments attributable to financial liabilities) are subsequently measured at fair value. All changes in fair value of such financial liabilities are recognised in profit or loss except for the derivatives designated as hedging instruments in an effective hedge. Financial liabilities designated at fair value through profit or loss are subsequently measured at fair value and gains or losses are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income. If gains or losses arising from the Group's own credit risk which are presented in other comprehensive income will lead to or expand accounting mismatch in profit or loss, the Group will include all the changes in fair value (including the amount affected by changes in the Group's own credit risk) of such financial liabilities in profit or loss.

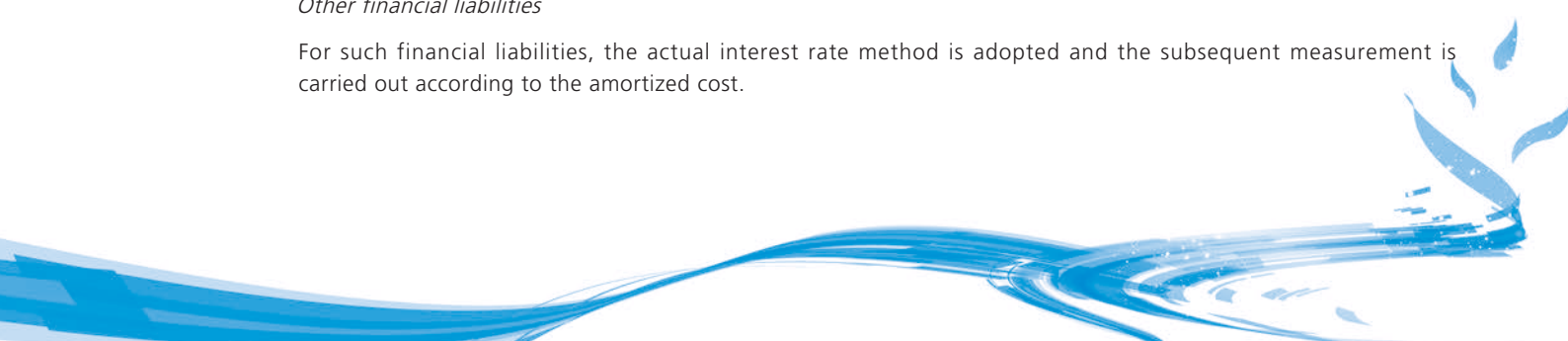
If only one of the following conditions is satisfied, financial liabilities can be designated as financial liabilities at fair value through profit or loss at their initial measurement.

- (1) Accounting mismatches can be eliminated or significantly reduced.
- (2) A formal written document on risk management or investment strategy states that the portfolio of financial instruments is managed, evaluated and reported to key management personnel on a fair value basis.
- (3) A hybrid instrument that includes one or more embedded derivatives, unless the embedded derivative does not significantly change the cash flow of the hybrid instrument, or the embedded derivative is clearly not to be split from the relevant hybrid tool.
- (4) A hybrid instrument that includes embedded derivatives that need to be split but cannot be separately measured at the time of acquisition or on the subsequent statement day.

Once the Company initially designates a financial liability as a financial liability measured at fair value through profit or loss, it cannot be reclassified to other financial liabilities; other financial liabilities cannot be reclassified to financial liabilities measured at fair value through profit or loss after initial recognition.

Other financial liabilities

For such financial liabilities, the actual interest rate method is adopted and the subsequent measurement is carried out according to the amortized cost.



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For the six months ended 30 June 2020

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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

Impairment of financial instruments

Based on the expected credit losses (“ECLs”), the Group recognises an allowance for ECLs for the financial assets measured at amortised cost, contract assets.

For trade receivables and contract assets that do not contain a significant financing component, the Group applies the simplified approach to recognise a loss allowance based on lifetime ECLs.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses to adopt the simplified approach to recognise a loss allowance based on lifetime ECLs.

Except for financial assets which apply the simplified approach as mentioned above, other financial assets, the Group assesses whether the credit risk has increased significantly since initial recognition at each balance sheet date. If the credit risk has not increased significantly since initial recognition (stage 1), the loss allowance is measured at an amount equal to 12-month ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if the credit risk has increased significantly since initial recognition but are not credit-impaired (stage 2), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if such financial assets are credit-impaired after initial recognition (stage 3), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the amortised cost and the effective interest rate. If the credit risk of financial instruments is low at the balance sheet date, the Group assumes that the credit risk has not increased significantly since initial recognition.

The Group assesses the expected credit losses for financial instruments individually and collectively. The Group considers the credit risk characteristics of different customers and evaluates the expected credit losses for accounts receivable on the basis of the age combination. See the following table for details:

Bad debt provision for receivables that are subject to provision by group with similar credit risk characteristics

Group 1	Receivables from government and related parties	Other appropriate methods
Group 2	Receivables from other third parties except Group 1,3,4	Aging analysis
Group 3	Receivables from wind power clients	Aging analysis
Group 4	Receivables from kitchen waste disposal clients	Aging analysis

When the Group no longer reasonably expects to be able to fully or partially recover the contractual cash flows of financial assets, the Group directly writes down the carrying amount of the financial assets.

Offsetting of financial instruments

If the following conditions are met at the same time, the financial assets and financial liabilities are presented in the statement of financial position offset with each other: a statutory right to offset the confirmed amount, and the legal right is currently enforceable; net settlement, or simultaneous realization of the financial assets and settlement of the financial liabilities.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

Derivative financial instruments

The Group uses derivative financial instruments, which are foreign exchange forward contracts and foreign exchange swap contracts, to hedge its foreign currency risk. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The gain or loss arising from changes in the fair value of derivatives is recognized directly in profit or loss, except for those that are related to hedge accounting.

Transfer of financial assets

If the Group has transferred substantially all the risks and rewards associated with the ownership of a financial asset to the transferee, the asset should be derecognised. If the Group retains substantially all the risks and rewards of ownership of a financial asset, the asset should not be derecognised.

When the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it may either derecognise the financial asset and recognise any associated assets and liabilities if control of the financial asset has not been retained; or recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability if control has been retained.

Assets formed by the continuing involvement by way of the provision of financial guarantee in respect of the transferred financial assets shall be recognised as the lower of the carrying value of the financial asset and the amount of financial guarantee. The amount of financial guarantee means the maximum amount among the considerations received to be required for repayment.

10. Inventories

(1) Classification

Inventories include real estate development properties, raw materials, in-process products, goods in stock, tickets, low-value consumables, maintenance and repair parts, contract performance costs and inventory materials, etc., which are listed at the lower of cost and net realizable value.

Real estate properties comprise properties held for sale, properties under development and properties held for development. Properties held for sale are those properties completed and for sale, while properties under development are those properties still under construction and for sale purposes, and properties held for development are those lands purchased and planned to have properties developed on. The costs of raw materials, work in progress, and finished goods include procurement costs, processing costs, and other costs.

(2) Costing of inventories

The cost of completed properties held for sale is determined using the specific identification method, which comprises the land cost, construction cost and other cost. The actual cost of raw materials, work in progress, and finished goods is determined using the FIFO method. The costs of toll tickets, low value consumables, maintenance and repair parts and materials in stock are determined using the weighted average method or amortization method.

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For the six months ended 30 June 2020

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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Inventories (continued)

(3) Basis for the determination of net realisable value and provisions for declines in the value of inventories

At the end of the reporting period, the inventories are measured at the lower of the cost and the net realizable value. If the cost is higher than the net realizable value, the provision for the inventories should be recognized in profit or loss for the current period. If the influencing factors of the provision for inventories have been eliminated and the net realizable value of inventories is higher than its book value, the previously deducted amount will be recovered from the amount of provision for inventories accrued previously and the amount should be recognized in profit or loss for the current period.

Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs and related taxes necessary to achieve completion and to make the sale. When recognizing the provision for value decline of inventories, the raw materials are recognized based on the categories, and the finished goods are recognized based on the items. The provisions for declines in value of inventories are consolidated for the inventories that are related to a product line produced and sold in the same region having the same or similar end use or purpose and difficult to be measured separately from other items.

The Perpetual Inventory System is adopted for the inventories.

11. Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries as well as the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture arrangement reached by the Group through a separate entity that can exercise joint control with other parties and has rights to its net assets based on legal form, contract terms, and other facts and circumstances. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted for preparing the consolidated financial statements using the equity method. Investments in joint ventures and associates are accounted for using the equity method.

(1) Determination of investment costs

For long-term equity investments acquired through a business combination: for a long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination costs. Where the initial investment cost of a long-term equity investment is acquired through a business combination involving enterprises under common control, the initial investment cost is the absorbing party's share of the carrying amount of the owners' equity of the party being absorbed 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 of the combination is adjusted to capital reserve (and the excess goes to retained earnings, if any). For other comprehensive income before the combination date, it is accounted for on the same basis as would have been required if the investee has directly disposed of the related assets or liabilities. The investee's shareholders' equity recognized resulting from changes in shareholders' equity other than net profit or loss, other comprehensive income and profit distribution is charged to profit or loss when the related investment is disposed of. Investments which remain long-term after disposal are recognized in proportion, whereas investments converted to financial instruments after disposal are recognized in full.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (continued)

(1) Determination of investment costs (continued)

For long-term equity investments acquired not through a business combination: for a long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

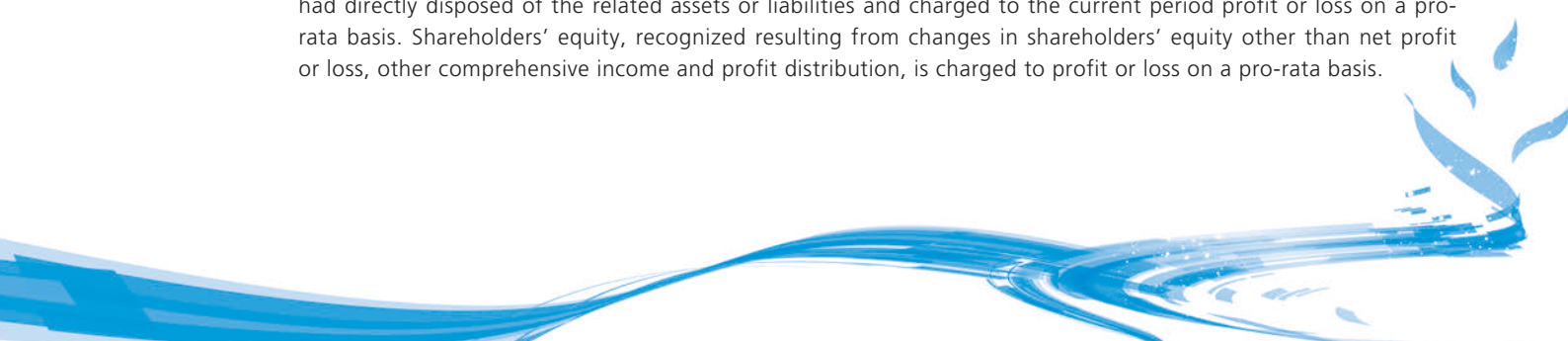
(2) Subsequent measurement and the methods of investment income recognition

For long-term equity investments accounted for cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss.

For long-term equity investments accounted for cost method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

For long-term equity investments accounted for using the equity method, the Group recognizes the investment income according to its share of net profit or loss of the investee. The Group discontinues to recognize its share of net losses of an investee after the book value of the long-term equity investment and any long-term interests that, in substance, form part of the investor's net investment in the investee is reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues to recognize the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, comprehensive income and profit distribution, the Group records its proportionate share directly in capital surplus. The book value of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealized profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interests in the investees, and then based on which the investment gains or losses are recognized. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealized loss is not eliminated.

On disposal of a long-term equity investment, the difference between the proceeds actually received and the book value is recognized in profit or loss for the current period. For a long-term equity investment accounted for using the equity method, when the Group discontinues to use the equity method, any other comprehensive income previously recognized is accounted for on the same basis as would have been required for if the investee had directly disposed of the related assets or liabilities. Shareholders' equity recognized resulting from changes in shareholders' equity other than net profit or loss, other comprehensive income and profit distribution is charged to profit or loss in its entirety. When the Group continues to use the equity method, any other comprehensive income previously recognized is accounted for on the same basis as would have been required for if the investee had directly disposed of the related assets or liabilities and charged to the current period profit or loss on a pro-rata basis. Shareholders' equity, recognized resulting from changes in shareholders' equity other than net profit or loss, other comprehensive income and profit distribution, is charged to profit or loss on a pro-rata basis.



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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (continued)

(3) Basis for determination of the existence of control, joint control or significant influence over the investees

Control refers to having the power over the investee, enjoying variable returns by participating in related activities of the investee, and being able to use its power over the investee to influence the investment return.

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and related activities of the arrangement can only be made after the unanimous consent of the participants sharing control.

Significant influence is the power to participate in the decision making of financial and operating policies of the investee, but is not control or joint control over those policies.

(4) Impairment of long-term equity investments

The book value of long-term equity investments in subsidiaries, joint ventures and associates should be reduced to the recoverable amount if the recoverable amount is below the book value (Note III.18).

12. Investment properties

Investment properties, the buildings held for the purpose of leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and its cost can be reliably measured; otherwise, the expenditures are recognized in profit or loss in the period in which they are incurred.

The Group adopts the cost model for the subsequent measurement of investment properties. Investment properties are depreciated or amortized to their estimated net residual values over their estimated useful lives. The estimated useful life, the estimated residual value rate and the annual amortization rate of the investment properties are as follows:

	Estimated useful life	Estimated residual value rate	Annual amortization rate
Car parking spaces	30 years	–	3.33%

When an investment property is transferred to an owner-occupied property, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment property at its carrying amount at the date of the transfer.

The estimated useful life, the net residual value of the investment property and the amortization method applied are reviewed and adjusted at each year-end.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sales, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

The carrying amount of investment properties should be reduced to the recoverable amount when its recoverable amount is below the carrying amount (Note III.18).

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets

(1) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, traffic equipment, motor vehicles, and office and other equipment.

Fixed assets are initially measured at cost. The cost of purchasing a fixed asset includes the purchase price, related taxes and fees, and other expenses directly attributable to the asset incurred before the fixed asset is ready for its intended use. The cost and accumulated depreciation of fixed assets invested by state shareholders to the Company on 1 January 1997 were recognized according to the valuation results performed by the valuer which were certified by the State-owned Assets Supervision and Administration Bureau in accordance with Guo Zi Ping (1996) No. 911.

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

(2) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been impaired, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

Type	Depreciation method	Estimated useful life	Estimated residual value rate	Annual depreciation rate
Buildings	Straight-line	20-30 years	5%	3.17%-4.75%
Traffic equipment	Straight-line	5-11 years	0%-10%	8.18%-20.00%
Mechanical equipment	Straight-line	5-20 years	4%-5%	4.75%-19.20%
Motor vehicles	Straight-line	5-6 years	5%	15.83%-19.00%
Office and other equipment	Straight-line	3-5 years	0%-5%	19.00%-33.33%

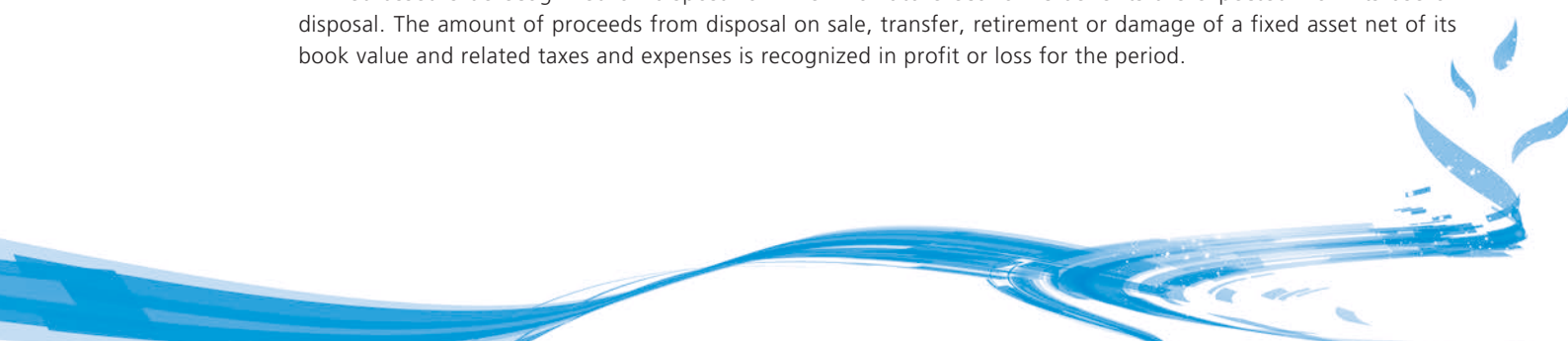
The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed and adjusted at least at each year-end.

(3) Impairment of fixed assets

The book value of fixed assets is reduced to the recoverable amount if the recoverable amount is below the book value (Note III.18).

(4) Disposal of fixed assets

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its book value and related taxes and expenses is recognized in profit or loss for the period.



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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs and borrowing costs that are eligible for capitalization and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress should be transferred to fixed assets when the assets are ready for their intended use, and should start to depreciate in the following month. The book value of construction in progress should be reduced to the recoverable amount if the recoverable amount is below the book value (Note III.18).

15. Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time for acquisition and construction for its intended use, which are to be capitalized and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalization of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognized in profit or loss for the current period. Capitalization of borrowing costs is suspended during the periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalization period.

For the general borrowings occupied by the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by multiplying the weighted average effective interest rate of general borrowings by the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which estimated future cash flows during the expected or shorter period applied to be discounted to the initial amount of the borrowings.

16. Right-of-use assets

Right-of-use assets comprise buildings, equipment and billboards.

At the commencement date of the lease, the Group recognises a right-of-use asset. The cost of the right-of-use asset comprises: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date of the lease less any lease incentives received; (iii) any initial direct cost incurred; and (iv) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

The Group remeasures the lease liability at the present value of the changed lease payments and adjusts the carrying amount of the right-of-use assets accordingly, when the carrying amount of the right-of-use asset is reduced to zero, and there is a further reduction in the measurement of the lease liability, the Group recognises the remaining amount of the remeasurement in profit or loss.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets

Intangible assets include concession intangible assets (Toll road and Kitchen waste disposal project), billboard use right, patent, land use right and software. Intangible assets are measured at cost.

(1) Concession intangible assets

(a) Toll road

Toll roads concession intangible assets refer to the rights granted by the respective concession grantors, which entitle the Group to receive the toll fees from users and the land use right obtained in conjunction with the concession arrangement. Concession intangible assets are measured at actual cost because the Group subcontracts the construction to third parties instead of providing actual construction service. Actual cost comprises construction infrastructure prices, construction related costs and borrowing costs that are eligible for capitalization and incurred before the toll roads are ready for their intended use. The concession intangible assets of the toll road that the Group has delivered but not yet completed the final settlement account are temporarily estimated based on the book value of the toll road project or the estimated value of the project. When the final account is completed, the book value will be adjusted to the actual value.

The concession intangible assets of the toll roads invested by the state-owned shareholders on 1 January 1997 were stated at valuation performed by the asset valuation firms and the values were certified by the State-owned Assets Supervision and Administration Bureau ("SASAB") in accordance with Guo Zi Ping (1996) No. 911. The land use right relating to Shenzhen Airport-Heao Expressway (Western Section) invested to the Company by the promoter of the Company during the restructuring period of the Group was stated at the then revaluation amount admitted by the SASAB on 30 June 1996. The land use right relating to Meiguan Expressway and Shenzhen Airport-Heao Expressway (Eastern Section) owned by Shenzhen Meiguan Expressway Company Limited ("Meiguan Company") and Airport-Heao Eastern Company ("Airport-Heao Eastern Company"), the subsidiary, were invested by Xin Tong Chan Development (Shenzhen) Company Limited ("Xin Tong Chan Company"), one of the promoters of the Company, at the value specified in the respective investment agreement.

When toll roads are ready for their intended use, amortization of concession intangible assets is calculated to write off their costs on the traffic volume amortization method. Amortization is provided on projected units-of-usage ("unit usage"), which is calculated based on the total projected traffic volume during the operating period of the concessions and the original or book value of the concession intangible assets with the concession combined with the actual traffic volume during each accounting period.

The Company has set policies to execute internal review on the total projected traffic volume during the operating period of the concessions annually. The Group also appoints an independent professional traffic consultant to perform independent professional traffic studies when material differences between actual traffic volume and projected traffic volume exist, or every 3 to 5 years and then adjust the amortization unit usage according to the revised total projected traffic volume, to ensure that the respective concession intangible assets would be fully amortized in the operating period.



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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets (continued)

(1) Concession intangible assets (continued)

(a) Toll road (continued)

The respective operating periods and amortization units of the toll roads are set out as follows:

Item	Operating period	The unit usage (RMB)
Meiguan Expressway	May 1995 to March 2027	0.53
Shenzhen Airport-Heao Expressway (Western Section)	May 1999 to March 2027	0.59
Shenzhen Airport-Heao Expressway (Eastern Section)	October 1997 to March 2027	2.95
Wuhuang Expressway	September 1997 to September 2022	5.82
Qinglian Expressway	July 2009 to July 2034	30.02
Shuiguan Expressway	March 2002 to February 2027	5.66 (Note 1)
Yichang Expressway	January 2004 to December 2033	10.88 (Note 1)
Changsha Ring Road (North-western Section) ("Changsha Ring Road")	November 1999 to October 2029	2.04
Coastal Expressway	December 2013 to December 2038	6.44

Note 1: As stated in Note III.33(a), the unit usage of concession intangible assets of Shuiguan Expressway and Yichang Expressway have been adjusted from RMB5.86 and RMB9.55 to RMB5.66 and RMB10.88 separately from 1 January 2020.

Subsequent expenditures incurred for the toll roads are included in the cost of the concession intangible assets when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. All the other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(b) Kitchen waste disposal project

Concession intangible assets related to kitchen waste allows the Company to charge the government department kitchen waste disposal fee according to negotiated price, to generate electricity by biogas, and to sell the oil and grease extracted from the kitchen waste in the franchise period. The income from the kitchen waste disposal project contract is evaluated by the fair value. The income is recognized, and the project is regarded as financial assets and intangible assets when: (1) the Company can charge the contract awarding party a certain amount of cash or cash equivalents or other financial assets in a given period as the infrastructural construction has been finished. When the Company provides the operating service below a regulated price, the contract awarding party will compensate for the loss according to the contract. The financial assets will be recognized at the time the income is recognized according to Chinese Accounting Standards No. 22 The recognition and measurement of financial instruments (Note III.9); and (2) the contract gives the Company the right to charge served clients in a given period. The Company cannot charge cash unconditionally if the charge amount is uncertain. The Company will recognize intangible assets at the time the income is recognized.

The Group recognizes the franchised kitchen waste disposal project as an intangible asset.

The Group uses the straight-line amortization methods in the franchise period.

III SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Intangible assets (continued)

(2) Other intangible assets

The useful lives of other intangible assets are as follows:

	Useful life (year)
Billboard use right	5
Patent	5-10
Land use rights	50
Software and others	2-10

Intangible assets with finite useful lives are amortized over their estimated useful lives using the straight-line method.

(3) Periodical review of useful life and amortization method

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method and makes adjustment if necessary at each year-end.

(4) Impairment of intangible assets

The book value of intangible assets should be reduced to the recoverable amount if the recoverable amount is below the book value (Note III.18).

(5) Development expenditure

The Group classifies the expenditures on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognised in profit or loss as incurred.

Expenditure on the development phase is capitalised only when the Group can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits (among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset); (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the ability to measure reliably the expenditure attributable to the intangible asset during the development phase. Expenditure on the development phase which does not meet these above criteria is recognised in profit or loss when incurred.



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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Impairment of long-term assets

Fixed assets, construction in progress, Right-of-use assets, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, associates and right-of-use assets are tested for impairment if there is any indication that an asset may be impaired at the end of the reporting period; intangible asset that is not ready for its intended use should be tested at least annually, with or without evidence of impairment. If the result of the impairment test indicates that the recoverable amount of the asset is less than its book value, a provision for impairment and an impairment loss are recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated on a reasonable basis to each of the Group's cash-generating units or to relevant groups of cash-generating units if it is difficult to do so. Each unit or group of units to which the goodwill is so allocated represents those which are expected to benefit from the synergies of the combination and is not larger than a reported segment by the Group.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, if there is evidence of impairment in relation to goodwill, the Group shall at first test the asset group or the set of asset groups excluding the amount of goodwill allocated for impairment. It shall determine and compare the recoverable amount with the related carrying amount and recognise any impairment loss. After that, the Group shall test the asset group or set of asset groups including the goodwill for impairment. The carrying amount is compared to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is lower than its carrying amount, an impairment loss on goodwill shall be recognised. Firstly, the impairment loss shall be allocated to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups. Then, the impairment loss shall be allocated to the other assets of the asset group or set of asset groups (excluding the goodwill) on the basis of the proportion of the carrying amount of each asset in the asset group or set of asset groups.

Once an impairment loss of the above-mentioned asset is recognised, it shall not be reversed in any subsequent period.

19. Long-term prepaid expenses

Long-term prepaid expenses comprise the prepaid expenditures but should be recognized as expenses for the current and subsequent periods, which in total are more than one year. Long-term prepaid expenses are averagely amortized over the expected benefit period and are presented at actual expenditure net of accumulated amortization.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Employee benefits

Employee benefits represent all kinds of allowances and compensations paid by the Group for services rendered by employees or for termination of employment relationship, which mainly include short-term wages, retirement benefits, termination of employment benefits and other long-term staff welfare.

(1) Accounting treatment of short-term wages

Short-term wages include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, employment injury insurance, maternity insurance, housing funds, labor union funds, employee education funds, short term paid leave and etc. Actual short-term wages are recognized as liabilities in the periods when the employees render services and are charged to profit or loss or capitalized in costs of related assets. The non-monetary welfare is measured at fair value.

(2) Accounting treatment of retirement benefits

The Group classifies the retirement benefit plans as defined contribution plans and defined benefit plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent fund. As a result, the Group has no legal or constructive obligations to pay further contributions. A defined benefit plan is a pension plan other than a defined contribution plan. During the reporting period, the Group's retirement benefits were mainly basic pension insurance and unemployment insurance which were both defined contribution plans.

(a) Basic pension insurance

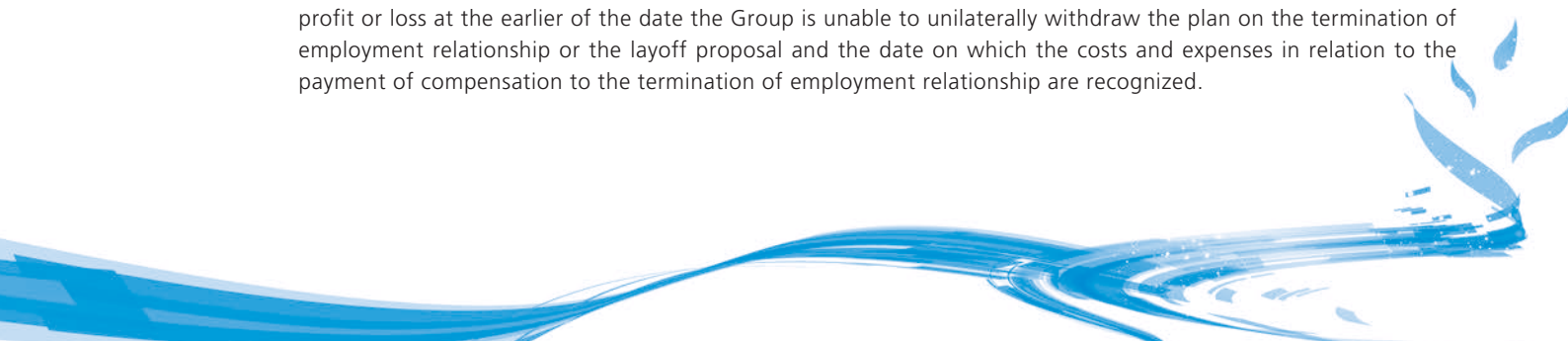
The Group's employees are involved in the basic social pension insurance organized and implemented by the local labor and social security bureau. The Group pays the basic pension issuance expenses monthly to designated insurance companies for its employees. The basic amounts and rates are determined by the local regulations. Upon employees' retirement, the local labor and social security bureau is responsible for paying the pension benefit to the retired employees. The amounts of pension insurance payable calculated according to the above regulations are recognized as liabilities in profit or loss or capitalized in costs of related assets during the periods when the employees provide services.

(b) Enterprise annuity plan

Beside the above basic social pension insurance, the Company establishes an enterprise annuities plan in accordance with the relevant national enterprise annuity system policies ("enterprise annuity plan"), in which the Group's employees can voluntarily participate. The Company shall provide the annuities at a certain proportion of employees' total wages, and the corresponding expenditures shall be recorded in the current profit or loss. Except for the above-mentioned, the Company did not have any other significant social insurance commitments to its employees.

(3) Accounting treatment of termination benefits

The Group provides compensation for the termination of employment relationship before the expiry of employment contracts or for employees' voluntary layoffs. The compensation is recognized as a liability and in profit or loss at the earlier of the date the Group is unable to unilaterally withdraw the plan on the termination of employment relationship or the layoff proposal and the date on which the costs and expenses in relation to the payment of compensation to the termination of employment relationship are recognized.



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For the six months ended 30 June 2020

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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Employee benefits (continued)

(4) Other long-term employee benefits

For other long-term employee benefits provided to employees, the net liabilities or net assets of other long-term employee benefits shall be recognized and measured in accordance with the relevant provisions of pension benefits, but changes are included in the current profit or loss or the cost of related assets.

21. Lease liabilities

At the commencement date of the lease, the Group recognizes the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Group uses the leased interest rate as the discount rate; if the interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liability for each period of the lease term based on the fixed periodic interest rate and recognises it in profit or loss for the current period. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred.

After the commencement date of the lease period, when the actual fixed payment amount changes, the expected amount of the guarantee residual value changes, or the index or ratio used to determine the lease payment amount changes, the purchase option, the renewal option or the termination option is evaluated and when the results or actual exercise rights change, the Group remeasures the lease liability based on the present value of the changed lease payments.

22. Provisions

Except for contingent consideration and contingent liabilities arising from business combinations not involving enterprises under common control, contingent liabilities are recognized as provision when the Group has an obligation related to a contingency where all of the following conditions are met:

- (1) It is a present obligation related to a contingency;
- (2) It is probable that an outflow of economic benefits will be required to settle the obligation; and
- (3) the amount of the obligation can be measured reliably.

The amount initially recognized as a contingent liability is the best estimate of the consideration required to settle the present obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. The carrying amount of a contingent liability is reviewed at the end of the reporting period. Where there is objective evidence that the carrying amount does not reflect the best estimation of the contingency, the contingent liability would be adjusted according to the best estimated amount.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue from contracts with customers

Revenue from contracts with customers is recognised when the Group has fulfilled its performance obligations in the contracts, that is, when the customer obtains control of relevant goods or services. Control of relevant goods or services refers to the ability to direct the use of the goods, or the provision of the services, and obtain substantially all of the remaining benefits from the goods or services.

- (1) The Group's toll revenue from the operations of toll roads is recognized when the related services have been provided, revenue and total costs can be measured reliably and economic benefits with transactions can flow to the Group.
- (2) The contracts for the sale of goods between the Group and the customer usually contain the performance obligations for the transfer of the complete machine, components, and accessories of wind turbine generators, transfer kitchen waste disposal equipment and accessories, and the sales of electricity. The Group generally recognizes revenue at the point of transfer of control of the goods on the basis of a combination of the following factors: the current right to collect the goods, the transfer of major risks and benefits in the ownership of the goods, and the transfer of the legal ownership of the goods, the transfer of physical assets of the goods and that the customers have accepted the goods.
- (3) For sales with a right of return, the Group recognises the revenue in the amount of consideration to which the Group expects to be entitled in exchange for transferring control of the goods to the customer, and recognises the amount expected to be refunded as a result of the sales return as a refund liability. At the same time, an asset recognised for an entity's right to recover goods from a customer on settling a refund liability is measured by reference to the carrying amount of the goods less any expected costs to recover the goods (including potential decreases in the value of the returned goods), that is, right-of-return assets, and recognised cost of sales based on the carrying amount of the transferred goods at the time of transfer of the goods less the net amount of the asset cost above. At each balance sheet date, the Group re-estimates the future sales return and remeasures the assets and liabilities above.
- (4) According to the contractual agreement, legal provisions etc., the Group provides quality assurance for the goods sold. For the quality assurances of guarantees, which ensure the established standard of the product, and the quality assurances of services, which provide separate services from the product, the Group treats both of them as a single performance obligation. For this performance obligation, the Group allocates part of the transaction price to the quality assurance of the service category with the relative ratio of the individual selling prices of the product to that of the provided quality assurance, and the revenue of this performance obligation is recognized when the customers obtain the control of the service. In assessing whether the quality assurance provides a separate service in ensuring that the goods sold meet the established standards, the Group considers the statutory requirement of the assurances, the term of the assurance, the nature of the Group's commitment of performance, etc.



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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue from contracts with customers (continued)

- (5) Service contracts between the Group and its customers usually include the obligation to perform construction management services. For construction management service projects, the Group is responsible for the construction and implementation of the entire project as the general contractor. For the construction unit, survey and design, consulting, etc., the Group is responsible for bidding and signing contracts with the third-party units and the government shall pay the total price of the project investment to the Group in accordance with the payment method agreed in the agency construction. The Group takes control over the projects under construction before transferring the goods to the owners, leads the third party to provide services to the owners, and bears the primary responsibility for transferring the construction to the owners. Therefore, the Group is the main responsible person and recognizes the revenue according to the total consideration received or receivable. Otherwise, the Group is an agent and recognizes the revenue according to the amount of the commission or handling fee expected to receive. The amount shall be netted according to the total amount received or receivable, after deducting the price payable to other related parties, or the established commission amount or proportion is determined. As the services provided by the Group in the course of performance are irreplaceable and the Group has the right to calculate the revenue accumulated to date for the performance of the contract during the whole contract period, when the results of the construction management services can be estimated reliably, construction management service revenue is recognized using the percentage of completion method and the stage of completion is measured with reference to the actual construction costs and related management expenses incurred till the end of the reporting period as a percentage of the total estimated construction costs and management expenses. When the results of the construction management services cannot be estimated reliably, construction management service revenue is recognized at the same amount of actual management expenses incurred only to the extent that such expenses are probable to be recovered.
- (6) For the Group's property sales revenue, after the completion and acceptance of the property, the Group and the client signed a sales contract, then obtains the proof of the buyer's payment and delivers the property to the buyer after the property is completed and passes the acceptance. When the buyer is informed of launch literally and does not have a proper reason to reject it, the related revenue is recognized after the time limit of the information is over. The Group's property sales contracts with customers generally include a performance obligation. In addition, the Group believes that the income from the sale of the property should be recognized when the asset control is transferred to the customer (usually after the delivery) based on the terms of the existing sales contract. The application of the new income standard has no effect on the timing of revenue recognition.

According to the new income standard, if the payment period of the customer is different from the period during which the promised goods or services are transferred according to the contract, the transaction price and the income from the sales need to be adjusted for the impact of the financing component (if significant). The Group believes that the consideration of the time difference between the customer's payment and the delivery of the property to the customer and the current market interest rate, the amount of the financing component is significant, the sales price must be discounted to calculate the significant financing component. The Group recognizes contractual liabilities for advances from customers that include significant financing components. The Group does not consider the effects of a significant financing component in the contract if it is expected that the period between when the customer obtains control of the goods or services and when the customer pays for such goods or services will be one year or less. In addition, the outstanding balance of customer advances has been reclassified from advance receipts to contractual liabilities.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue from contracts with customers (continued)

- (7) Revenue from highway entrusted services is recognized on a straight-line basis over the contract period. Revenue from entrusted operation and management service of kitchen waste disposal of the Group shall be recognized according to actual disposal volume and unit price agreed in the agreement.
- (8) For the service concession contracts entered into with the government departments, pursuant to which the Group participates in the development, financing, operations and maintenance of the toll road construction, the Group recognizes no construction service revenue because the Group subcontracts the work to other parties and does not undertake the construction work on its own.
- (9) The Group and the government department signed franchise agreements via the build-operate-transfer method to engage in the kitchen waste disposal project, core equipment construction, and complete equipment system integration and maintenance. During the construction period, the construction service provided by the Group shall be regarded as the performance obligations performed within a certain period and the construction income shall be recognized by the completion percentage methods in accordance with the proportion of the incurred costs to estimated total costs. During the commercial operation period, the kitchen waste revenue of the restaurant shall be recognized according to the actual amount of waste disposal and the unit price agreed in the franchise agreement or the waste disposal agreement. Income from biogas power generation shall be recognized according to the unit price agreed in the electricity generation and electricity purchase and sale contracts. Grease sales revenue shall be confirmed according to the actual grease supply and the unit price agreed in the agreement.
- (10) Advertising revenue is recognized on a straight-line basis over the contract period.
- (11) Interest income is determined by using the effective interest method, based on the length of time for which the Group's cash is used by others.
- (12) Income from an operating lease is recognized on a straight-line basis over the period of the lease. Income from a finance lease is recognized by the effective interest rate method during each period of the lease term.
- (13) Some of the contracts between the Group and its customers have arrangements for sales rebates, compensation for non-compliance, contract discounts, liquidated damages, assessment fines and incentives, and results in a variable consideration. The Group determines the best estimate amount of the variable consideration based on the expected value or the most likely amount, but the transaction price including the variable consideration does not exceed the amount that the accumulated revenue is likely not to be significantly reversed when the relevant uncertainty is eliminated.



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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue from contracts with customers (continued)

- (14) When the contract for construction entered into between the Group and the customer changes:
- (a) If the contract change adds a clearly distinguishable construction service and contract price and the new contract price reflects the separate selling price of the new construction service, the Group treats the contract change as a separate contract for the accounting treatment;
 - (b) If the contract change does not fall within the above-mentioned situation (a), and the construction service transferred and the one not transferred can be clearly distinguished on the contract change date, the Group will regard it as the original contract termination, and at the same time, the non-compliance part of the contract and the contract change part are merged into a new contract for the accounting treatment;
 - (c) If the contract change does not fall within the above-mentioned situation (a), and there is no clear distinction between the construction service transferred and the one not transferred on the contract change date, the Group will treat the changed part of the contract as part of the original contract. The resulting impact on the recognized revenue is adjusted for current income on the contract change date.

24. Contract asset and liability

Contracts with customers will be presented in the Group's statement of financial position as a contract liability or a contract asset, depending on the relationship between the Group's performance and the customer's payment. The Group offsets the contract assets and contract liabilities under the same contract and presents them on the statement of financial position as a net amount.

Contract asset

A contract asset is recognized when the Group's right to consideration is conditional on something other than the passage of time, for example future performance of the Group. A receivable is recognized when the Group's right to consideration is unconditional except for the passage of time.

The Group's method for determining and accounting for expected credit losses, which are related to contract assets are detailed in Note III.9.

Contract liability

A contract liability is presented in the statement of financial position where a customer has paid an amount of consideration prior to the Group performing by transferring the related good or service to the customer.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Assets relating to contract cost

The Group's assets relating to contract costs include the contract acquisition costs and contract performance costs, presented respectively under inventories, other current assets and other noncurrent assets.

Where the Group expects the incremental costs for acquiring a contract to be recoverable, such contract acquisition costs are recognised as an asset (unless the amortisation period of the asset is not more than 1 year).

Costs incurred by the Group for the performance of a contract are recognised as an asset as contract performance costs if they do not fall under the scope of the relevant standards for inventories, fixed assets or intangible assets but meet all the following conditions:

- (1) They are directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), to be borne by customers as specifically stipulated, and otherwise incurred solely in connection with the contract;
- (2) They will increase the resources to be utilised in the Company's future performance of its contractual obligations;
- (3) They are expected to be recoverable.

The Group amortises assets relating contract costs on the same basis as that for the recognition of revenue relating to such assets and recognises the amortised assets in current profit or loss.

For assets relating to contract costs whose carrying value is higher than the difference between the following two items, the Group makes provision for impairment for the excess to be recognised as asset impairment losses:

- (1) The remaining consideration expected to be obtained as a result of the transfer of goods relating to such assets;
- (2) Estimated costs to be incurred in connection with the transfer of relevant goods.

In the event that the difference between (1) and (2) becomes higher than the carrying value of such assets as a result of changes in the factors of impairment for previous periods, previous provisions for asset impairment losses should be written back and included in current profit or loss, provided that the carrying asset value following the write-back shall not exceed the carrying value such assets would have on the date of write-back were there no provision for impairment.

26. Government grants

A government grant is recognized when the condition attached to it is fulfilled and the grant can be received. The monetary grant from the government is measured at the amount received or receivable. The non-monetary grant from the government is measured at its fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount.

Government documents stipulate that if the long-term assets are obtained by acquisitions, constructions or other forms, the grants should be recognized as the government grants related to assets. If the government documents are unclear, they should be judged on the basis of the basic conditions necessary for obtaining such grants. If the long-term assets are obtained by acquisitions, constructions or other forms, the grants should be recognized as the government grants related to assets, and others should be recognized as income-related government grants.

Notes to Financial Statements

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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Government grants (continued)

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred in the subsequent periods, the grant is recognized as deferred income, and included in profit or loss over the periods in which the related costs are recognized or adjusted against the relevant cost; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognized immediately in profit or loss for the current period or is adjusted against the relevant cost.

Government grants related to assets are adjusted against the book value of the assets or recognized as deferred income and evenly distributed in profit or loss over the useful life of related assets in a reasonable and systematic way. Government grants measured at their nominal amounts shall be recognized immediately in profit or loss for the current period. If the relevant assets are sold, transferred, disposed of or ruined before their useful life ends, the undistributed relevant deferred income shall be transferred to the gain from asset disposal for the current period.

27. Income tax

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

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

At the end of the reporting period, for temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the carrying amounts of items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (1) When the taxable temporary difference arises from: the initial recognition of goodwill or the initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit, taxable profit or loss nor deductible losses;
- (2) In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Income tax (continued)

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

- (1) When the deductible temporary differences do not arise from business combinations and, at the time of the transaction, affects neither the accounting profit, taxable profit or loss nor deductible losses;
- (2) In respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

At the end of the reporting period, deferred tax assets and liabilities are measured at applicable tax rates according to the requirements of tax laws during the period that the assets are expected to be recovered or the liability expected to be repaid. The recognition of deferred tax assets and liabilities also takes the recovery or the repayment terms into account.

At the end of the reporting period, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. At the end of the reporting period, the carrying amount of deferred tax assets is reviewed and recognized to the extent that it is probable that available taxable profits in the future will allow the benefit of deferred tax assets to be utilized.

When all of the following conditions are satisfied simultaneously, the deferred income tax assets and deferred income tax liabilities are listed as the net amount after offsetting: the Group has a legal right to settle current tax assets and liabilities on a net basis; the deferred taxes are related to the same tax payer within the Group and the same taxation authority, or related to different tax payers but during the period when each of the significant deferred income tax assets and deferred income tax liabilities is reversed and the tax payer involved intends to settle the current income tax asset and current income tax liability on a net basis, or simultaneously obtain assets and pay off the debts.

28. Leases

Identification of leases

At inception of a contract, the Group assesses whether the 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 for a period of time, the Group assesses whether, throughout the period of use, the customer has both of the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.



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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Leases (continued)

Identification of separate leases components

For a contract that contains multiple separate lease components, the Group separates the components of the contract and accounts for each separate lease component. The right to use an underlying asset is a separate lease component if both:

- (1) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; and
- (2) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

Assessment of lease term

The lease term is the non-cancellable period of a lease for which the Group has the right to use an underlying asset. If the Group has an option to extend the lease, that is, the Group has the right to extend the lease, and is reasonably certain to exercise that option, the lease term also includes periods covered by an option to extend the lease. If the Group has an option to terminate the lease, that is, the Group has the right to terminate the lease, but is reasonably certain not to exercise that option, the lease term includes periods covered by an option to terminate the lease. The Group reassesses whether it is reasonably certain to exercise an extension option, purchase option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in the circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term.

As a lessee

For the general accounting treatment of the Group as a lessee, refer to Note III.16 and Note III.21.

Lease changes

Lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term.

The Group accounts for a lease modification as a separate lease if both:

- (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Leases (continued)

As a lessee (continued)

Lease changes (continued)

For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by:

- (1) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, and recognising the gain or loss relating to the partial or full termination of the lease in profit or loss; or
- (2) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

Short-term leases and lease of low value assets

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease for which the value of the individual underlying asset is not more than RMB50,000.00 when it is new as a lease of low-value assets. If the Group subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases and low-value assets. The Group recognises lease payments on short-term leases and leases of low-value assets in the costs of the related asset or profit or loss on a straight-line basis over the lease term.

Rent reduction during COVID-19

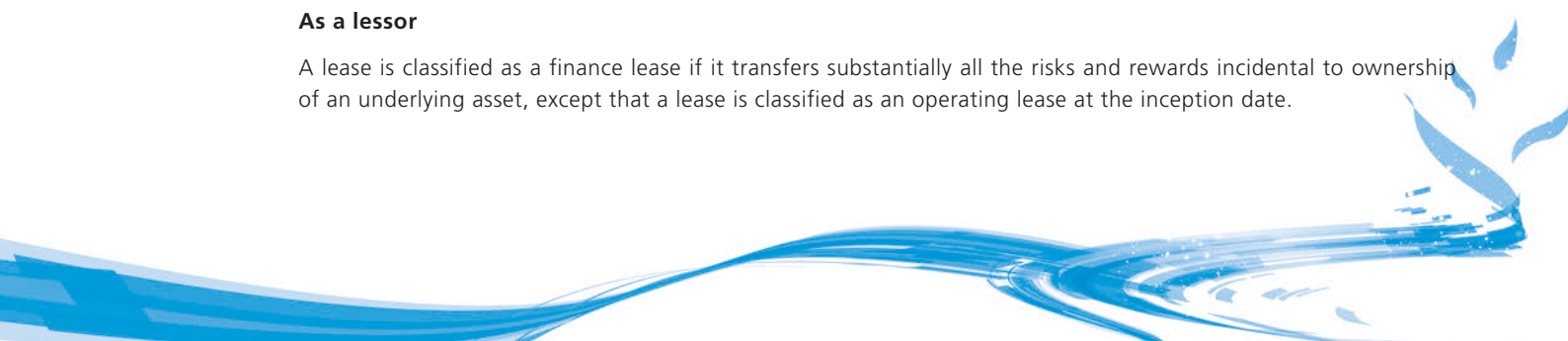
The Company and the lessor apply a reduction in rentals, delay in payment and other forms of rent reduction to lessees who are directly affected by COVID-19. The following methods will apply to those who meet the condition:

- (1) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (2) any reduction in lease payments affects only payments originally due on or before 30 June 2021;
- (3) there is no substantive change to other terms and conditions of the lease.

The Group does not assess whether there is a lease change, thus, the Group will apply the same amortization rate as before COVID-19 to the interest expenses of lease liability, and included it in this period's expenditure. For rent concessions, the Group will regard concessions as a variable lease payment. When the rent concession condition is met, the Group will write off the cost or expense of related assets and make adjustments to lease liability based on the amount that has not been discounted; for payment delay, the Group will offset the lease liabilities recognized in the previous period when paying.

As a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.



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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Leases (continued)

As a lessor (continued)

As lessor of an operating lease

At the commencement date of the lease, the Group recognises finance lease receivable and derecognises finance lease assets. The Group presents lease receivable at an amount equal to the net investment in the lease for the initial measurement. The net investment in the lease is the sum of any unguaranteed residual value accruing to the lessor and at the commencement date of the lease the lease payments receivable by a lessor under a finance lease discounted at the interest rate implicit in the lease.

As lessor of a finance lease

At the commencement date of the lease, the Group recognises finance lease receivable and derecognises finance lease assets. The Group presents lease receivable at an amount equal to the net investment in the lease for the initial measurement. The net investment in the lease is the sum of any unguaranteed residual value accruing to the lessor and at the commencement date of the lease the lease payments receivable by a lessor under a finance lease discounted at 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 on the its net investment in the lease. Variable lease payments received by the Group that are not included in the measurement of the net investment in the lease are recognised in profit or loss as incurred.

Sale and leaseback transactions

The Group applies the requirements in Note III. 23 to assess and determine whether the transfer of an asset is accounted for as a sale of that asset.

As a lessee

If the asset transfer in the sale and leaseback transaction does not belong to the sale, the Group, as the lessee, continues to recognize the transferred asset, and meanwhile recognizes a financial liability equal to the transfer income. The financial liability shall be accounted for in accordance with notes III 9.

29. Dividend distribution

Cash dividends of the Company are recognized as liabilities after being approved at the shareholders' meeting.

30. Fair value measurement

The Group measures its derivative financial instruments at fair value at the end of each reporting period. 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. The measurement of the related assets and liabilities at fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market is accessible by the Group as at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period.

31. Other significant accounting policies and accounting estimates

Segment information

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) the component's operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; (3) the information on the financial position, operating results and cash flows of the segment is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

32. Significant accounting judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the presentation and disclosure of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the statement of financial position. However, the results of these assumptions and estimated uncertainties may cause significant adjustments to the carrying amounts of future assets or liabilities that are affected.



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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Judgments

During the application of the Group's accounting policies, management made the following judgments that had a significant impact on the confirmed amounts in the financial statements:

(1) *Business model*

The classification of financial assets at initial recognition depends on the business model of the Group's management of financial assets. When determining whether the business model is still likely to be based on the collection of contractual cash flows, the Group needs to analyze the sale of financial assets before the maturity date. It also requires judgment whether the sale is accidental or whether the value of the sale is low.

(2) *Contractual cash flow characteristics*

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. When it is necessary to judge whether the contractual cash flow is only the payment of the principal and the interest based on the outstanding principal, the correction of the time value of the currency is included. In the assessment, it is necessary to judge whether there is a significant difference compared with the benchmark cash flow, and for the financial assets including the prepayment characteristics, it is necessary to judge whether the fair value of the early repayment characteristics is very small.

(3) *Principal responsible person/agent*

As for the Group's ability to lead a third party to provide services on behalf of the Group to its customers, the Group has the right to decide the price of the commodities traded independently, that is, the Group can control the project before transferring the agent project to the customer. Therefore, the Group is the main responsible person, recognizing the revenue according to the total consideration received or receivable. Otherwise, the Group as an agent shall recognize income in accordance with the amount of commission or commission expected to be entitled to collect. The amount shall be determined by deducting the net amount payable to other interested parties from the total amount of consideration received or receivable, or by the established amount or proportion of commission.

(4) *Lease period – Lease contract with a renewal option*

The lease term is the period during which the Group has the right to use the leased asset and is irrevocable. If there is an option to renew the lease and it is reasonably determined that the option will be exercised, the lease term also includes the period covered by the option to renew the lease. Some of the Group's lease contracts have the option to renew the lease for 1 to 3 years. In assessing whether it is reasonable to determine whether the option to renew the lease will be exercised, it will consider all relevant facts and circumstances that bring economic benefits to the exercise of the option of renewal of the Group, including the facts from the commencement date of the lease term to the date of exercise of the option and expected changes in the situation. The Group believes that due to the conditions relating to the exercise of the option and the possibility of meeting the relevant conditions, the Group can reasonably determine that the option to renew the lease will be exercised. Therefore, the lease period includes the period covered by the option of renewal.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future financial year are addressed below:

(1) *Estimation of construction management services income and costs*

As stated in Note III.23(5), the Group recognizes revenue from construction management services using the percentage of completion method when the outcome of the construction management services can be estimated reliably.

During the current period, the directors of the Company recognized construction management service income and costs according to the optimum estimation on the total investment top limit, project costs as well as other construction management service costs.

If the total budget for the project and project costs as well as the actual construction management service costs is different from management's current estimates, the construction management service income and costs will be changed prospectively.

(2) *Amortization of concession intangible assets*

As stated in Note III.17(1)(a), amortization of concession intangible assets is provided under the traffic volume amortization method. Appropriate adjustments to the amortization of concession intangible assets will be made when there is a material difference between total projected traffic volume and the actual results.

The directors perform periodic assessment of the total projected traffic volume. The Group will appoint an independent professional traffic consultant to perform independent professional traffic studies in order to make an appropriate adjustment if there is a material and continuous difference between projected and actual traffic volume. The Group appointed independent professional traffic consultants to perform independent professional traffic studies on its main toll roads in years 2016, 2017, 2018 and 2019 and perform independent traffic volume studies respectively on major expressways.

(3) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the present value of the future cash flows expected to be derived from the asset groups (sets of asset groups) to which the goodwill is allocated. Estimating the present value requires the Group to make an estimate of the expected future cash flows from the asset groups (sets of asset groups) and also to choose a suitable discount rate in order to calculate the present value of those cash flows.



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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

(4) *Income tax and deferred tax*

The Group is subject to income taxes in several jurisdictions. During the ordinary course of business, the ultimate tax determinations of some transactions and events are uncertain. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognizes deferred tax assets based on estimates that it is probable to generate enough taxable income in the foreseeable future that the deductible losses will be utilized. The recognition of deferred tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable income of the Company which has tax losses. Where the final outcome of timing and the amount is different from the original estimate, such differences will impact the current income taxes and deferred tax assets in the period in which such determination is made.

(5) *Impairment of financial assets*

The Group assesses at the end of the reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment test should be executed when there is any indication that the carrying amount is not recoverable. An impairment exists if the carrying amount of the financial asset or the group of financial assets exceeds its recoverable amount, which is the higher of the fair value net of disposal costs and the present value of the estimated future cash flow. The net amount of fair value minus disposal costs is determined by reference to the agreement price or observable market price of similar assets in the fair trade. When estimating the present value of future cash flows, management must estimate the expected future cash flows of the asset or asset group and select the appropriate discount rate to determine the present value of future cash flows.

(6) *Estimate of fair value of the identifiable net assets acquired*

(a) As at 30 June 2020, the Company's wholly-owned subsidiary, Shenzhen Expressway Environment Construction Management Co., Ltd. ("Environment Company"), has completed the acquisition of 66.46% of the shares of Bioland Environmental Technology Group Holdings Co., Ltd. ("Bioland Company"), thus obtaining its control. According to the equity acquisition agreement, the following gambling terms have been set for Bioland Company's performance in 2020, 2021, 2022 and 2023:

① During the Valuation Adjustment Mechanism period, if the cumulative actual net profit realized by the end of a certain year is not less than 70% of the sum of the cumulative committed net profit for the same period, the performance promisers shall pay performance compensation to the investor in cash, specifically: If the accumulated actual net profit achieved by the end of a certain year is not less than 90% of the sum of the cumulative committed net profit for the same period, performance compensation will not be paid right now and will be delayed to the year when the corresponding indicator is less than 90% or the accumulated performance compensation will be paid at the end of Valuation Adjustment Mechanism period; if the cumulative actual net profit realized by the end of a certain year is lower than 90% but higher than 70% of the sum of the cumulative committed net profit for the same period, the performance promisers need to pay cash compensation to the investor in that year to ensure the environmental company can obtain the shareholder profit based on the shareholding ratio and the cumulative committed net profit during the same period.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

(6) Estimate of fair value of the identifiable net assets acquired (continued)

- ② If the cumulative actual net profit at the end of any year during the Valuation Adjustment Mechanism period is less than 70% of the committed cumulative net profit during the same period, the equity compensation mechanism will be triggered. The performance promises shall transfer shares to the environmental company according to the following term: That is, the number of shares that should be compensated for the current period = [(The cumulative committed net profit as of the end of the current period - the cumulative realized net profit as of the end of the current period) × the proportion of shares held by the investor after the completion of this transaction – the compensation paid in the previous period (including cash compensation and equity compensation)] ÷ the acquisition price per share of this transaction.

On the purchase date, the Company judged that the performance could be reached based on the profit forecast, and the contingent consideration was zero. The Company also continued to pay attention to the realization of Bioland Company's future performance, and based on the existing profit forecast, it judged that future performance could still be achieved, and the contingent consideration was zero.

- (b) During the year 2019, the Company's wholly-owned subsidiary, Environment Company, completed the acquisition of 51% of the shares of Nanjing Wind Power Technology Co., Ltd. ("Nanjing Wind Power"), thus obtaining its control. According to the terms and conditions of the equity purchase agreement:
- ① During the Valuation Adjustment Mechanism period, if Nanjing Wind Power fails to reach the gambling performance in 2019 and 2020, it will trigger a profit compensation mechanism: the original shareholders who still hold the shares will transfer some of the shareholders' profits for the year to the environmental company without compensation for compensation. That is, the original shareholders transferred part of the shareholders' profits corresponding to their shareholdings to the environmental company as compensation to ensure that the actual shareholder profit of the environmental company for the year reached the shareholder profit that the environmental company should obtain according to the shareholding ratio under the current year's performance. The profit compensation to the environmental company shall be subject to the profit for the year corresponding to all the equity held by the original shareholders;
- ② During the Valuation Adjustment Mechanism period, if Nanjing Wind Power does not reach the performance in 2021 and 2022, the equity adjustment mechanism will be triggered: the original shareholders were required to transfer the corresponding proportion of equity at no charge to the stock ratio based on the net profit amount that the performance should achieve in the current period to the environmental company. That is, the original shareholders transferred the corresponding proportion of equity to the environmental company free of charge in order to compensate the environmental company to ensure that the actual shareholder profit of the environmental company in the year after obtaining this part of the equity reached the shareholder profit that the environmental company should obtain according to the shareholding ratio.

On the purchase date, the Company judged that the performance could be reached based on the profit forecast, and the contingent consideration was zero. At the end of the year 2019, Nanjing Wind Power successfully achieved the 2019 performance indicators.

The Company also continued to pay attention to the realization of Nanjing Wind Power's future performance, and based on the existing profit forecast, it judged that future performance could still be achieved, and the contingent consideration was zero.



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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

- (6) *Estimate of fair value of the identifiable net assets acquired (continued)*
- (c) During the year 2015, the Company's wholly-owned subsidiary, Mei Wah Industrial (Hong Kong) Limited ("Mei Wah Company"), purchased a 10% equity interest in Shenzhen Qinglong Expressway Co., Ltd. ("Qinglong Company") indirectly by purchasing a 100% equity interest in Fameluxe Investment at a cash consideration of RMB280 million. After the completion of the transaction, the Group directly and indirectly held an aggregate of 50% equity interests in Qinglong Company and obtained the control over Qinglong Company.

The acquisition agreement includes the following conditions that would trigger an adjustment to the consideration: 1) Qinglong Company and the local government authority entering into a fee-adjustment agreement before 31 December 2016 with a comparable price lower than the preliminary consideration; 2) From the date of signing the agreement to 31 December 2016, the fee-adjustment agreement not yet being entered into and the relevant government authorities failing to grant the approval for the extension application of Shuiguan Expressway, or if the extension period of the concession granted under the approval being shorter than five years. Based on the available information and data, the Company made the best estimate that Qinglong Company was probable to obtain an approval of additional 4 tolling years before 31 December 2016, and the acquisition consideration of the 10% interests was estimated to be RMB266 million.

Due to the expectation that the negotiation between the Shenzhen Government and Qinglong Company on the fee-adjustment was not completed before the original consideration adjustment period (31 December 2016), Mei Wah Company and Hetai Investment Co., Ltd. ("Hetai Investment") which was the former holder of Fameluxe Investment entered into a Supplemental Agreement to extend the original contract period from 31 December 2016 to 31 December 2018. Due to the expectation that the negotiation between the Shenzhen Government and Qinglong Company on the fee-adjustment was not completed before 31 December 2018, they entered into a Supplemental Agreement on 30 December 2018 again. And the original consideration adjustment period was extended to 31 December 2020.

At the end of 2019, Mei Wah Company and Hetai Investment entered into a supplementary agreement, and the following matters were confirmed by both parties and reached an agreement:

- ① The willingness of Shenzhen Government to adjust tolls on expressways has been significantly reduced. It is expected that the possibility of implementation of Shuiguan Expressway fee-adjustment in recent years is very small
- ② Considering that the possibility of Shuiguan Expressway's application to the government for the extension of the toll period is very small, Qinglong Company has actually terminated its application to the government for the extension of the toll period

Due to the changes in the objective conditions mentioned above, the relevant preliminary consideration adjustment conditions agreed in the original equity acquisition agreement are not expected to be realized. The Company estimated that the acquisition consideration for the 10% equity of Qinglong Company was adjusted to RMB218 million. At the end of the current period, the Group still maintains the estimates at the end of the previous year based on the existing information and data.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

(7) *Impairment of concession intangible assets*

The estimates on the net realizable value should be made when considering the impairment of the concession intangible assets.

When considering the impairment of the concession intangible assets, the management of the Company calculates the future cash flows of the toll roads and determines the recoverable amount. The key assumptions of this calculation include the estimated growth rate of the traffic volume, the standards of toll road charge, operating period, maintenance cost and the required return rate. The assumptions of calculating the kitchen waste disposal project franchise right include the per unit waste disposal fee, production/processing capacity, operation duration, operating cost, and necessary return rate.

Under the previous assumptions, the Group's management considered that a concession intangible asset had a recoverable amount higher than the book value, and therefore provision for the impairment of a concession intangible asset was not necessary during the current period. The Group is going to exam the relevant items closely and continually. Adjustments will be made during the corresponding period once there is any indication for adjustment of the accounting estimates.

(8) *Depreciation and amortization*

After the residual value of fixed assets and intangible assets is taken into account, depreciation and amortization of fixed assets and intangible assets are calculated and withdrawn on a straight-line basis within their service life. The group periodically reviews the service life to determine the amount of depreciation and amortization that will be included in each reporting period. The service life of the group is based on previous experience with similar assets and in combination with expected technical updates. In the event of a material change in previous estimates, depreciation and amortization expenses are adjusted for future periods.

(9) *Method for determining the performance progress of a construction contract*

The Group determines the performance progress of the construction contract according to the input method. Specifically, the Group determines the performance progress according to the proportion of the construction cost actually incurred to the expected total cost, which includes the direct cost and indirect cost incurred in the process of the Group transferring goods to customers. The Group believes that the construction contract price with the customer is determined on the basis of the construction cost, and the proportion of the actual construction cost to the estimated total cost can accurately reflect the performance progress of the construction service. The Group shall determine the performance progress in accordance with the proportion of the accumulated construction cost to the estimated total cost and recognize the revenue accordingly. In view of the long duration of the construction contract, which may span several accounting periods, the Group will review and revise the budget as the construction contract progresses, and adjust the amount of revenue recognition accordingly.



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III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Significant accounting judgments and estimates (continued)

Estimation uncertainty (continued)

(10) *Impairment of financial instruments*

The Group uses the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgments and estimations, and all reasonable and evidenced information, including forward-looking information, should be considered. In making such judgments and estimations, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks. For the current period, the Group assessed that there is no significant impact about expected credit losses on the amounts or disclosures shown in the consolidated financial statements for the period.

(11) *Fair value of unlisted equity investments*

Fair value of non-listed equity investment at fair value through profit or loss is estimated using the market-based method. The assumptions on which it is based are unobservable input. The estimation requires management to determine comparable public companies (peers) based on industry, scale, gearing and strategy and compute appropriate price multiples in respect of each identified comparable company, such as enterprise value to EBITDA ("EV/EBITDA"), price to book ("P/B") or price to earnings ("P/E"), etc. Such multiples are measured and arrived at based on the relevant data of the comparable companies and discounted by a percentage for the lack of liquidity. The discounted multiple shall be used for the measurement of the profit or asset of the non-listed equity investment to arrive at its fair value. Management believes that the estimated fair value (as recorded in the financial statements) and changes in fair value (as recorded in profit or loss and other comprehensive income) arrived at using the aforesaid valuation method were reasonable and represented the most appropriate value at the end of the reporting period.

(12) *Quality assurance*

The Group will make a reasonable estimate of the warranty rate for the contract Product improvements combination with similar characteristics based on the historical warranty data, current warranty conditions, market changes, and other relevant information. The Group re-evaluates the warranty rate at least on every balance sheet date and determines the estimated liability based on the re-evaluated warranty rate.

(13) *Estimated compensation*

The Group is involved in a number of litigations. The estimated compensation is based on management's understanding of the litigations and the opinions of legal counsels or legal representatives. These estimations are likely to be updated according to the progress of the litigations. This may affect the Group's operation and operating results.

(14) *Sales containing significant financing elements*

The newly added subsidiary of the Group, Baotou Southern Wind Power Technology Co., Ltd. ("Baotou Southern Wind"), in recognizing the subsidy income from wind power generation, had determined that there was a significant financing element in the sales transaction due to the time lag between the power grid access and the actual grant of subsidy funds by the government; Baotou Southern Wind considers the influence of time value and amortizes it according to the real interest rate method.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Changes in accounting policies and accounting estimates

Changes in accounting estimates

Details and reasons for changes in accounting estimates	Procedures for approval	Effective date	Notes (Financial statement items and amounts affected)
Changes in accounting estimates of unit usage of Shuiguan Expressway and Yichang Expressway	Approved by the Board of Directors of the Company on 18 March 2020.	1 January 2020	(a)

Changes in accounting estimates of unit usage of concession intangible assets of Shuiguan Expressway and Yichang Expressway:

- (a) Since the net booking value and predicted tolling period for Shuiguan Expressway changed, Yichang Expressway significantly differed from the projected traffic volumes in the current period and the difference between the actual traffic volumes and the previous projected traffic volumes is expected to continue, and the surrounding highway networks and traffic diversion impact became stable now, the management team reviewed the traffic volumes of the two expressways for remaining years and changed per unit amortization amount. The Board of Directors of the Company approved the changes in accounting estimates according to the revised traffic volume projection on 18 March 2020, and adjusted the unit amortization of the aforesaid expressways according to the revised total projected traffic volume from 1 January 2020 using the prospective application. The per-unit amortization for the Shuiguan Expressway was adjusted from RMB5.86 to RMB5.66. The per-unit amortization for the Yichang Expressway was adjusted from RMB9.55 to RMB10.88. Such changes in accounting estimates had an impact on the financial statement items for the year of half of 2020 as follows:

	Impact amount	
	Shuiguan Expressway	Yichang Expressway
Intangible assets increase/(decrease)	5,445,824.27	(8,482,058.49)
Deferred income tax liabilities increase/(decrease)	4,306,507.27	(2,120,514.62)
Tax payable increase/(decrease)	(2,945,051.20)	–
Operating costs increase/(decrease)	(5,445,824.27)	8,482,058.49
Income tax expenses increase/(decrease)	1,361,456.07	(2,120,514.62)
Net profit increase/(decrease)	4,084,368.20	(6,361,543.87)
Net profit which belongs to parent company shareholders increase/(decrease)	2,042,184.10	(6,361,543.87)

The above changes in accounting estimates would impact the magnitude of future amortization of the concession intangible assets of Shuiguan Expressway and the Yichang Expressway to a certain extent.

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IV. TAXATION

1. Main categories and rates of taxes:

Category	Tax base	Tax rate
Value added tax ("VAT")	Income from the sale of goods and rendering of services (from 1 May 2018 to 31 March 2019)	16%
	Income from the sale of goods and rendering of services (from 1 April 2019)	13%
	Real estate development income (from 1 April 2019)	9%
VAT	Taxable advertisement income	6%
VAT	Entrusted management income revenue from businesses other than expressway toll road (from 1 May 2016)	6%
VAT	Revenue from expressway toll road business (from 1 May 2016)	3% (Simple Method)
VAT	Tangible assets lease income (1 May 2018 to 31 March 2019)	16%
VAT	Tangible assets lease income (from 1 April 2019)	13%
VAT	Tangible assets lease back	6%
VAT	Construction income (from 1 May 2018 to 31 March 2019)	10%
VAT	Construction income (from 1 April 2019)	9%
VAT	Electricity sales (from 1 May 2018 to 31 March 2019)	16%
VAT	Electricity sales (from 31 March 2019)	13%
VAT	Waste disposal operating income	6%
VAT	Property operating lease income	5% (Simple Method)
City maintenance and construction tax	Amount of commodity turnover tax paid	7%, 5%
Educational surcharge	Amount of commodity turnover tax paid	3%
Local educational surcharge	Amount of commodity turnover tax paid	2%
Construction fee for culture undertakings	Amount of advertising turnover	3%
Corporate income tax ("CIT")	Taxable income	Except the companies in the following chart, 25%
Land appreciation tax	Gain on the transfer of real estate	Four-level progressive rates, 30%-60%

The different CIT rates used by the Company's subsidiaries are disclosed as follows:

The Company	Applicable tax rate
Fameluxe Company ⁽¹⁾	16.5%
Bioland Environmental Technologies Group (Hongkong) Co., Ltd. ("Hongkong Bioland Company")	16.5%

(1) Fameluxe Company and Bioland Company are incorporated in Hong Kong with an applicable income tax rate of 16.5%.

IV. TAXATION (CONTINUED)

2 Tax preference

(1) Baotou Southern Wind Company is a wind power enterprise and has the following tax benefits:

(a) 50% VAT refund policy

Caishui [2015] Notice of the State Administration of Taxation on Wind Power VAT Policy: In order to encourage the use of wind power and promote the healthy development of related industries, the VAT policy for wind power is hereby notified: As of July 1, 2015, Taxpayers who sell their self-produced power products using wind power are subject to a 50% VAT refund policy.

(b) Preferential policies for three years exemptions, three years half reduction of corporate income tax

According to the provisions of Article 27 of Chapter 4 of the "Enterprise Income Tax Law of the People's Republic of China", the income of enterprises engaged in the investment and operation of public infrastructure projects supported by the state can be exempted or reduced. Pursuant to the provisions of Article 87 of the "Enterprise Income Tax Law of the People's Republic of China", engage in the investment of ports, airports, railways, highways, urban public transportation, electricity, water conservancy and other projects specified in the "Public Infrastructure Projects Enterprise Income Tax Preferential Catalogue" For operating income, from the tax year in which the project obtains the first production and operation income, the corporate income tax will be exempt from the first to the third year, and the corporate income tax will be levied by half from the fourth to sixth year. "Public Infrastructure Projects Corporate Income Tax Preferential Catalogue" includes new wind power generation projects, new wind power generation projects approved by the government investment authority.

Baotou Southern Wind Company started grid-connected power generation in 2018, and obtained its first production and operation income. The "three years exemptions, three years half reduction" tax incentive period began in 2018 and ends in 2023.

(2) Shenzhen International Financial Leasing Co., Ltd. ("Financial Leasing Company") has the following tax benefits:

(a) VAT difference preferential tax policy

Caishui [2016] No. 36 Notice: "The revenue of pilot taxpayer approved by the People's Bank of China, China Securities Regulatory Commission or the Commerce Department to operate financial leasing business and provide tangible asset financial leasing leaseback service to generate full charges and other charges will exclude the charge on the principal of tangible assets of the lease and the remaining balance after issuing bonds interests."

(b) 3% VAT refund preferential policy

Caishui [2016] No. 36 Notice: "Taxpayers who provide the service will enjoy a VAT refund for the actual VAT that exceeds 3%."



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IV. TAXATION (CONTINUED)

2. Tax preference (continued)

(3) Bioland Company and its subsidiaries enjoy the following tax preferences:

Bioland Company obtained the high-tech Enterprise Certificate (Certificate No. GR201441000334) in October 2014, and the high-tech enterprise certificate was valid for three years. According to the law of the People's Republic of China on enterprise income tax law and related regulations, the company from 2014 to 2016 enjoyed enterprise income tax preferential policies according to the tax rate of 15%. In accordance with the measures for the administration of the recognition of hi-tech enterprises, high-tech enterprise qualification from the date of issue the certificate is valid for three years, the company can apply for review before the expiration of three months, through the review of enterprises continue to enjoy a high and new technology enterprise. The company has passed the reexamination on 1 December 2017, and continued to enjoy the qualification as a high-tech enterprise from 2017 to 2019. In 2020, the company has submitted the reexamination materials of the qualification as a high-tech enterprise to the tax authorities for examination, and the enterprise income tax rate in 2020 will be 15%.

Guangxi Bioland Environmental Technologies Co., Ltd. ("Guangxi Bioland Company") obtained the high-tech Enterprise Certificate (Certificate No. GR201945000737) on 25 November 2019. The high-tech enterprise qualification is valid for three years. In accordance with the Enterprise Income Tax Law of the People's Republic of China and relevant provisions, companies are entitled to preferential policies of levying enterprise income tax at a tax rate of 15% from 2019 to 2021. According to the Measures for the Administration of The Recognition of New and High Technology Enterprises, the term of validity of the qualification of new and high technology enterprises shall be three years from the date of issuing the certificate, the company may apply for a reexamination within three months before the expiration of the period, and the enterprise that has passed the reexamination shall continue to enjoy the qualification of new and high technology enterprises.

According to the provisions of Article 88 of the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China, enterprises that engage in eligible environmental protection, energy conservation and water saving projects shall, from the tax year in which the first production and business income of the project is obtained, be exempted from enterprise income tax for the first year to the third year, and halved from the fourth year to the sixth year.

Guiyang Bioland Environmental Technologies Co., Ltd. ("Guiyang Bioland Company") is engaged in the management project meet the environmental protection, energy-saving water conservation project of enterprise income tax preferential policies, to enjoy the preferential period of 1 January 2016 to 31 December 2021, from 2016 to 2018 to enjoy the enterprise income tax exemption policy, from 2019 to 2021 to enjoy half payment of enterprise income tax policy.

Dezhou Bioland Environmental Technologies Co., Ltd. ("Dezhou Bioland Company") is engaged in business projects that meet the preferential policies of enterprise income tax for environmental protection, energy conservation and water conservation projects. From 2016 to 2018, Dezhou Bioland Company Texas enjoys the exemption policy of enterprise income tax, and from 2019 to 2021, it enjoys the policy of half payment of enterprise income tax.

IV. TAXATION (CONTINUED)

2. Tax preference (continued)

(3) Bioland Company and its subsidiaries enjoy the following tax preferences (continued):

Taizhou Bioland Environmental Technologies Co., Ltd. (“Taizhou Bioland Company”) is engaged in business projects that meet the preferential policies of enterprise income tax for environmental protection, energy conservation and water conservation projects. It enjoys the exemption policy of enterprise income tax from 2018 to 2020 and enjoys the policy of half payment of enterprise income tax from 2021 to 2023.

Longyou Bioland Environmental Technologies Co., Ltd. (“Longyou Bioland Company”) is engaged in business projects that meet the preferential policies of enterprise income tax for environmental protection, energy conservation and water conservation projects. It enjoys the exemption policy of enterprise income tax from 2018 to 2020, and enjoys the policy of half payment of enterprise income tax from 2021 to 2023.

The business projects engaged in by Shangrao Bioland Environmental Technologies Co., Ltd. (“Shangrao Bioland Company”) meet the preferential policies of enterprise income tax for environmental protection, energy conservation and water saving projects, and enjoy the exemption policy of enterprise income tax from 2020 to 2022, and enjoys the policy of half payment of enterprise income tax from 2023 to 2025.

Huangshi Bioland Environmental Technologies Co., Ltd. (“Huangshi Bioland Company”) is engaged in business projects that meet the preferential policies of enterprise income tax for environmental protection, energy conservation and water conservation projects, and enjoys the exemption policy of enterprise income tax from 2019 to 2021, and enjoys the policy of half payment of enterprise income tax from 2022 to 2024.

The business projects engaged in by Handan Bioland Environmental Technologies Co., Ltd. (“Handan Bioland Company”) meet the preferential policies of enterprise income tax for environmental protection, energy conservation and water conservation projects, and enjoy the exemption policy of enterprise income tax from 2020 to 2022, and enjoys the policy of half payment of enterprise income tax from 2023 to 2025.

Guilin Bioland Environmental Technologies Co., Ltd. (“Guilin Bioland Company”) is engaged in business projects that meet the preferential policies of enterprise income tax for environmental protection, energy conservation and water conservation projects. It enjoys the enterprise income tax exemption policy from 2020 to 2022, and enjoys the policy of half payment of enterprise income tax from 2023 to 2025.

(4) Nanjing Wind Power Co, Ltd (“Nanjing wind Power”) enjoys the following tax preferences:

In November 2016, Nanjing Wind Power obtained the high-tech Enterprise Certificate (Certificate No. GR201632004558), which was valid for three years. In November 2019, Nanjing Wind Power has been recognized as the second batch of high-tech enterprises in Jiangsu Province in 2019. According to the relevant provisions of the Enterprise Income Tax Law of the People’s Republic of China and the Notice of Tax Matters issued by Nanjing Local Taxation Bureau of Jiangsu Province, the preferential policies of enterprise income tax shall be applicable to the enterprise income tax rate of 15% in 2020.

Apart from the above, there are no tax preferences that have a significant impact on the Group.



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IV. TAXATION (CONTINUED)

3. Others

According to Guoshuihan (2010) No. 651, "Reply from the State Administration of Taxation concerning about the recognition as resident enterprises of related overseas enterprises of Shenzhen Expressway Company Limited" issued by the State Administration of Taxation on 30 December 2010, Mei Wah Company, Maxprofit Company and JEL Company were recognized as resident enterprises of China and would be subject to the relevant taxation administration, which came into effect in 2008.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at banks and on hand

Item	30 June 2020	31 December 2019
Cash on hand	9,226,252.02	10,439,104.00
Bank deposits	5,500,519,004.26	4,591,598,915.04
Other money funds	235,937,704.24	132,564,454.79
Total	5,745,682,960.52	4,734,602,473.83
Including: restricted bank deposits	2,145,982,236.20	1,801,295,060.23

On 30 June 2020, the group's special account for project management was RMB1,640,511,064.07, the project margin was RMB26,809,110.12, the certificates of deposit pledged for loans was RMB20,000,000.00, the litigation freeze was RMB12,805,394.75, the acceptance margin of notes payable was RMB235,856,667.26 and the regulated equity purchase fund was RMB210,000,000.00, with a total balance of RMB2,145,982,236.20 (31 December 2019: the balance of funds for the project management special account was RMB1,459,545,328.54. The acceptance margin for notes payable was RMB131,749,731.69. The regulated equity purchase fund was RMB210,000,000.00. The total balance was RMB1,801,295,060.23.). The balance of the project management special account of the above project is reflected in the statement of the cash flows as restricted bank deposits (Note V.59 (8)).

Current deposits earn interest at the rate based on current deposit interest rates. Maturities of short-term time deposits range from 7 days to 12 months depending on the fund arrangement of the Group. Time deposits earn interest at the relevant rates with different maturities.

2. Transactional financial assets

Item	30 June 2020	31 December 2019
Financial assets measured at fair value through profit or loss	93,497,500.00	62,689,444.00
Including: Derivative financial liabilities (a)	93,497,500.00	62,689,444.00
Total	93,497,500.00	62,689,444.00

- (a) Transactional financial assets are foreign exchange swaps and foreign exchange forward contracts that are measured at fair value through profit or loss. On 18 July 2016, the Company issued a five-year long-term bond whose face value was 300 million United States Dollar ("USD"). In order to hedge exchange rate risk, the Company signed foreign exchange swap/forward contracts with a number of banks in phases. On 30 June 2020, the Company held forward/swap contracts totaling USD300 million. Among them, USD150 million of the contracts began in July 2018 and will expire in July 2021; The remaining USD150 million contract began in July 2019 and will expire in July 2020. During the current period, the income from the fair value change of the above derivative financial instruments was RMB30,808,056.00 (in the same period of 2019, the income was RMB14,859,473.00) (Note V.52).

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Bills receivable

Item	30 June 2020	31 December 2019
Bank acceptance bills	17,584,623.10	9,895,060.34
Commercial acceptance bills	97,405,000.00	–
Total	114,989,623.10	9,895,060.34

The bills receivable that have been endorsed or discounted but not yet matured on 30 June 2020 are as follows:

Derecognition	30 June 2020		31 December 2019	
	Non-termination confirmation	Derecognition	Non-termination confirmation	% of total balance
Bank acceptance bills	59,831,685.83	–	106,751,000.00	–
Commercial acceptance bills	–	29,221,500.00	–	–
Total	59,831,685.83	29,221,500.00	106,751,000.00	–

4. Accounts receivable

Trade receivables are interest-free with a credit period of one to six months in general.

(1) The aging of accounts receivable according to the recognition date is analysed below:

Item	30 June 2020	31 December 2019
Within 1 year	533,589,133.17	692,562,066.49
1 to 2 years	31,684,015.51	75,684,818.95
2 to 3 years	76,445,845.53	22,404,325.16
Over 3 years	42,421,552.34	6,320,201.24
Sub-total	684,140,546.55	796,971,411.84
Less: Provision for bad debts	33,709,650.51	11,195,435.56
Total	650,430,896.04	785,775,976.28

(2) The changes in the provision for bad debt are as follows:

Item	Beginning balance	Business combinations not under common control	Additions	Reversal	Cancellation after verification	Ending balance
30 June 2020	11,195,435.56	20,660,544.99	1,865,657.76	11,987.80	–	33,709,650.51
31 December 2019	860,000.00	3,799,343.70	8,799,054.07	1,966,962.21	296,000.00	11,195,435.56



Notes to Financial Statements

For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

(3) Accounts receivable are analyzed by category as follows:

Category	30 June 2020			
	Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	% of total balance
Receivables that are subject to provision by group with similar credit risk characteristics	684,140,546.55	100.00	33,709,650.51	4.93
Group 1	83,821,190.66	12.25	–	–
Group 2	229,694,339.21	33.57	9,747,494.07	1.42
Group 3	301,116,949.81	44.02	3,313,599.25	0.48
Group 4	69,508,066.87	10.16	20,648,557.19	3.03
Total	684,140,546.55	100.00	33,709,650.51	4.93

The aging of group 2, group 3 and group 4 according to the recognition date is analyzed below:

Group 2	30 June 2020		
	Estimated default book balance	Expected credit loss rate (%)	Expected credit loss over the duration
Aging			
Within 1 year	157,116,058.49	0.31	481,901.04
1 to 2 years	578,280.72	12.62	72,979.03
2 to 3 years	72,000,000.00	12.77	9,192,614.00
Over 3 years	–	–	–
Total	229,694,339.21	4.24	9,747,494.07

Group 3	30 June 2020		
	Estimated default book balance	Expected credit loss rate (%)	Expected credit loss over the duration
Aging			
Within 1 year	297,219,885.01	0.70	2,074,122.41
1 to 2 years	2,415,730.00	4.84	116,921.33
2 to 3 years	–	–	–
3 to 4 years	1,481,334.80	75.78	1,122,555.51
Over 4 years	–	–	–
Total	301,116,949.81	1.10	3,313,599.25

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

(3) Accounts receivable are analyzed by category as follows: (continued)

Group 4	30 June 2020		
	Estimated default book balance	Expected credit loss rate (%)	Expected credit loss over the duration
Aging			
Within 1 year	24,767,148.14	15.54	3,848,124.65
1 to 2 years	28,435,940.39	10.84	3,082,801.84
2 to 3 years	2,381,537.32	40.31	960,000.00
3 to 4 years	528,379.36	50.00	264,189.68
4 to 5 years	6,887,958.30	86.91	5,986,337.66
Over 5 years	6,507,103.36	100.00	6,507,103.36
Total	69,508,066.87	29.71	20,648,557.19

Category	31 December 2019			
	Ending balance Amount	% of total balance	Provision for bad debts Amount	% of total balance
Receivables that are subject to provision by group with similar credit risk characteristics	796,971,411.84	100.00	11,195,435.56	1.40
Group 1	56,345,778.13	7.07	–	–
Group 2	206,379,901.31	25.90	9,363,054.07	4.54
Group 3	534,245,732.40	67.03	1,832,381.49	0.34
Total	796,971,411.84	100.00	11,195,435.56	1.40

The aging of group 2 and group 3 according to the recognition date is analyzed below:

Group 2	31 December 2019		
	Estimated default book balance	Expected credit loss rate (%)	Expected credit loss over the duration
Aging			
Within 1 year	132,607,635.42	0.13	170,440.07
1 to 2 years	73,545,850.81	12.45	9,159,071.03
2 to 3 years	226,415.08	14.81	33,542.97
Over 3 years	–	/	–
Total	206,379,901.31	4.54	9,363,054.07

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For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (continued)

(3) Accounts receivable are analyzed by category as follows: (continued)

Group 3	31 December 2019		
	Estimated default book balance	Expected credit loss rate (%)	Expected credit loss over the duration
Aging			
Within 1 year	532,764,397.60	0.13	709,825.98
1 to 2 years	–	/	–
2 to 3 years	–	/	–
3 to 4 years	1,481,334.80	75.78	1,122,555.51
Over 4 years	–	/	–
Total	534,245,732.40	0.34	1,832,381.49

(4) Accumulated accounts receivable from the five largest debtors:

Item	Balance	Provision for bad debts	% of total balance
Total accumulated accounts receivable from the five largest debtors at 30 June 2020	470,346,581.38	11,221,642.50	68.75
Total accumulated accounts receivable from the five largest debtors at 31 December 2019	718,544,601.49	9,688,980.50	90.16

5. Prepayments

(1) Prepayments presented on the basis of their respective nature:

Item	30 June 2020	31 December 2019
Prepaid land-transferring fund	136,912,559.45	136,912,559.45
Prepaid material payment	498,095,235.98	115,464,238.07
Others	100,317,071.84	83,459,968.53
Total	735,324,867.27	335,836,766.05

At 30 June 2020, the amount represented the prepayments for land-transferring fund, material, construction, asset purchase costs and so on.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Prepayments (continued)

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

Aging	30 June 2020		31 December 2019	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	450,557,793.03	61.27	199,167,831.06	59.30
1 to 2 years	147,460,788.43	20.05	134,696,211.26	40.11
2 to 3 years	134,105,549.77	18.24	1,136,063.92	0.34
Over 3 years	3,200,736.04	0.44	836,659.81	0.25
Total	735,324,867.27	100.00	335,836,766.05	100.00

At 30 June 2020, advances to suppliers over 1 year mainly represented the land-transferring fund, material, and construction. The advances to suppliers have not been carried over because the contracts and projects have not been completed.

(3) Accumulated advances to the five largest suppliers

Total accumulated advances to the five largest suppliers	Amount	% of total balance
30 June 2020	575,721,000.67	78.29
31 December 2019	207,797,685.53	61.87

6. Other receivables

(1) Other receivables are classified as follows:

Item	30 June 2020	31 December 2019
Interest receivable	11,407,768.66	6,517,105.90
Dividend receivable	35,154,490.00	–
Other receivables	492,788,531.01	442,679,074.36
Total	539,350,789.67	449,196,180.26

(2) The aging of other receivables according to the recognition date is analyzed below:

Item	30 June 2020	31 December 2019
Within 1 year	332,206,389.13	338,148,653.83
1 to 2 years	168,938,280.78	89,901,338.25
2 to 3 years	19,855,935.12	17,290,150.38
Over 3 years	19,503,133.53	3,856,037.80
Sub-total	540,503,738.56	449,196,180.26
Less: Provision for bad debts	1,152,948.89	–
Total	539,350,789.67	449,196,180.26



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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

(3) The changes in the ending balance and bad debt provision of other receivables based on expected credit losses are as follows:

Item	The first stage Expected credit loss over the next 12 months		The third stage Financial assets for which credit impairment has occurred	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
1 January 2020	449,196,180.26	–	–	–
Additions	1,391,291,391.19	–	–	–
Business combinations not under common control	32,444,377.19	1,080,178.46	72,770.43	72,770.43
Reduction	1,332,505,143.15	–	–	–
30 June 2020	540,426,805.49	1,080,178.46	72,770.43	72,770.43

Item	The first stage Expected credit loss over the next 12 months		The third stage Financial assets for which credit impairment has occurred	
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
1 January 2019	1,580,263,784.51	–	–	–
Additions	817,306,305.12	–	–	–
Reduction	1,948,373,909.37	–	–	–
31 December 2019	449,196,180.26	–	–	–

(4) Classification of other receivables by nature:

Nature of payment	30 June 2020	31 December 2019
Advances receivable	245,338,711.36	164,880,235.27
Deposits and guarantees	176,836,358.63	152,948,350.82
Dividend receivable	35,154,490.00	–
Account receivable due to cancellation of toll stations in Yanpai and Yanba sections	12,475,906.19	11,170,906.19
Interest receivable	11,407,768.66	6,517,105.90
Receivable from Nanjing Economic Development Commission	10,000,000.00	10,000,000.00
Receivable longli County government deed tax payment	9,809,871.81	–
Employee advance loan	9,486,883.44	4,258,371.18
Administrative reserve	5,840,728.72	3,118,676.45
Receivable from other related parties	–	71,917,549.60
Receivable overpaid tax on the government's compensation revenue for the renovation and expansion of Mei Guan	–	2,441,247.40
Others	24,153,019.75	21,943,737.45
Sub-total	540,503,738.56	449,196,180.26
Less : Provision for bad debts	1,152,948.89	–
Total	539,350,789.67	449,196,180.26

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (continued)

(5) The five largest other receivables are analysed as follows:

30 June 2020

Company name	Nature	30 June 2020	Aging	% of total balance	Provision for bad debts
Nanjing Ningfeng Energy Technology Co., Ltd.	Advances receivable	125,704,571.95	Within 3 years	23.26	–
Henan Senyuan Group Co., Ltd.	Margin	80,000,000.00	Within 1 year	14.80	–
Henan Senyuan Electric Co., Ltd.	Advances receivable	43,663,070.10	Within 1 year	8.08	–
China Power Construction Corporation Jiangxi Electric Power Construction Co., Ltd.	Margin	41,200,000.00	Within 1 year	7.62	–
Bank Of Guizhou Co., Ltd.	Dividend receivable	35,154,490.00	Within 1 year	6.50	–
Total	/	325,722,132.05	/	60.26	–

31 December 2019

Company name	Nature	31 December 2019	Aging	% of total balance	Provision for bad debts
Nanjing Ningfeng Energy Technology Co., Ltd.	Advances receivable	125,704,571.95	Within 3 years	27.98	–
Henan Senyuan Group Co., Ltd.	Margin	80,000,000.00	Within 1 year	17.81	–
China Power Construction Corporation Jiangxi Electric Power Construction Co., Ltd.	Margin	41,200,000.00	Within 1 year	9.17	–
Ningxia Zhongwei Xintang New Energy Co., Ltd.	Margin and advances receivable	25,200,000.00	Within 1 year	5.61	–
Zhangshu Gaochuan New Energy Co., Ltd.	Advances receivable	24,524,497.74	Within 2 years	5.46	–
Total	/	296,629,069.69	/	66.03	–



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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

(1) Inventory classification

Item	30 June 2020			31 December 2019		
	Book balance	Allowance for impairment	Book value	Book balance	Allowance for impairment	Book value
Properties held for development (a)	168,031,577.33	-	168,031,577.33	167,000,061.05	-	167,000,061.05
Properties under development (b)	327,587,963.14	-	327,587,963.14	271,966,290.35	-	271,966,290.35
Properties held for sale (c)	63,146,328.73	-	63,146,328.73	63,146,328.73	-	63,146,328.73
Raw materials	236,706,859.28	-	236,706,859.28	205,092,765.90	-	205,092,765.90
Goods in progress	39,779,398.42	-	39,779,398.42	1,246,570.01	-	1,246,570.01
Finished goods	84,687,728.15	1,930,228.28	82,757,499.87	12,769,985.57	1,930,228.28	10,839,757.29
Low value consumables and others	4,494,199.58	-	4,494,199.58	3,991,390.09	-	3,991,390.09
Total	924,434,054.63	1,930,228.28	922,503,826.35	725,213,391.70	1,930,228.28	723,283,163.42

(a) Properties held for development were the lands held by the Group's subsidiary, Guizhou Shenzhen Expressway Land Co., Ltd. (Guizhou Land), and the lands were planned to be developed under Phase IV to Phase V of the "Interlaken Town Project".

(b) Properties under development

Name of project	Start time	Estimated completion date	The amount of estimated investment	Ending balance on 30 June 2020	Opening balance on 1 January 2020
Phase III Stage I of "Interlaken Town Project"	December 2018	November 2020	425,000,000.00	153,539,820.87	111,198,261.43
Public area	December 2015	/	/	174,048,142.27	160,768,028.92
Total	/	/	/	327,587,963.14	271,966,290.35

(c) The properties held for sale are properties of the first Stage of Phase I, and the second Stage of Phase II of the Interlaken Town Project. The first Stage of Phase I achieved a completion area of 38,768.63 square meters in 2016, of which 37,195.49 square meters of the completed area were delivered. In the current period, there was no delivery area and the remaining completed saleable area was 1,573.14 square meters. The second Stage of Phase II achieved a completion area of 8,899.77 square meters in 2019, of which 3,185.02 square meters were delivered in 2019. In the current period, there was no delivery area and the remaining completed saleable area was 5,714.75 square meters.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (continued)

(2) The changes in the allowance for impairment are as follows:

For the six months ended 30 June 2020

Item	Beginning balance	Business combinations not under common control	Additions	Reversal	Cancellation after verification	Ending balance
Finished goods	1,930,228.28	–	–	–	–	1,930,228.28

For the year of 2019

Item	Beginning balance	Business combinations not under common control	Additions	Reversal	Cancellation after verification	Ending balance
Finished goods	–	1,930,228.28	–	–	–	1,930,228.28

(3) Explanation of inventories year-end balance containing capitalization of borrowing costs:

In the current period, the additional capitalized interest expense in the Group's inventories was RMB2,917,128.57 (2019: RMB1,672,862.02), and the capitalization rate used to confirm the amount of capitalization was 4.75% (2019:4.75%). At 30 June 2020, the capitalized interest in the inventory ending balance was RMB5,675,163.29 (31 December 2019: RMB2,758,034.72).

8. Contract assets

Item	30 June 2020			31 December 2019		
	Book balance	Provision for bad debt	Book value	Book balance	Provision for bad debt	Book value
Construction receivables	502,465,274.31	–	502,465,274.31	407,966,983.87	–	407,966,983.87
EPC construction receivables (a)	156,912,992.44	13,632,121.88	143,280,870.56	–	–	–
Quality deposit receivable (b)	43,736,000.00	810,430.00	42,925,570.00	43,736,000.00	810,430.00	42,925,570.00
Total	703,114,266.75	14,442,551.88	688,671,714.87	451,702,983.87	810,430.00	450,892,553.87

(a) In the current period, the Group added RMB143,280,870.56 due to business combinations not under common control, all of which was income from the environmental engineering construction project of Bioland Company.

(b) The Group had a quality deposit receivable of RMB42,925,570.00, which was the quality deposits from sales of Nanjing Wind Power.



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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Contract assets (continued)

The changes in the impairment of contract assets are as follows:

Item	Beginning balance	Business combinations not under common control	Additions	Reversal	Cancellation after verification	Ending balance
30 June 2020	810,430.00	13,632,121.88	-	-	-	14,442,551.88
31 December 2019	-	684,150.00	126,280.00	-	-	810,430.00

9. Current portion of non-current assets

Item	30 June 2020	31 December 2019
Receivables from Longli BT Project (Note V.12(a))	22,548,751.19	22,548,751.19
Financial leasing receivables (Note V. 12(c))	80,864,350.71	82,446,043.35
Sub-total	103,413,101.90	104,994,794.54
Less: Provision for bad debts	749,896.82	873,316.43
Total	102,663,205.08	104,121,478.11

The provision for bad debts of current portion of non-current assets refer to Note V.23.

10. Other current assets

Item	30 June 2020	31 December 2019
Prepaid tax	1,028,408.18	13,771,786.56
Pending deduction of input value-added tax	285,318,214.64	233,943,994.07
Total	286,346,622.82	247,715,780.63

11. Long-term prepayments

Item	30 June 2020	31 December 2019
Construction prepayments from the Shenzhen Outer Ring Expressway Investment Company Limited (Outer Ring Company)	231,483,998.77	272,936,643.91
Prepayments for Shenzhen Airport-Heao Expressway reconstruction and expansion	94,114,980.09	87,113,787.23
Prepayments for Bioland Company BOT project construction funds	28,427,800.28	-
Total	354,026,779.14	360,050,431.14

At 30 June 2020, the Outer Ring Company has prepaid the construction funds for Baoan Section and Longgang Section in Outer Ring Expressway amounting to RMB231,483,998.77. The Company has prepaid the construction funds for Shenzhen Airport-Heao Expressway reconstruction and expansion amounting to RMB94,114,980.09. The prepayments will be settled according to the progress of the construction.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term receivables

(1) General information:

Item	30 June 2020			31 December 2019			Range of discount rate
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd	163,684,566.81	-	163,684,566.81	159,360,103.10	-	159,360,103.10	/
Due from Guizhou Longli County Government in relation to the project management services provided to Longli BT Project (a)	22,548,751.19	-	22,548,751.19	22,548,751.19	-	22,548,751.19	/
Electricity compensation income (b)	244,939,386.30	1,252,894.39	243,686,491.91	180,731,074.84	981,059.95	179,750,014.89	4.35%
Financial leasing receivables (c)	159,308,547.32	1,541,160.45	157,767,386.87	176,956,132.35	1,941,320.91	175,014,811.44	/
Sub-total	590,481,251.62	2,794,054.84	587,687,196.78	539,596,061.48	2,922,380.86	536,673,680.62	/
Less: Current portion							
Due from Guizhou Longli County Government in relation to the project management services provided to Longli BT Project (a)	22,548,751.19	-	22,548,751.19	22,548,751.19	-	22,548,751.19	/
Financial leasing receivables (c)	80,864,350.71	749,896.82	80,114,453.89	82,446,043.35	873,316.43	81,572,726.92	/
Sub-total	103,413,101.90	749,896.82	102,663,205.08	104,994,794.54	873,316.43	104,121,478.11	/
Total	487,068,149.72	2,044,158.02	485,023,991.70	434,601,266.94	2,049,064.43	432,552,202.51	/

- (a) The Longli BT project entrusted to Guizhou Guishen Investment Development Company Limited ("Guishen Company") was completed at the end of 2014. As at 30 June 2020, accounts receivable due from the Longli BT project was RMB22,548,751.19.
- (b) The balance for Baotou Southern Wind electricity compensation income at the end of 30 June 2020 was RMB243,686,491.91. The discount rate is 4.35%.
- (c) The Financial Leasing Company had financial leasing and interest receivables of RMB157,767,386.87 at the end of 30 June 2020.

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For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term receivables (continued)

- (2) The changes in the ending balance and bad debt provision of long-term receivables based on expected credit losses are as follows:

For the six months ended 30 June 2020

Item	The first stage Expected credit loss over the next 12 months	
	Ending balance	Provision for bad debt
1 January 2020	434,601,266.94	2,049,064.43
Additions	92,331,614.75	277,384.29
Reduction	39,864,731.96	282,290.69
30 June 2020	487,068,149.72	2,044,158.02

2019

Item	The first stage Expected credit loss over the next 12 months	
	Ending balance	Provision for bad debt
1 January 2020	277,049,021.82	1,269,816.74
Additions	87,354,167.26	914,305.89
Business combinations not under common control	163,989,698.39	728,530.03
Reduction	93,791,620.53	863,588.23
30 June 2020	434,601,266.94	2,049,064.43

13. Other non-current financial assets

Item	30 June 2020	31 December 2019
Guangdong United Electronic Services Co., Ltd. ("United Electronics") equity	110,787,220.00	114,814,080.00
Shenzhen Water Planning and Design Institute Co., Ltd. ("Water Regulation Institute") equity	117,675,000.00	103,125,000.00
Yiwu Shenneng Renewable Resources Co., Ltd. ("Yiwu Shenneng") equity	2,243,730.00	–
Total	230,705,950.00	217,939,080.00

In the current period, gains from changes in fair value of those equity investments amounted to RMB10,523,140.00 (the same period in 2019: RMB9,340,020.00). Please refer to Note V.52.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Long-term equity investments

For the six months ended 30 June 2020

Investee	Current period movements						30 June 2020	Share- holding (%)	impairment provided during the period
	31 December 2020	Current year additions	Investment income/loss recognized under equity pick-up method	Cash dividend declared	Investment cost refunded	Others			
Associates									
Guangdong Jiangzhong Expressway Company Limited ("Jiangzhong Company")	311,781,980.50	-	-4,835,752.77	-	-	-	306,946,227.73	25	-
Nanjing Yangtze River Third Bridge Company Limited ("Nanjing Third Bridge Company")	324,986,381.30	-	6,118,950.44	-6,118,950.44	-25,170,935.74	-	299,815,445.56	25	-
Guangdong Yangmao Expressway Company Limited ("Yangmao Company")	428,642,868.52	42,750,000.00	5,801,326.51	-5,801,326.51	-7,203,846.68	-	464,189,021.84	25	-
Guangzhou Western Second Ring Expressway Company Limited ("GZ W2 Company")	296,913,135.45	-	-2,056,599.59	-	-	-	294,856,535.86	25	-
Yunfu Guangyun Expressway Company Limited ("Guangyun Company")	100,871,961.58	-	-1,222,044.42	-	-	-	99,649,917.16	30	-
Shenzhen International United Land Company Limited ("United Land Company")	1,391,569,806.30	-	-4,137,606.16	-	-312,120,473.62	-	1,075,311,726.52	34.30	-
Chongqing Derun Environment Co., Limited ("Derun Environment") (1)	4,525,056,258.95	-	98,899,751.07	-	-	99,784,945.19	4,723,740,955.21	20	-
Foshan Shunde Shengchuang Shenzhen Expressway Environmental Technology Industry M&A Investment Partnership (Limited Partnership) ("Environmental Technology Industry M&A Fund") (2)	-	135,000,000.00	-	-	-	-	135,000,000.00	45	-
Others (3)	1,326,466,949.13	-	43,913,841.48	-35,154,490.00	-	-6,280,304.80	1,328,945,995.81	/	-
Total	8,706,289,341.73	177,750,000.00	142,481,866.56	-47,074,766.95	-344,495,256.04	93,504,640.39	8,728,455,825.69	/	-

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Long-term equity investments (continued)

2019

Investee	31 December 2018	Current year movements						31 December 2019	Shareholding (%)	Impairment provided during the year
		Current year additions	Reduction	Investment income/ loss recognized under equity pick-up method	Cash dividend declared	Investment cost refunded	Others			
Associates										
Jiangzhong Company	315,321,289.79	-	-	19,491,390.53	-19,491,390.53	-3,539,309.29	-	311,781,980.50	25	-
Nanjing Third Bridge Company	336,657,796.18	-	-	53,683,206.87	-53,683,206.87	-11,671,414.88	-	324,986,381.30	25	-
Yangmao Company	383,837,714.75	108,750,000.00	-	44,343,401.49	-44,343,401.49	-63,944,846.23	-	428,642,868.52	25	-
GZ W2 Company	289,747,039.65	-	-	59,515,308.40	-52,349,212.60	-	-	296,913,135.45	25	-
Guangyun Company	68,925,398.16	-	-	34,578,929.22	-2,632,365.80	-	-	100,871,961.58	30	-
United Land Company	1,014,607,875.06	-	-	354,869,950.44	-	-	22,091,980.80	1,391,569,806.30	34.30	-
Derun Environment (1)	4,411,573,102.56	-	-	193,467,531.92	-116,000,000.00	-	36,015,624.47	4,525,056,258.95	20	-
Others (3)	1,038,438,281.47	171,044,470.10	-	139,734,581.52	-9,818,750.96	-11,756,249.04	-1,175,383.96	1,326,466,949.13	/	-
Total	7,859,108,497.62	279,794,470.10	-	899,684,300.39	-298,318,328.25	-90,911,819.44	56,932,221.31	8,706,289,341.73	/	-

- (1) Due to the change of other comprehensive income of Derun Environment in this period, the Group confirmed the decrease of other comprehensive income of RMB26,810,781.40 according to the shareholding ratio, and confirmed the increase of RMB126,595,726.59 according to the shareholding ratio due to the change of Derun Environment's capital reserve.
- (2) On 14 April 2020, the Company, Guangdong Shengchuang Investment Management Co., Ltd. ("Shengchuang Investment") and the others entered into a partnership agreement to invest in Environmental Technology Industry M&A Fund. The total subscribed capital contribution of all partners is RMB1,000,000,000.00, of which the subscribed capital contribution of the Company is RMB450,000,000.00, with the shareholding ratio of 45%. As at 30 June 2020, the Company has contributed RMB135,000,000.00. The Company had significant influence on its investment decision. Therefore, the Company accounted for Environmental Technology Industry M&A Fund as an associate under the equity method.
- (3) Others include the Company's affiliated companies Shenzhen Expressway Engineering Consulting co., Ltd. ("Consulting Company"), Shenzhen Huayu Expressway Investment Co., Ltd. ("Huayu Company"), Guizhou Hengtongli Property Co., Ltd. ("Guizhou Hengtongli"), and Guizhou Bank Co., Ltd. ("Guizhou Bank").
- (4) The percentage of ownership interest of the associated enterprise held is the same as the percentage of its voting power.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Investment properties

Subsequently measured at cost:

Item	For the six months ended 30 June 2020	2019
1. Cost		
Balance at 1 January	18,180,000.00	18,180,000.00
Balance at 30 June/31 December	18,180,000.00	18,180,000.00
2. Accumulated depreciation		
Balance at 1 January	6,381,058.80	5,805,116.40
Current period additions	287,971.20	575,942.40
– Addition	287,971.20	575,942.40
Balance 30 June/31 December	6,669,030.00	6,381,058.80
3. Carrying amount		
Balance at 1 January	11,510,970.00	11,798,941.20
Balance at 30 June/31 December	11,798,941.20	12,374,883.60

The investment properties are the parking spaces in the Group's headquarters in Jiangsu Building, where the Group commissioned the property company to rent these properties to the relevant car owner.

* The Group's investment properties are all located in the mainland of China and held in the form of leases.

At 30 June 2020, the investments without the certificate of ownership are listed as follows:

	Carrying amount	Reason for not yet obtaining the certificate of ownership
The parking lot beneath the Jiangsu Building	11,510,970.00	All the certificates of ownership of the parking lots in Shenzhen are not available



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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets

(1) Fixed asset movements

For the six months ended 30 June 2020

Item	Buildings	Traffic equipment	Motor vehicles	Office and other equipment	Mechanical equipment	Total
1. Cost						
31 December 2019	620,060,298.62	1,456,055,834.29	30,399,521.55	66,964,986.49	1,686,905,817.02	3,860,386,457.97
Current period additions	261,769.33	5,688,814.46	2,424,403.72	7,080,071.69	20,591,794.34	36,046,853.54
– Purchase	36,168.00	173,800.00	1,052,588.83	4,176,026.88	11,605,751.34	17,044,335.05
– Construction in progress	225,601.33	5,515,014.46	–	2,395,284.81	–	8,135,900.60
– Acquisition of subsidiaries	–	–	1,371,814.89	508,760.00	8,986,043.00	10,866,617.89
Current period reductions	966,798.00	26,887,390.00	2,106,149.56	3,804,651.45	–	33,764,989.01
– Disposals	966,798.00	26,887,390.00	2,106,149.56	3,804,651.45	–	33,764,989.01
30 June 2020	619,355,269.95	1,434,857,258.75	30,717,775.71	70,240,406.73	1,707,497,611.36	3,862,668,322.50
2. Accumulated depreciation						
31 December 2019	220,159,452.62	718,258,221.69	22,948,300.25	34,187,706.67	25,841,191.50	1,021,394,872.73
Current period additions	14,704,292.04	64,230,844.23	1,502,031.81	5,139,816.60	43,370,478.01	128,947,462.69
– Addition	14,704,292.04	64,230,844.23	1,502,031.81	5,139,816.60	43,370,478.01	128,947,462.69
Current period reductions	871,433.58	274,150.68	1,932,577.35	3,504,826.75	–	6,582,988.36
– Disposals	871,433.58	274,150.68	1,932,577.35	3,504,826.75	–	6,582,988.36
30 June 2020	233,992,311.08	782,214,915.24	22,517,754.71	35,822,696.52	69,211,669.51	1,143,759,347.06
3. Book value						
30 June 2020	385,362,958.87	652,642,343.51	8,200,021.00	34,417,710.21	1,638,285,941.85	2,718,908,975.44
31 December 2019	399,900,846.00	737,797,612.60	7,451,221.30	32,777,279.82	1,661,064,625.52	2,838,991,585.24

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Fixed assets (continued)

(1) Fixed asset movements (continued)

2019

Item	Buildings	Traffic equipment	Motor vehicles	Office and other equipment	Mechanical equipment	Total
1. Cost						
31 December 2018	633,055,713.66	1,020,537,484.54	31,226,582.54	60,524,387.63	–	1,745,344,168.37
Current year additions	3,386,035.46	445,826,822.96	3,701,235.46	10,743,770.50	1,686,905,817.02	2,150,563,681.40
– Purchase	2,369,806.13	90,113,211.66	2,965,268.20	9,592,459.73	13,326,416.87	118,367,162.59
– Construction in progress	1,016,229.33	355,453,553.66	–	–	–	356,469,782.99
– Acquisition of subsidiaries	–	260,057.64	735,967.26	1,151,310.77	345,726,339.03	347,873,674.70
– Transfer of right-of-use assets	–	–	–	–	1,327,853,061.12	1,327,853,061.12
Current year reductions	16,381,450.50	10,308,473.21	4,528,296.45	4,303,171.64	–	35,521,391.80
– Disposals	16,381,450.50	10,308,473.21	4,528,296.45	4,303,171.64	–	35,521,391.80
31 December 2019	620,060,298.62	1,456,055,834.29	30,399,521.55	66,964,986.49	1,686,905,817.02	3,860,386,457.97
2. Accumulated depreciation						
31 December 2018	202,159,528.15	642,541,768.63	22,899,553.18	29,150,441.19	–	896,751,291.15
Current year additions	30,360,958.55	83,948,530.79	4,338,013.85	8,822,844.19	25,841,191.50	153,311,538.88
– Addition	30,360,958.55	83,948,530.79	4,338,013.85	8,822,844.19	19,279,782.95	146,750,130.33
– Transfer of right-of-use assets	–	–	–	–	6,561,408.55	6,561,408.55
Current year reductions	12,361,034.08	8,232,077.73	4,289,266.78	3,785,578.71	–	28,667,957.30
– Disposals	12,361,034.08	8,232,077.73	4,289,266.78	3,785,578.71	–	28,667,957.30
31 December 2019	220,159,452.62	718,258,221.69	22,948,300.25	34,187,706.67	25,841,191.50	1,021,394,872.73
3. Book value						
31 December 2019	399,900,846.00	737,797,612.60	7,451,221.30	32,777,279.82	1,661,064,625.52	2,838,991,585.24
31 December 2018	430,896,185.51	377,995,715.91	8,327,029.36	31,373,946.44	–	848,592,877.22

(2) Fixed assets without certificates of ownership

At 30 June 2020, the fixed assets without the certificates of ownership were listed as follows:

Item	Book value	Reason for lacking certificates of ownership
Buildings	285,921,748.43	As all toll roads and the affiliated buildings and structures would be returned to the government when the approved operating periods expire, the Group has no intention to acquire the related property ownership certificates.

In the current period, depreciation expenses amounting to RMB125,000,344.55 were charged to cost of services (2019: RMB64,788,989.59), and depreciation expenses amounting to RMB3,681,879.56 were charged to general and administrative expenses (2019: RMB3,002,442.65), and depreciation expenses amounting to RMB148,410.36 were charged to sales expenses (2019: RMB80,734.62), and depreciation expenses amounting to RMB116,828.22 were charged to research and development expenses.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress

(1) General information of construction in progress

Item	30 June 2020			31 December 2019		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Langfang factory project	34,814,649.10	–	34,814,649.10	–	–	–
ETC lane Increase project	5,680,457.38	–	5,680,457.38	6,466,074.25	–	6,466,074.25
Toll station expansion project	3,254,463.80	–	3,254,463.80	1,142,383.00	–	1,142,383.00
Video monitoring project	553,536.00	–	553,536.00	–	–	–
First-class weighting equipment project	299,000.00	–	299,000.00	2,085,479.05	–	2,085,479.05
Fee system software update	183,000.00	–	183,000.00	183,000.00	–	183,000.00
BTC system project	–	–	–	734,080.00	–	734,080.00
Others	3,248,826.38	–	3,248,826.38	4,586,579.36	–	4,586,579.36
Total	48,033,932.66	–	48,033,932.66	15,197,595.66	–	15,197,595.66

(2) Movements of significant construction in progress during the period

For the six months ended 30 June 2020

Item	Budget amount	31 December 2019	Current period additions	Transfer to fixed assets	30 June 2020	The proportion of the current year additions to total budget (%)	Source of funds
Langfang factory project	183 million	–	34,814,649.10	–	34,814,649.10	19.02	Self-owned funds
ETC lane Increase project	59 million	6,466,074.25	–	785,616.87	5,680,457.38	0.00	Self-owned funds
Toll station expansion project	25 million	1,142,383.00	2,698,588.60	586,507.80	3,254,463.80	10.79	Self-owned funds
Video monitoring project	6.67 million	–	553,536.00	–	553,536.00	8.30	Self-owned funds
First-class weighting equipment project	9.58 million	2,085,479.05	55,439.78	1,841,918.83	299,000.00	0.58	Self-owned funds
Fee system software upgrade	15 million	183,000.00	–	–	183,000.00	0.00	Self-owned funds
Fire control system updating project	/	–	2,349,694.81	2,349,694.81	–	/	Self-owned funds
BTC system project	1.2 million	734,080.00	–	734,080.00	–	0.00	Self-owned funds
Others (a)	/	4,586,579.36	500,329.31	1,838,082.29	3,248,826.38	/	Self-owned funds
Total	/	15,197,595.66	40,972,237.60	8,135,900.60	48,033,932.66	/	/

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Construction in progress (continued)

(2) Movements of significant construction in progress during the year (continued)

2019

Item	Budget amount	31 December 2018	Current year additions	Transfer to fixed assets	Transfer to intangible assets	Other reductions in current year	31 December 2019	The proportion of the current year additions to total budget (%)		Source of funds
ETC lane increase project	59 million	964,412.87	5,680,457.38	178,796.00	-	-	6,466,074.25	9.63		Self-owned funds
First-class weighting equipment project	9.58 million	5,383,423.19	4,138,031.00	7,435,975.14	-	-	2,085,479.05	43.19		Self-owned funds
Toll station expansion project	25 million	9,311,802.25	1,211,227.20	388,844.20	8,177,668.25	814,134.00	1,142,383.00	4.84		Self-owned funds
BTC system project	1.2 million	695,250.00	163,775.00	124,945.00	-	-	734,080.00	13.65		Self-owned funds
Fee system software upgrade	15 million	2,254,576.14	1,278,327.68	3,349,903.82	-	-	183,000.00	8.52		Self-owned funds
Cancellation of the provincial toll station	334 million	-	333,636,338.64	333,636,338.64	-	-	-	100		Self-owned funds
Video monitoring project	6.67 million	6,672,530.60	-	6,672,530.60	-	-	-	100		Self-owned funds
Others (a)	-	5,982,055.69	3,298,856.26	4,682,449.59	-	11,883.00	4,586,579.36	-		Self-owned funds
Total	/	31,264,050.74	349,407,013.16	356,469,782.99	8,177,668.25	826,017.00	15,197,595.66	/		/

(a) The amounts of projects were not disclosed separately as they are not material.

18. Right-of-use assets

For the six months ended 30 June 2020

Item	Buildings	Billboards	Total
1. Cost			
31 December 2019	161,523,085.45	25,661,801.99	187,184,887.44
Current period additions	21,060,189.20	-	21,060,189.20
– Additions	21,005,562.71	-	21,005,562.71
– Business combinations not under common control	54,626.49	-	54,626.49
Current period reductions	2,123,647.27	-	2,123,647.27
– Other reductions	2,123,647.27	-	2,123,647.27
30 June 2020	180,459,627.38	25,661,801.99	206,121,429.37
2. Accumulated amortization:			
Original book balance	28,849,860.59	5,464,646.39	34,314,506.98
Current period additions	19,064,543.44	2,619,861.30	21,684,404.74
– Current period provision	19,064,543.44	2,619,861.30	21,684,404.74
Current period reductions	1,035,880.77	-	1,035,880.77
– Other reductions	1,035,880.77	-	1,035,880.77
30 June 2020	46,878,523.26	8,084,507.69	54,963,030.95
3. Book value			
30 June 2020	133,581,104.12	17,577,294.30	151,158,398.42
31 December 2019	132,673,224.86	20,197,155.60	152,870,380.46

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Right-of-use assets (continued)

2019

Item	Buildings	Billboards	Equipments	Total
1. Cost				
31 December 2018	–	–	–	–
Change in accounting policies	107,254,807.99	25,661,801.99	–	132,916,609.98
1 January 2019	107,254,807.99	25,661,801.99	–	132,916,609.98
Current year additions	54,268,277.46	–	1,327,853,061.12	1,382,121,338.58
– Additions	54,268,277.46	–	–	54,268,277.46
– Business combinations not under common control	–	–	1,327,853,061.12	1,327,853,061.12
Current year reductions	–	–	1,327,853,061.12	1,327,853,061.12
– Current year transfer to fixed assets	–	–	1,327,853,061.12	1,327,853,061.12
31 December 2019	161,523,085.45	25,661,801.99	–	187,184,887.44
2. Accumulated amortization				
Current year additions	28,849,860.59	5,464,646.39	6,561,408.55	40,875,915.53
– Additions	28,849,860.59	5,464,646.39	6,561,408.55	40,875,915.53
Current year reductions	–	–	6,561,408.55	6,561,408.55
– Current year transfer to fixed assets	–	–	6,561,408.55	6,561,408.55
31 December 2019	28,849,860.59	5,464,646.39	–	34,314,506.98
3. Book value				
31 December 2019	132,673,224.86	20,197,155.60	–	152,870,380.46
31 December 2018	–	–	–	–

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets

For the six months ended 30 June 2020

Item	Concession intangible assets (a)	Software and others (e)	Billboard land use rights	Land use right (e)	Patent (e)	Total
1. Cost						
31 December 2019	36,198,454,760.23	20,582,945.26	63,075,736.39	52,741,993.14	79,810,700.00	36,414,666,135.02
Current period additions	2,717,591,866.99	1,954,286.98	-	22,666,700.00	51,536,100.34	2,793,748,954.31
– Purchased	-	1,866,281.56	-	-	-	1,866,281.56
– Constructions	956,759,687.73	-	-	-	-	956,759,687.73
– Business combinations not under common control	1,760,832,179.26	88,005.42	-	22,666,700.00	51,536,100.34	1,835,122,985.02
Current period reductions	647,629.50	-	-	-	-	647,629.50
– Other reduction	647,629.50	-	-	-	-	647,629.50
30 June 2020	38,915,398,997.72	22,537,232.24	63,075,736.39	75,408,693.14	131,346,800.34	39,207,767,459.83
2. Accumulated amortization						
31 December 2019	9,032,237,983.75	11,462,981.98	60,804,048.58	234,772.22	5,985,802.50	9,110,725,589.03
Current period additions	621,204,170.31	1,425,455.20	395,674.20	1,117,772.27	8,516,261.77	632,659,333.75
– Additions	621,204,170.31	1,425,455.20	395,674.20	1,117,772.27	8,516,261.77	632,659,333.75
30 June 2020	9,653,442,154.06	12,888,437.18	61,199,722.78	1,352,544.49	14,502,064.27	9,743,384,922.78
3. Impairment						
31 December 2019	3,810,235,294.61	-	-	-	-	3,810,235,294.61
Additions	-	-	-	-	-	-
30 June 2020	3,810,235,294.61	-	-	-	-	3,810,235,294.61
4. Book value						
30 June 2020	25,451,721,549.05	9,648,795.06	1,876,013.61	74,056,148.65	116,844,736.07	25,654,147,242.44
31 December 2019	23,355,981,481.87	9,119,963.28	2,271,687.81	52,507,220.92	73,824,897.50	23,493,705,251.38

Notes to Financial Statements

For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets (continued)

2019

Item	Concession intangible assets (a)	Software and others (e)	Billboard land use rights	Land use right (e)	Patent (e)	Total
1. Cost						
31 December 2018	34,532,766,806.91	13,549,554.76	63,075,736.39	-	-	34,609,392,098.06
Current year additions	1,675,661,600.32	7,033,390.50	-	52,741,993.14	79,810,700.00	1,815,247,683.96
- Purchased	43,127,536.44	4,382,484.36	-	-	-	47,510,020.80
- From construction in progress	8,177,668.25	-	-	-	-	8,177,668.25
- Construction	1,624,356,395.63	-	-	-	-	1,624,356,395.63
- Business combinations not under common control	-	2,650,906.14	-	52,741,993.14	79,810,700.00	135,203,599.28
Current year reductions	9,973,647.00	-	-	-	-	9,973,647.00
- Other reduction	9,973,647.00	-	-	-	-	9,973,647.00
31 December 2019	36,198,454,760.23	20,582,945.26	63,075,736.39	52,741,993.14	79,810,700.00	36,414,666,135.02
2. Accumulated amortization						
31 December 2018	7,685,608,539.71	9,545,558.54	59,769,216.25	-	-	7,754,923,314.50
Current year additions	1,346,629,444.04	1,917,423.44	1,034,832.33	234,772.22	5,985,802.50	1,355,802,274.53
- Additions	1,346,629,444.04	1,917,423.44	1,034,832.33	234,772.22	5,985,802.50	1,355,802,274.53
31 December 2019	9,032,237,983.75	11,462,981.98	60,804,048.58	234,772.22	5,985,802.50	9,110,725,589.03
3. Impairment						
31 December 2018	3,258,235,294.61	-	-	-	-	3,258,235,294.61
Current year additions	552,000,000.00	-	-	-	-	552,000,000.00
31 December 2019	3,810,235,294.61	-	-	-	-	3,810,235,294.61
4. Book value						
31 December 2019	23,355,981,481.87	9,119,963.28	2,271,687.81	52,507,220.92	73,824,897.50	23,493,705,251.38
31 December 2018	23,588,922,972.59	4,003,996.22	3,306,520.14	-	-	23,596,233,488.95

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets (continued)

At 30 June 2020, the intangible asset without the certificate of ownership was listed as follows:

Item	Book value	Reason for lacking certificates of ownership
Land use right of Damaoqi wind power project	11,774,837.17	In progress

(a) The detailed information of concession intangible assets is analysed below:

For the six months ended 30 June 2020

Toll Roads	Cost	31 December 2019	Business combinations not under common control	Current period additions	Current period reductions	Current period amortization	30 June 2020	Accumulated amortization	Impairment
Qinglian Expressway (b)	9,288,957,970.39	6,449,325,178.71	-	-	-	156,851,931.77	6,292,473,246.94	2,376,484,723.45	620,000,000.00
Shenzhen Airport-Heao Expressway									
– Eastern Section	3,086,787,505.32	1,163,513,229.08	-	-	-	78,465,006.69	1,085,048,222.39	2,001,739,282.93	-
Shuiguang Expressway	4,448,811,774.58	2,510,301,742.69	-	-	-	156,180,028.00	2,354,121,714.69	1,542,690,059.88	552,000,000.00
Wuhuang Expressway	1,523,192,561.64	252,577,084.50	-	-	-	29,170,841.12	223,406,243.38	1,299,786,318.27	-
Meiguan Expressway	604,588,701.64	225,594,005.15	-	-	-	11,311,983.25	214,282,021.90	390,306,679.74	-
Shenzhen Airport-Heao Expressway									
– Western Section	843,517,682.25	214,604,815.37	-	-	-	13,518,354.66	201,086,460.71	642,431,221.54	-
Outer Ring Expressway	4,195,160,260.09	3,409,706,840.88	-	785,453,419.21	-	-	4,195,160,260.09	-	-
Yichang Expressway	3,123,065,164.24	2,745,716,347.29	-	-	-	68,820,694.34	2,676,895,652.95	446,169,511.29	-
Changsha Ring Road	284,957,909.37	230,130,329.78	-	-	-	9,661,198.18	220,469,131.60	64,488,777.77	-
Coastal Expressway (b)	9,588,310,144.47	6,154,511,908.42	-	3,441,494.55	-	82,559,927.02	6,075,393,475.95	874,681,373.91	2,638,235,294.61
Kitchen waste disposal projects (b)	1,928,049,323.73	-	1,760,832,179.26	167,864,773.97	647,629.50	14,664,205.28	1,913,385,118.45	14,664,205.28	-
Total	38,915,398,997.72	23,355,981,481.87	1,760,832,179.26	956,759,687.73	647,629.50	621,204,170.31	25,451,721,549.05	9,653,442,154.06	3,810,235,294.61

2019

Toll Roads	Cost	31 December 2018	Current year additions	Current year reductions	Current year amortization	Current year impairment	31 December 2019	Accumulated amortization	Impairment
Qinglian Expressway (b)	9,288,957,970.39	6,748,322,028.50	8,177,668.25	9,973,647.00	297,200,871.04	-	6,449,325,178.71	2,219,632,791.68	620,000,000.00
Shenzhen Airport-Heao Expressway									
– Eastern Section	3,086,787,505.32	1,358,244,757.07	-	-	194,731,527.99	-	1,163,513,229.08	1,923,274,276.24	-
Shuiguang Expressway (g)	4,448,811,774.58	3,410,481,252.11	-	-	348,179,509.42	552,000,000.00	2,510,301,742.69	1,386,510,031.89	552,000,000.00
Wuhuang Expressway	1,523,192,561.64	347,707,901.88	-	-	95,130,817.38	-	252,577,084.50	1,270,615,477.14	-
Meiguan Expressway	604,588,701.64	256,852,212.06	-	-	31,258,206.91	-	225,594,005.15	378,994,696.49	-
Shenzhen Airport-Heao Expressway									
– Western Section	843,517,682.25	251,736,510.04	-	-	37,131,694.67	-	214,604,815.37	628,912,866.88	-
Outer Ring Expressway (b)	3,409,706,840.88	1,947,057,863.50	1,462,648,977.38	-	-	-	3,409,706,840.88	-	-
Yichang Expressway	3,123,065,164.24	2,889,552,387.26	-	-	143,836,039.97	-	2,745,716,347.29	377,348,816.95	-
Changsha Ring Road	284,957,909.37	205,589,616.50	43,127,536.44	-	18,586,823.16	-	230,130,329.78	54,827,579.59	-
Coastal Expressway (b)	9,584,868,649.92	6,173,378,443.67	161,707,418.25	-	180,573,953.50	-	6,154,511,908.42	792,121,446.89	2,638,235,294.61
Total	36,198,454,760.23	23,588,922,972.59	1,675,661,600.32	9,973,647.00	1,346,629,444.04	552,000,000.00	23,355,981,481.87	9,032,237,983.75	3,810,235,294.61

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For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets (continued)

- (b) For the pledge of charging rights/equity/rights of management related to Qinglian Expressway, Outer Ring Expressway, Coastal Expressway and Bioland Company kitchen waste disposal projects, please refer to Notes V.33 (b) and V.59.
- (c) During the current period, both the amount of intangible assets amortized and the amount included in profit and loss were RMB632,659,333.75 (corresponding period in 2019: RMB669,169,799.52).
- (d) During the current period, due to the business combination not under common control, kitchen waste disposal concession increased RMB1,760,832,179.26, patent increased RMB51,536,100.34, land use right increased RMB22,666,700.00, software and others increased RMB88,005.42.
- (e) During the current period, the Group capitalized borrowing costs on intangible assets amounting to RMB119,499,351.93 (corresponding period in 2019: RMB59,469,956.78).
- (f) During the current period, the ratio of intangible assets formed due to internal R&D to book value on 30 June 2020 of newly acquired Bioland Company equals 0.03%, and the intangible assets were classified as patent rights. (31 December 2019: Nil)

* The land use rights of the Group are in Mainland China and in the form of concession intangible assets.

20. Goodwill

Item	1 January 2020	Current period additions		30 June 2020
		Business combinations not under common control	Current period reductions	
Nanjing Wind Power	156,039,775.24	-	-	156,039,775.24

The Group acquired Nanjing Wind Power in April 2019, and the goodwill generated was RMB156,039,775.24.

Goodwill from the merger has been allocated to the following asset groups for impairment testing:

- Wind turbines manufacturing asset group

The case where the book value of goodwill is allocated to the asset group is as follows:

Item	Wind turbines manufacturing asset group	
	30 June 2020	31 December 2019
Book value of goodwill	156,039,775.24	156,039,775.24

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without taking into consideration the offsetting of balances

Item	30 June 2020		31 December 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Depreciation and amortization difference of intangible assets along Coastal Expressway (a)	1,031,169,442.96	257,792,360.74	1,140,350,272.00	285,087,568.00
Deductible losses of Coastal Expressway (a)	653,970,752.28	163,492,688.07	571,400,876.52	142,850,219.13
Freight subsidy of Coastal Expressway (b)	12,616,035.68	3,154,008.92	25,232,071.76	6,308,017.94
Operating compensation of newly built toll station of Three Expressways (c)	279,804,931.36	69,951,232.84	291,504,931.36	72,876,232.84
Compensation for demolition costs of old toll station of Three Expressways (d)	6,413,246.28	1,603,311.57	6,413,246.28	1,603,311.57
Fair value adjustments arising from acquisition of ShenChang Expressway Co., Ltd in Changsha, Hunan ("ShenChang Company") (e)	175,115,081.75	43,778,770.44	183,059,248.59	45,764,812.15
Payroll accrued but not paid	154,217,316.04	38,554,329.01	101,216,999.16	25,304,249.79
Property compensation of Meiguan Company (f)	98,885,805.48	24,721,451.37	98,885,805.48	24,721,451.37
Operating compensation of newly built gates of Meiguan Expressway (g)	88,292,650.84	22,073,162.71	94,832,847.16	23,708,211.79
Amortization of Concession intangible assets (h)	41,958,724.36	10,489,681.09	50,465,440.16	12,616,360.04
Interest receivable from United Land Company's capital reduction (i)	20,052,445.24	5,013,111.31	20,052,445.24	5,013,111.31
The significant financing component of Guizhou Land's advance payment (j)	33,944,284.72	8,486,071.18	24,133,322.64	6,033,330.66
Guizhou Land's advance payment of prepaid income tax (k)	28,192,136.40	7,048,034.10	10,993,400.64	2,748,350.16
Nanjing Wind Power provision for maintenance	13,783,960.66	2,067,594.10	13,783,960.66	2,067,594.09
Current period deductible loss	196,143,713.60	49,035,928.40	-	-
Bad debt provision	40,840,948.30	8,582,743.74	13,584,132.41	3,131,751.95
Inventory impairment	1,930,228.28	289,534.24	1,930,228.28	289,534.24
Impairment of intangible assets	24,018,237.23	4,327,370.66	-	-
Estimated liabilities (l)	15,188,955.36	3,797,238.84	-	-
Expenses accrued but not paid (m)	92,348,051.04	23,087,012.76	-	-
Other	1,542,768.92	385,692.21	1,889,298.31	472,324.58
Total	3,010,429,716.78	747,731,328.30	2,649,728,526.65	660,596,431.61

Notes to Financial Statements

For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets and deferred tax liabilities (continued)

(1) Deferred tax assets without taking into consideration the offsetting of balances (continued)

- (a) Based on the future earnings, Coastal Expressway recognized the differences between the tax base and book value of intangible asset impairment and the accumulative amortization tax differences and the previous year losses can be partially offset.
- (b) On 28 February 2018, Coastal Company and the Shenzhen Transportation Bureau signed an agreement on freight compensation for the Shenzhen section of the Guangzhou-Shenzhen Coastal Expressway. The agreement stipulated that during the adjustment, the freight charges of the Shenzhen section of the Coastal Expressway will be charged at 50% of the standard, and the freight charge adjustment period is effective from 0:00 on 1 March 2018 to 24:00 on 31 December 2020. The Group recognized the differences between the tax base and book value of freight compensation as deferred tax assets.
- (c) The Company received a prepayment from the Shenzhen Government for the arrangement of compensation for the toll adjustment and asset transfer agreement of the Three Expressways and recognized the differences between the tax base and book value as deferred tax assets.
- (d) The Company advanced demolition costs of all old toll stations for the arrangement of compensation for the toll adjustment and asset transfer agreement of the Three Expressways, and recognized the differences between the tax base and book value as deferred tax assets.
- (e) After confirming the fair value of each identifiable asset and liability due to the acquisition of Shenchang Company, the Company confirmed the corresponding deferred tax asset for the temporary difference between its tax base and book value.
- (f) The Company holds 34.30% equity of United Land Company, which is regarded as an associated company of the Company. Meiguan Company, the Company's subsidiary, recognized the future reverted property compensation granted by United Land Company as non-current assets and confirmed the gains on disposal of assets. Considering the impact of the unrealized profits of the associates, the Group confirmed the gains on disposal of assets and recognized the differences between the tax base and book value as deferred tax assets.
- (g) In 2015, the Group received a prepayment from the Shenzhen Government for compensation for the toll adjustment of Meiguan Expressway, and recognized the differences between the tax base and book value as deferred tax assets.
- (h) The Group has recognized the differences between the tax base and book value of concession intangible assets of toll highways, including Shenzhen Airport-Heao Expressway – Eastern Section, Shenzhen Airport-Heao Expressway – Western Section and Meiguan Expressway, as deferred tax assets.
- (i) In the current period, United Land Company, an associated company of the Company, capitalized the interest of the capital reduction of the Company. Considering the impact of the unrealized profits of the associates, the Company recognized the corresponding deferred income tax assets formed by the difference between the tax base and the book value based on its shareholding ratio of 34.30%.
- (j) According to "ASBE No. 14 – Revenue", Guizhou Land recognized the impact of the financing component and accrued the interest expense on the contract with a term of more than one year between the payment of customers and the promised transfer of ownership of the property or service, and the deferred income tax asset was recognized accordingly.
- (k) According to the requirements of Guo Shui Fa [2009] No. 31, Guizhou Land pre-paid income tax on the estimated gross profit calculated based on the estimated tax rate of advances from sales of unfinished development products, and recognized the differences between the tax bases and book values as deferred tax assets.
- (l) Deferred income tax assets accrued by Bioland Company for the estimated liabilities were recognized in pending litigation or arbitration and subsequent expenditures of BOT projects.
- (m) The costs incurred by the highway companies in the group are deferred income tax assets that have not been paid and have been taxed before the final settlement.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets and deferred tax liabilities (continued)

(2) Deferred tax liabilities without taking into consideration the offsetting of balances

Item	30 June 2020		31 December 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
The amortisation of concession intangible assets (a)	491,046,028.12	122,761,507.03	483,447,613.04	120,861,903.26
Business combinations involving enterprises not under common control (b)				
– Qinglong Company	1,444,408,959.97	361,102,240.00	1,540,183,175.01	385,045,793.76
– Hunan Yichang Expressway Development Co., Ltd. (Yichang Company)	976,497,510.98	244,124,377.75	1,001,457,170.10	250,364,292.53
– Airport-Heao Eastern Company	760,722,442.65	190,180,612.65	815,727,365.08	203,931,843.26
– Guangdong Qinglian Highway Development Co., Ltd (“Qinglian Company”)	584,212,340.28	142,748,278.16	598,774,512.44	146,388,821.20
– JEL Company	168,675,289.39	42,032,988.80	185,579,904.54	46,259,142.58
– Meiguan Company	16,442,977.70	2,090,403.75	17,310,641.43	2,307,319.68
– Nanjing Wind Power	66,055,845.80	9,908,376.87	41,482,438.48	10,370,609.62
– Baotou Nanfeng	34,944,638.52	8,736,159.63	35,822,266.12	8,955,566.53
Bioland Company	493,727,671.73	112,179,306.85	–	–
Financial assets’ appreciation (c)	121,905,050.22	30,476,262.56	111,381,910.22	27,845,477.56
Foreign exchange swap (d)	93,497,500.00	23,374,375.00	62,689,444.00	15,672,361.00
Total	5,252,136,255.36	1,289,714,889.05	4,893,856,440.46	1,218,003,130.98

- (a) The deferred tax liability was recognized based on the temporary difference between the accounting base (traffic volume basis) and tax base (straight-line basis) for the amortisation of toll road concession intangible assets.
- (b) When the Company acquired equity interests of Qinglong Company, Yichang Company, Airport-Heao Eastern Company, Qinglian Company, JEL Company, Meiguan Company, Nanjing Wind Power Company, Baotou Nanfeng Company, and Bioland Company, deferred tax liabilities were recognized on temporary differences between the tax base and book values of the respective identifiable assets and liabilities acquired.
- (c) According to “ASBE No. 22-Identification and Measurement of Financial Instruments”, the Company recognized the deferred tax liabilities based on the temporary difference by the added value after evaluation of stock right of Shenzhen Water Planning & Design Institute Co., Ltd and United Electronic Company held by the Company.
- (d) The foreign exchange swap contract signed by the Company and the bank resulted in a fair value change which was recognized as deferred tax liability.

Notes to Financial Statements

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets and deferred tax liabilities (continued)

(3) Offsetting of balances of deferred tax assets and liabilities

Item	Deferred tax assets and liabilities offset as at 30 June 2020	Net values of deferred tax assets/liabilities as at 30 June 2020	Deferred tax assets and liabilities offset as at 31 December 2019	Net values of deferred tax assets/liabilities as at 31 December 2019
Deferred tax assets	-114,305,494.27	633,425,834.03	-60,520,594.90	600,075,836.71
Deferred tax liabilities	114,305,494.27	1,175,409,394.78	60,520,594.90	1,157,482,536.08

(4) Unrecognized deferred tax assets are analysed as follows:

Item	30 June 2020	31 December 2019
Deductible tax losses	1,052,821,649.99	970,333,173.42
Deductible temporary difference	31,846,599.07	31,574,764.62
Total	1,084,668,249.06	1,001,907,938.04

(5) The aforesaid unrecognized deductible tax losses will be due in the following years:

Year	30 June 2020	31 December 2019
Year 2020	405,881,015.88	405,881,015.88
Year 2021	252,330,647.24	250,798,838.62
Year 2022	164,998,396.43	154,626,657.66
Year 2023	93,249,492.69	84,781,898.41
Year 2024	79,638,898.54	74,244,762.85
Year 2025	56,723,199.21	–
Total	1,052,821,649.99	970,333,173.42

22. Other non-current assets

Item	30 June 2020	31 December 2019
Meiguan Company-relocation property compensation (a)	342,599,500.00	342,599,500.00
Total	342,599,500.00	342,599,500.00

- (a) According to the "Compensation Agreement for Meilinguan Urban Renewal Project of Shenzhen Longhua New District Minzhi Office", in July 2016, United Land Company paid the compensation for demolition of RMB28,328,230.00 to Meiguan Company, a subsidiary of the Company. On 27 April 2019, the two parties entered into the "Supplementary agreement for compensation Agreement for Meilinguan Urban Renewal Project of Shenzhen Longhua New District Minzhi Office", which stipulates that United Land Company will increase the property compensation on the basis of the above monetary compensation, the compensated relocated property is the office building property of United Land Company, and the compensated building area is 9,120 square meters. The relocated property will be built in 2 to 3 years. On the date of signing the supplementary agreement, according to the evaluation report issued by Shenzhen Pengxin Assets Appraisal Co., Ltd. (Pengxin Valuing Newspaper [2019] No. 062), the fair value of the relocated property was RMB342,599,500.00, unchanged in this period.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Provision for impairment of assets

For the six months ended 30 June 2020

Item	31 December 2019	Current period additions			30 June 2020
		Business combinations not under common control	Additions	Reductions	
Provision for impairment of concession intangible assets (a)	3,810,235,294.61	–	–	–	3,810,235,294.61
Provision for decreasing stock prices	1,930,228.28	–	–	–	1,930,228.28
Provision for impairment of accounts receivable	11,195,435.56	20,660,544.99	1,865,657.76	11,987.80	33,709,650.51
Provision for impairment of other receivables	–	1,152,948.89	–	–	1,152,948.89
Provision for impairment of contract assets	810,430.00	13,632,121.88	–	–	14,442,551.88
Provision for impairment of current portion of non-current assets	873,316.43	–	–	123,419.61	749,896.82
Provision for impairment of long-term receivables	2,049,064.43	–	282,584.44	287,490.85	2,044,158.02
Total	3,827,093,769.31	35,445,615.76	2,148,242.20	422,898.26	3,864,264,729.01

2019

Item	31 December 2019	Current period additions			30 June 2020
		Business combinations not under common control	Additions	Reductions	
Provision for impairment of concession intangible assets (a)	3,258,235,294.61	–	552,000,000.00	–	3,810,235,294.61
Provision for decreasing stock prices	–	1,930,228.28	–	–	1,930,228.28
Provision for impairment of accounts receivable	860,000.00	3,799,343.70	8,799,054.07	2,262,962.21	11,195,435.56
Provision for impairment of contract assets	–	684,150.00	126,280.00	–	810,430.00
Provision for impairment of current portion of non-current assets	554,448.58	–	318,867.85	–	873,316.43
Provision for impairment of long-term receivables	1,269,816.43	728,530.03	300,403.72	249,685.75	2,049,064.43
Total	3,260,919,559.62	7,142,252.01	561,544,605.64	2,512,647.96	3,827,093,769.31

(a) Please refer to Note V.19(a).

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Short-term borrowings

Item	30 June 2020	31 December 2019
Pledged loans (1)	119,246,509.72	44,905,614.03
Credit loans (2)	562,649,105.13	318,972,127.62
Guaranteed loans (3)	20,022,305.56	–
Discounted notes (4)	29,221,500.00	–
Total	731,139,420.41	363,877,741.65

- (1) At 30 June 2020, RMB114,237,870.14 (original currency: HKD125,000,000.00) was a pledged loan of Mei Wah in the Hong Kong head office of HSBC. The borrowing period of HKD50,000,000 is from 3 December 2019 to 2 December 2020; The borrowing period of remaining HKD75,000,000.00 is from 15 June 2020 to 14 June 2021. Interest was charged at Hong Kong Interbank Offered Rate (HIBOR) + 0.8% p.a., together with the pledged shares of JEL (45% of stake).

RMB5,008,639.58 of the above short-term loan was a pledged loan of Guangxi Bioland Company in Nanning branch of Guangdong Development Bank. The borrowing period is from 25 July 2019 to 24 July 2020. The interest rate on the loan is 5.6550%. The loan was guaranteed by Bioland Company and Shi Junying, pledged by the utility model patent technology of Guangxi Bioland Company.

- (2) At 30 June 2020, RMB191,067,393.31 of the above short-term loan was the overdraft balance of Coastal Company in the overdraft account of Ping An Bank. This loan receives overdraft interest and handling fees at 1% and 0.3% on a quarterly basis according to the actual overdraft amount. The borrowing period is from 24 June 2019 to 23 December 2020.

Of the above short-term loans RMB200,228,375.00 was a loan of Nanjing Wind Power in Chengnan branch of CCB. The borrowing term for RMB118,234,855.44 was 27 September 2019 to 26 September 2020. The borrowing term for the rest of the loans was 19 January 2020 to 18 January 2021. The borrowing rate was 4.5675%.

Of the above short-term loans RMB171,353,336.82 was a loan of Nanjing Wind Power in Shenzhen branch of HSBC. The borrowing rate is 4.1325% and the borrowing period is from 18 May 2020 to 14 May 2021.

- (3) At 30 June 2020, the loan of RMB10,022,305.56 was a guaranteed loan of Dezhou Environmental Protection Equipment Manufacturing Co., Ltd (“Dezhou Zhonghe”) in Dezhou branch of Weihai City Commercial Bank. The interest rate is 7.30%. The borrowing period is from 27 September 2019 to 26 September 2020.

RMB10,000,000.00 of the above short-term loan is the guaranteed loan of Bioland Company in Beijing branch of China Merchants Bank. The loan interest rate is 4.35%. The loan period is from 20 December 2019 to 19 December 2020, and the loan was guaranteed by Beijing Haidian Science and Technology Enterprise Financing Guarantee Co., Ltd.

- (4) At 30 June 2020, the discounted trade acceptance that had not due was RMB29,221,500.00.

- (5) At 30 June 2020, the Group had no overdue loans.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Bills payable

Item	30 June 2020	31 December 2019
Bank acceptance bills	255,866,667.26	131,749,731.69
Trade acceptance bills	10,000,000.00	–
Total	265,866,667.26	131,749,731.69

At 30 June 2020, the Group had no overdue bills.

26. Accounts payable

Accounts payable are interest-free which will be paid within one year in general. Accounts payable aged over 1 year are mainly payables for construction projects which will be settled after settlement.

(1) Analysis of accounts payable

Item	30 June 2020	31 December 2019
Payables for construction projects and quality deposits	802,512,942.95	728,788,697.10
Payables for goods	229,322,553.04	192,518,335.20
Others	71,586,409.08	49,453,833.79
Total	1,103,421,905.07	970,760,866.09

(2) The significant accounts payable aged over 1 year:

Item	30 June 2020	Reason for unsettlement
China Railway 18 Bureau Group Co., Ltd.	33,263,599.79	Unsettled project funds
Cccc Second Highway Engineering Co., Ltd.	28,674,081.55	Unsettled project funds
China Railway 12th Bureau Group Co., Ltd.	14,799,098.87	Unsettled project funds
Cccc Second Harbour Engineering Co., Ltd.	13,391,247.48	Unsettled project funds
Cccc Third Harbor Engineering Co., Ltd.	11,813,522.01	Unsettled project funds
Total	101,941,549.70	/

(3) The aging of accounts payable according to the recognition date is analysed below:

Item	30 June 2020	31 December 2019
Within 1 month	149,660,512.71	86,605,396.23
1 to 2 months	67,182,978.98	15,811,871.78
2 to 3 months	12,111,501.83	17,772,323.36
3 months to 1 year	52,994,395.45	203,213,637.74
Over 1 year	821,472,516.10	647,357,636.98
Total	1,103,421,905.07	970,760,866.09



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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Contract liabilities

(1) Items of contract liabilities

Item	30 June 2020	31 December 2019
Advances from sales of real estates (a)	641,782,819.31	601,994,692.65
Advances from sales of wind turbine set (b)	582,235,565.72	338,728,000.00
Advances from advertising customers	5,817,794.40	4,750,118.33
Advances from operation and maintenance service charge	3,051,486.00	3,499,394.00
Others	9,275,528.34	4,253,761.44
Total	1,242,163,193.77	953,225,966.42

(a) As at 30 June 2020, the balance of advance sales of development properties in Phase II, Phase II and Phase III, Phase I of Interlaken Town was RMB1,034,612.56 and RMB604,748,206.75, respectively. (As at 31 December 2019: The balance of advance sales of development properties in Phase II, Phase II and Phase III Phase I of Interlaken Town was RMB217,441.00 and RMB601,777,251.65, respectively.)

(b) Advances from sales of wind turbine sets is the pre-received wind turbines for Huai'an Zhongheng Wind Power Project, Datong Wind Power Project, Juye Changguang Wind Energy Co. Ltd Wind Power Project and equipment for Zhongwei Gantang 49.5MW Wind Farm Project. As at 30 June 2020, the balance of contract liabilities was RMB337,687,412.46, RMB38,728,000.00, RMB97,500,000.00 and RMB108,320,153.26, respectively (As at 31 December 2019: The balance of sales of wind turbine sets for Datong Wind Power Project and Zhongwei Gantang 49.5MW Wind Farm Project was RMB38,728,000.00 and RMB300,000,000.00, respectively.)

28. Employee benefits payable

(1) Analysis of employee benefits payable

For the six months ended 30 June 2020

Item	31 December 2019	Current period additions	Current period reductions	30 June 2020
I. Short-term wages	281,056,018.43	258,601,079.91	380,312,902.09	159,344,196.25
II. Pension benefits – defined contribution plans	1,690,486.62	14,396,075.38	14,236,556.39	1,850,005.61
Total	282,746,505.05	272,997,155.29	394,549,458.48	161,194,201.86

2019

Item	31 December 2018	Current year additions	Current year reductions	31 December 2019
I. Short-term wages	223,279,518.15	664,706,718.43	606,930,218.15	281,056,018.43
II. Pension benefits – defined contribution plans	942,579.94	50,595,323.21	49,847,416.53	1,690,486.62
Total	224,222,098.09	715,302,041.64	656,777,634.68	282,746,505.05

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Employee benefits payable (continued)

(2) Analysis of short-term wages

For the six months ended 30 June 2020

Item	31 December 2019	Current period additions	Current period reductions	30 June 2020
I. Wages and salaries, bonuses, allowances and subsidies	271,968,679.32	205,886,659.45	327,764,434.90	150,090,903.87
II. Staff welfare	790,264.11	24,520,313.97	24,160,958.23	1,149,619.85
III. Social security contributions	176,965.68	4,837,740.07	4,625,979.15	388,726.60
Including: Medical insurance	148,651.67	4,398,837.13	4,198,862.16	348,626.64
Work injury insurance	9,264.64	155,364.56	149,804.37	14,824.83
Maternity insurance	19,049.37	283,538.38	277,312.62	25,275.13
IV. Housing funds	326,903.84	18,046,702.22	17,849,484.11	524,121.95
V. Labor union funds and employee education funds	7,659,055.48	4,550,239.87	5,305,557.57	6,903,737.78
VI. Others	134,150.00	759,424.33	606,488.13	287,086.20
Total	281,056,018.43	258,601,079.91	380,312,902.09	159,344,196.25

2019

Item	31 December 2018	Current year additions	Current year reductions	31 December 2019
I. Wages and salaries, bonuses, allowances and subsidies	214,622,121.64	546,662,106.95	489,315,549.27	271,968,679.32
II. Staff welfare	958,617.42	49,899,430.23	50,067,783.54	790,264.11
III. Social security contributions	258,998.08	19,289,958.13	19,371,990.53	176,965.68
Including: Medical insurance	217,559.11	16,228,738.59	16,297,646.03	148,651.67
Work injury insurance	13,559.28	998,415.92	1,002,710.56	9,264.64
Maternity insurance	27,879.69	2,062,803.62	2,071,633.94	19,049.37
IV. Housing funds	683,037.28	30,827,172.81	31,183,306.25	326,903.84
V. Labor union funds and employee education funds	6,725,493.73	14,062,341.79	13,128,780.04	7,659,055.48
VI. Others	31,250.00	3,965,708.52	3,862,808.52	134,150.00
Total	223,279,518.15	664,706,718.43	606,930,218.15	281,056,018.43

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For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Employee benefits payable (continued)

(3) Analysis of defined contribution plans

For the six months ended 30 June 2020

Item	31 December 2019	Current period additions	Current period reductions	30 June 2020
I. Basic pensions	322,644.33	8,100,301.68	7,635,893.11	787,052.90
II. Unemployment insurance	6,690.51	401,255.40	368,575.04	39,370.87
III. Enterprise annuities	1,361,151.78	5,894,518.30	6,232,088.24	1,023,581.84
Total	1,690,486.62	14,396,075.38	14,236,556.39	1,850,005.61

2019

Item	31 December 2018	Current year additions	Current year reductions	31 December 2019
I. Basic pensions	472,206.04	35,392,415.74	35,541,977.45	322,644.33
II. Unemployment insurance	9,791.90	727,550.16	730,651.55	6,690.51
III. Enterprise annuities	460,582.00	14,475,357.31	13,574,787.53	1,361,151.78
Total	942,579.94	50,595,323.21	49,847,416.53	1,690,486.62

29. Taxes payable

Item	30 June 2020	31 December 2019
VAT payable (a)	171,530,613.49	33,794,034.07
Corporate income tax payable (b)	62,129,617.75	207,837,628.58
Land appreciation tax payable	9,374,928.88	10,115,954.44
City maintenance and construction tax payable	1,919,786.31	2,119,422.41
Educational surcharge payable	1,357,039.23	1,505,986.25
Others	4,827,091.76	2,034,114.94
Total	251,139,077.42	257,407,140.69

- (a) VAT payable increased as a result of the new subsidiary company that is Bioland Company during this period.
- (b) China's Ministry of Transport has issued the Notice of the Ministry of Transport on exemption of Tolls for Vehicles on Toll Roads during COVID-19 Epidemic Prevention and Control, corporate income tax payable decreased as there will be no charge on vehicles passing national toll roads. Thus, all the expressway companies in the Group experienced great losses during COVID-19 starting from 17 February 2020.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other payables

(1) Analysis of other payables by nature

Item	30 June 2020	31 December 2019
Project funds retained for construction management contracts (a)	1,618,815,742.59	1,478,561,695.23
Payables due to associates	–	284,859,099.00
Payable due to renovation project of network charging system	170,812,917.50	219,206,085.74
Payables for Nanjing Wind Power equity acquisition	210,046,233.40	210,046,233.40
Payable related to maintenance for roads	184,004,383.59	196,771,126.66
Payable related to costs of construction projects independently	138,725,330.25	139,530,736.25
Payable for International Convention and Exhibition Center Flyover project	139,855,284.60	139,855,284.60
Payable for engineering expenses and administration fee	36,234,216.76	58,902,262.01
Payable for tender and performance deposits and warranty	90,120,645.72	84,787,025.85
Mechanical and electrical costs payable	40,388,523.13	56,384,831.38
Country road construction fee and management service fee of Hunan Province	40,088,270.48	37,968,950.48
Payable due to equity transfer liquidated damages of Guizhou Xinhe Lifu Real Estate Development Co., Ltd.	20,412,000.00	20,412,000.00
Subscription funds and down deposits received for real estate sales	4,060,000.00	1,610,000.00
Payable for demolition fee of old stations	6,420,503.76	6,413,246.26
Bioland Company share purchase payable (b)	150,453,918.00	–
Dividend payable (c)	1,187,149,553.52	54,447,000.00
Loan payable to shareholders of Shenzhen International Co., Ltd. (“Shenzhen International Hong Kong”)	–	129,217,997.22
Others	115,802,794.89	56,118,306.14
Total	4,153,390,318.19	3,175,091,880.03

- (a) The Company was entrusted by the Shenzhen Government for the management of the construction of highway projects. The projects are funded by the Shenzhen Government. The Company follows the arrangement of the commitment contract to pay for the construction. According to the commitment contract, the Company was required to set up a special deposit account to settle the payment. The account was classified as a deposit in the special account of entrusted construction management and disclosed as a restricted bank deposit in the statement of cash and cash equivalents.
- (b) The RMB150,453,918.00 Bioland Company share purchase payable was due to the Group’s acquisition of Bioland Company in the current period.
- (c) Nanjing Wind Power, the subsidiary, paid dividends to the original shareholders. Shenzhen Expressway, the parent company, also paid dividends to Xintong Real Estate Development (Shenzhen) Co., Ltd, Shenguanghui Road Development Company, Zhaoshang Road Internet Technology Co., Ltd, Guangdong Province Luqiao Development Co., Ltd, holders of A shares, and other holders of H shares. The outstanding balance of dividends payable as at 30 June 2020 was RMB53,148,984.00 and RMB1,134,000,569.52, respectively.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other payables (continued)

(2) Significant other payables with aging over 1 year

Item	30 June 2020	Reason for unsettlement
Hunan Expressway Group Co., Ltd.	35,496,410.48	Contract settlement has not been completed.
Guizhou Xinhe Lifu Real Estate Development Co., Ltd.	20,412,000.00	Contract settlement has not been completed.
Shenzhen Eastern Bus Co., Ltd.	12,140,000.00	Contract settlement has not been completed.
Guangdong Changda Highway Engineering Co., Ltd.	9,200,000.00	Contract settlement has not been completed.
CCCC Tunnel Engineering Bureau Co., Ltd.	5,320,925.68	Contract settlement has not been completed.
Total	82,569,336.16	/

31. CURRENT PORTION OF NON-CURRENT LIABILITIES

Item	30 June 2020	31 December 2019
Compensations related to adjustment of fees and the freight subsidy of Coastal Expressway due within one year (a)	64,185,023.80	128,370,047.21
Current portion of long-term payables (Note V.35)	167,742,683.89	73,121,418.41
Current portion of lease liabilities (Note V.37)	35,027,960.12	34,681,544.60
Current portion of non-current borrowings (Note V.33)	113,633,451.38	191,133,945.38
Including: Pledged loans	75,385,233.63	134,826,577.78
Credit loans	38,248,217.75	56,307,367.60
Current portion of bonds payable (Note V.34)	150,950,132.35	77,795,034.20
Total	531,539,251.54	505,101,989.80

- (a) At 28 February 2018, Coastal Company and the Shenzhen Municipal Transportation Commission signed an agreement on freight compensation for the Shenzhen section of the Guangzhou-Shenzhen Coastal Expressway. The agreement stipulated that during the adjustment, the freight charges of the Shenzhen section of the Coastal Expressway will be charged at 50% of the standard, and the freight charge adjustment period starts from 0:00 on 1 March 2018 to 24:00 on 31 December 2020. Coastal Company received the above compensation amount of RMB302 million, the compensation management to the above received as the present value of future income credited to bank deposits, and adjust the freight charges during transportation income compensation of RMB346 million after deducting relevant taxes RMB10 million as a future income final value write down other non-current liabilities, income is expected to end value and the actual received the gap between the present value of the RMB44 million recorded into the unrecognized financing charges, the financial expenses were not recognized in this amount. Financial expenses recognized during the period were RMB3,240,621.48.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Other current liabilities

Item	30 June 2020	31 December 2019
Ultra-short term financing notes (a)	1,006,245,563.94	–
Total	1,006,245,563.94	–

- (a) As at 30 June 2020, the balance of the Group's other current liabilities was RMB1 billion of ultra-short term financing notes, the amortized cost at the end of the period was RMB999,835,727.88, and the balance of interest payable was RMB6,409,836.06, totaling RMB1,006,245,563.94. The financing note was issued on 17 March 2020 with an interest rate of 2.3% and a term of 180 days.

33. Long-term borrowings

Item	30 June 2020	31 December 2019
Pledged	8,715,431,461.05	8,668,942,057.31
Credit	812,428,217.75	554,007,367.60
Less: Current portion (Note V.31)	113,633,451.38	191,133,945.38
Total	9,414,226,227.42	9,031,815,479.53

- (a) As at 30 June 2020, the Group's borrowings were repayable as follows:

Item	30 June 2020	31 December 2019
Within 1 year	113,633,451.38	191,133,945.38
1 to 2 years	221,796,600.00	656,800,000.00
2 to 5 years	1,484,143,229.60	1,475,276,341.23
Over 5 years	7,708,286,397.82	6,899,739,138.30
Total	9,527,859,678.80	9,222,949,424.91



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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term borrowings (continued)

(b) As at 30 June 2020, details of the long-term borrowings are set out as follows:

Item	Interest rate in current period	Currency	Amount in RMB	Guarantee details
Syndicated borrowings of Qinglian	4.41%	RMB	384,460,000.00	Operating rights of Qinglian Expressway
Syndicated borrowings of Outer Ring (i)	4.41%/4.90%	RMB	4,230,955,659.87	Operating rights of Outer Ring Expressway
Syndicated borrowings of Shenzhen Expressway (ii)	4.15%/4.41%	RMB	3,518,158,867.55	Operating rights of Coastal Expressway
Floating loans/mergers & acquisitions loans (iii)	3.30%-4.75%	RMB	626,000,000.00	Credit (Floating/M&A)
Entrusted borrowings of Shenzhen Expressway (iv)	3.915%-4.275%	RMB	165,000,000.00	Credit (Entrusted)
Collateral borrowings of Qinglong	4.56%	RMB	350,000,000.00	Operating rights of Shuiguan Expressway
Floating loans of lease finance company	4.75%	RMB	20,500,000.00	Credit
Pledged borrowings of Huangshi Bioland ("Huangshi Bioland")	5.88%	RMB	54,000,000.00	Guaranteed by Bioland Company and pledged with the expected revenue right paid by the government, the receivables formed by the future operating income of Bioland Company and the equity of Bioland Company subsidiary
Pledged borrowings of Longyou Bioland	4.90%	RMB	17,000,000.00	Guaranteed by Bioland Company and pledged with the income and franchise rights of Longyou Bioland during the franchise period
Pledged borrowings of Guiyang Bioland	5.88%	RMB	68,750,000.00	Guaranteed by Bioland Company and Shi Junying, collateralized with the machinery and equipment of Guiyang Bioland, and pledged with the equity of subsidiary company of Bioland Company and the franchise right of Guiyang Bioland
Pledged borrowings of Guangxi Bioland	5.145%	RMB	63,200,000.00	Guaranteed by Bioland Company and Shi Junying, pledged with the equity of subsidiary company of Bioland Company
Pledged borrowings of Guangxi Bioland	4.90%	RMB	24,530,000.00	Guaranteed by Bioland Company and Shi Junying, collateralized with the machinery and equipment of Guangxi Bioland and pledged with the equity of subsidiary company of Bioland Company
Plus: Interest accrued		RMB	5,305,151.38	
Less: Current portion (Note V.31)		RMB	113,633,451.38	
Total	/ /		9,414,226,227.42	/

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term borrowings (continued)

(b) As at 30 June 2020, details of the long-term borrowings are set out as follows: (continued)

- (i) At 30 June 2020, the interest rate on the loan of RMB1,957,131,027.81 was 4.41% and the interest rate on the remaining loan of RMB1,561,027,839.74 was 4.15%. From 21 June 2019, the borrower changed from Coastal Company to Shenzhen Expressway.
- (ii) At 30 June 2020, the interest rate on the loan of RMB2,905,499,753.46 was 4.41% and the interest rate on the remaining loan of RMB1,325,455,906.41 was 4.90%.
- (iii) At 30 June 2020, the interest rate on the loan of RMB306,000,000.00 was 4.2750%, the interest rate on the loan of RMB300,000,000.00 was 4.1150% and the interest rate on the remaining loan of RMB20,000,000.00 was 3.30%.
- (iv) At 30 June 2020, the loan of RMB105,000,000.00 was an entrusted loan from Guangzhou West Second Ring Company, which entrusted the Industrial and Commercial Bank of China to issue an entrusted loan to the Company. The interest rate was 4.2750%. The remaining loan of RMB60,000,000.00 was an entrusted loan from Jiangzhong Company, which entrusted the Industrial and Commercial Bank of China to issue an entrusted loan to the Company. The interest rate was 3.9150%.

34. Bonds payable

(1) Bonds payable

Item	30 June 2020	31 December 2019
Corporate bonds	4,392,650,263.22	2,912,420,937.41
Medium-term notes	1,867,723,943.67	1,841,630,304.35
Subtotal	6,260,374,206.89	4,754,051,241.76
Less: Current portion (Note V.31)	150,950,132.35	77,795,034.20
Total	6,109,424,074.54	4,676,256,207.56

(2) Movements of bonds payable

Name of bonds	Par value	Date of issuance	Maturity	Issued amount	Balance at 31 December 2019	Current issue amount	Accrual of interest by par value	Discount and issue fee amortization	Exchange gains	Balance at 30 June 2020
Corporate bonds (a)	800,000,000.00	2007/7/31	15 years	800,000,000.00	798,273,936.23	-	22,000,002.00	334,076.82		798,608,013.05
Corporate bonds (a)	1,995,330,000.00	2016/7/18	5 years	1,984,555,218.00	2,081,928,816.33	-	30,525,717.40	3,525,693.69	30,990,000.00	2,116,444,510.02
Corporate bonds (a)	1,400,000,000.00	2020/3/19	5 years	1,400,000,000.00	-	1,397,389,056.60	12,052,419.43	138,557.87		1,397,527,614.47
Medium-term notes (b)	1,000,000,000.00	2018/7/30	3 years	1,000,000,000.00	998,462,320.03	-	20,700,975.12	464,514.00		998,926,834.03
Medium-term notes (b)	800,000,000.00	2018/8/15	5 years	800,000,000.00	797,591,134.97	-	17,960,846.70	325,968.00		797,917,102.97
Total	5,995,330,000.00	/	/	5,984,555,218.00	4,676,256,207.56	1,397,389,056.60	103,239,960.65	4,788,810.38	30,990,000.00	6,109,424,074.54

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For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Bonds payable (continued)

(2) Movements of bonds payable (continued)

(a) Corporate bonds

The Company issued a long-term corporate bond on 31 July 2007 with a principal amount of RMB800,000,000.00 which bear interest at a rate of 5.5% per annum in accordance with the approval of Fa Gai Cai Jin [2007] No. 1791 issued by the National Development & Reform Commission. The interest is payable annually and the principal is repayable in full upon maturity on 31 July 2022. The principal and interest of the bonds are unconditionally and irrevocably guaranteed by China Construction Bank and are in turn secured by the Company's 100% equity interest in Meiguan.

The Company held a shareholders' meeting on 19 May 2016 to consider and approve the issuance of debt financing instruments and authorized the Board of Directors to issue the debt financing instruments. On 18 July 2016, the Company issued a long-term bond with a principal value of USD300,000,000.00. The bond issuance price was 99.46% of the principal value, bearing a term of 5 years and interest at a rate of 2.875% per annum. Interest has begun to be accrued from 18 July 2016 and is repaid semi-annually. On 18 July 2021, the bond should be fully repaid upon maturity. The main purpose of the bond is to repay the bank loans and supplement the Group's operating capital.

The Company was permitted to publicly issue corporate bonds with a face value of not more than RMB5 billion to QFII upon approval of the Document "Securities Regulatory Commission Permit [2019] [2262]" issued by the CSRC on 12 November 2019. On 20 March 2020, the Company completed the issuance of the first phase of 2020 corporate bonds (epidemic prevention and control bonds), and the actual issuance scale was RMB1.4 billion. The bond was issued at the rate of 3.05%, with interest to be paid once a year and principal repaid once at maturity. The maturity of the current bond is 5 years, with an issuer adjusted coupon option and an investor callback option at the end of the third year. The interest-bearing term is from 20 March 2020 to 19 March 2025; If the investor exercises the call-back option, the interest-bearing maturity of the portion of the bond it sells back is from 20 March 2020 to 19 March 2023.

(b) Medium term notes

On 30 July 2018, approved by the China Association of Interbank Market Dealers, the Company issued medium-term notes of RMB1,000,000,000.00, which bear a term of 3 years and interest at a rate of 4.14% per annum with the interest payable annually and the principal repayable in full upon maturity on 30 July 2021.

On 15 August 2018, approved by the China Association of Interbank Market Dealers, the Company issued medium-term notes of RMB800,000,000.00, which bear a term of 5 years and interest at a rate of 4.49% per annum with the interest payable annually and the principal repayable in full upon maturity on 15 August 2023.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term payables

Item	30 June 2020	31 December 2019
Long-term payables	2,389,557,574.93	2,217,015,191.85
Total	2,389,557,574.93	2,217,015,191.85

(1) The details of long-term payables

Item	30 June 2020	31 December 2019
Financial liabilities arising from sale and leaseback transactions (a)	473,665,775.09	660,027,912.26
Borrowings from associates (b)	2,083,634,483.73	1,630,108,698.00
Sub-total	2,557,300,258.82	2,290,136,610.26
Less: Current portion (a) (Note V. 31)	167,742,683.89	73,121,418.41
Total	2,389,557,574.93	2,217,015,191.85

- (a) As at 31 December 2019, the long-term payable principal of the Group's subsidiary Baotou Nanfeng Fan Equipment was formed after the sale and leaseback with equipment use rights and land use rights of Baotou Wind Power, 100% equity use rights of Damaoqi Ningyuan Wind Power Co., Ltd. (Damaoqi Ningyuan), Damaoqi Ningxiang Wind Power Co., Ltd. (Damaoqi Ningxiang), Damaoqi Nanchuan Wind Power Co., Ltd. (Damaoqi Nanchuan), Damaoqi Ningfeng Wind Power Co., Ltd. (Damaoqi Ningfeng) as pledges. The liabilities were paid in advance with a remaining balance of RMB0.00 until 30 June 2020. The amortized financing costs that formed financial expenses of the current period were RMB10,040,726.99.

As at 30 June 2020, the long-term principal of the Group's subsidiaries, Zhuji Bioland Environmental Technologies Co., Ltd. ("Zhuji Bioland Company"), Guilin Bioland Company, Guangxi Bioland Company, Dezhou Bioland Company, Taizhou Bioland Company, Handan Bioland Company, Shangrao Bioland Company, and Xinyu Bioland Environmental Technologies Co., Ltd. ("Xinyu Bioland Company") was formed after the sale and leaseback with franchise rights of kitchen waste disposal of Bioland Environment, 100% equity rights of Dezhou Bioland Company, Taizhou Bioland Company, Shangrao Bioland Company, Guilin Bioland Company and Xinyu Bioland Company, 90% equity rights of Handan Bioland Company and Zhuji Bioland Company, and equipment of Taizhou Bioland Company, Shangrao Bioland Company, Handan Bioland Company, Guilin Bioland Company, and Zhuji Bioland Company as pledges. The balance of this payment at the acquisition date was RMB508,804,307.83, and the interest expense generated by the amortization of unrecognized financing expenses in the current period was RMB31,113,130.45, the financial leasing fee was RMB1,474,883.95, the principal was RMB37,030,129.19, and the interest was RMB27,746,650.05. As at 30 June 2020, the balance of this payment was RMB473,665,775.09.

- (b) The borrowings of the Headquarters were from United Land Company for a term of two to three years. The loan agreement was signed on 25 July 2019 at an annual interest rate of 3.65%. As at 30 June 2020, the long-term payable balance of the Headquarters was RMB2,051,850,517.48. The recognized interest expense on financial expenses was RMB31,783,966.25. Refer to Note X.5(5)(e) for details.

(2) The analysis of long-term payables by the due date is as follows:

Item	30 June 2020	31 December 2019
Within 1 year	167,742,683.89	73,121,418.41
1 to 2 years	122,802,409.02	598,055,191.85
2 to 5 years	2,266,755,165.91	1,618,960,000.00
Total	2,557,300,258.82	2,290,136,610.26

36. Long-term employee benefits payable

Item	30 June 2020	31 December 2019
Other long-term employee benefits (a)	105,824,300.00	105,824,300.00

- (a) Other long-term employee benefits are long-term incentive bonuses, which are expected to be paid during the period from year 2021 to 2023.

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For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Lease liabilities

Item	30 June 2020	31 December 2019
Lease contracts	153,728,075.25	152,951,289.26
Less: Current portions (Note V. 31)	35,027,960.12	34,681,544.60
Total	118,700,115.13	118,269,744.66

38. Estimated liabilities

Item	30 June 2020	31 December 2019
Product warranty (a)	10,463,125.70	10,284,566.66
Pending litigation or arbitration (b)	12,431,377.49	–
BOT project follow-up expenditure (c)	6,821,409.73	–
Total	29,715,912.92	10,284,566.66

- (a) Nanjing Wind Power estimates the service fees required for dealing with quality problems, and provides a premium based on 1% of sales revenue.
- (b) Bioland Company has a pending litigation with its subsidiaries:
- (i) Dispute over infringement of patent right of invention: Organic Waste System Co., Ltd. ("Organic Waste Company") filed a lawsuit in Zhengzhou Intermediate People's Court on 27 September 2018 claiming that Bioland Company and Guangxi Bioland Company violated its patent right. At 28 November 2019, Zhengzhou Intermediate People's Court sentenced Bioland Company and Guangxi Bioland Company to a compensation to Organic Waste Company of RMB6,000,000.00 within 10 days. If Bioland Company did not fulfill its obligation, it shall pay interest on the debt for the belated payment, and bear the fees for accepting the case which was RMB60,000.00. Bioland Company filed an appeal on 27 December 2019. As at 30 June 2020, the judgment of the second instance has not been reached yet, and Bioland Company accrued an estimated liability of RMB6,120,000.00 based on the expected amount of compensation.
- (ii) EPC project contract dispute: Bioland Company filed a lawsuit to the People's Court of Dongyang, Zhejiang Province on 21 November 2017, requesting the defendant to pay balance payment and Bioland Company's emergency treatment losses of Dongyang Housing and Urban-rural Development Bureau. (The third party: Environmental Health Management Office of Dongyang city, Zhejiang province). Dongyang Housing Authority filed a counterclaim against Bioland Company on 21 November 2017, claiming that Bioland Company had some problems in its construction design. At 31 August 2019, the People's Court of Dongyang, Zhejiang Province made a judgment of the first instance, ruling that Dongyang Housing and Urban-rural Development Bureau should pay RMB3,461,798.29 for Bioland Company project and the overdue interest, quality retention money of RMB800,000.00 for the overdue interest and the leachate treatment fee of RMB125,781.30; Bioland Company paid Dongyang Housing and Urban-rural Development Bureau RMB361,050.55 and lost RMB4,234,293.93 in ten days from the judgement date. Both Bioland Company and Dongyang Housing Authority appealed against the judgment of the first instance. The second instance ended on 14 May 2020. As at 30 June 2020, the judgment of the second instance has not been reached yet. Bioland Company accrued an estimated liability of RMB4,207,861.54 based on the expected compensation amount.
- (iii) Other disputes mainly include disputes over payment breach and equity contracts of Bioland Company. As at 30 June 2020, Bioland Company has accrued an estimated liability of RMB2,103,515.95 based on the expected default interest and compensation payments.
- (c) BOT project follow-up expenditure is expected to be incurred for the Company to maintain a certain service capacity of the BOT assets it holds or to maintain a certain state of use before they are handed over to the contract grantor.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Deferred income

For the six months ended 30 June 2020

Item	31 December 2019	Current period additions	Current period reductions	30 June 2020	Explanation
Share premium					
Non-current liabilities					
Compensation to operating costs for Toll Free Section of Meiguan Expressway	94,832,847.16	-	6,540,196.32	88,292,650.84	Shenzhen Government compensation to the accrued operating costs for Toll Free Section of Meiguan Expressway in the future
Government compensation for demolition	16,481,933.34	-	1,373,494.44	15,108,438.90	Government compensation for demolition of Qinglong Company
Compensation to the accrued operating costs for Nanguang and Yanpai new station (a)	291,504,931.35	-	11,700,000	279,804,931.35	Shenzhen Government compensation to the accrued operating costs for Nanguang and Yanpai new station
Government financial grants for environmental protection equipment of Bioland Group	-	278,205.00	2,896.56	275,308.44	Government financial grants for environmental protection equipment of Bioland Group
Government financial grants	2,601,126.90	-	-	2,601,126.90	Return of government financial grants provided from Guizhou Longli County Government of Guishen Company
Total	405,420,838.75	278,205.00	19,616,587.32	386,082,456.43	/

- (a) For the six months ended 30 June 2020, because of being entrusted to operate the new toll station built by the Shenzhen Communication Commission. The company has recognized other business income of RMB22,620,000.00 and amortized unrecognized financing expense of RMB10,920,000.00, that reducing the deferred income by RMB11,700,000.00.

2019

Item	31 December 2018	Current year additions	Current year reductions	31 December 2019	Explanation
Non-current liabilities					
Compensation to operating costs for Toll Free Section of Meiguan Expressway	107,913,239.80	-	13,080,392.64	94,832,847.16	Shenzhen Government compensation to the accrued operating costs for Toll Free Section of Meiguan Expressway in the future
Government compensation for demolition	19,228,922.22	-	2,746,988.88	16,481,933.34	Government compensation for demolition of Qinglong Company
Compensation to the accrued operating costs for Nanguang and Yanpai new station	312,144,931.35	-	20,640,000.00	291,504,931.35	Shenzhen Government compensation to the accrued operating costs for Nanguang and Yanpai new station
Government financial grants	2,796,223.13	-	195,096.23	2,601,126.90	Return of government financial grants provided from Guizhou Longli County Government of Guishen Company
Total	442,083,316.50	-	36,662,477.75	405,420,838.75	/

Notes to Financial Statements

For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Deferred income (continued)

Items of government grants:

For the six months ended 30 June 2020

Item	31 December 2019	Additional grants in current period	Recognized in non-operating income in current period	30 June 2020	Related to assets/revenue
Government financial grants	2,601,126.90	-	-	2,601,126.90	Related to assets
Compensation for demolition	16,481,933.34	-	1,373,494.44	15,108,438.90	Related to assets
Government financial grants for environmental protection equipment of Bioland Group	-	278,205.00	2,896.56	275,308.44	Related to assets
Total	19,083,060.24	278,205.00	1,376,391.00	17,984,874.24	/

2019

Item	31 December 2018	Additional grants in current year	Recognized in non-operating income in current year	31 December 2019	Related to assets/revenue
Government financial grants	2,796,223.13	-	195,096.23	2,601,126.90	Related to assets
Compensation for demolition	19,228,922.22	-	2,746,988.88	16,481,933.34	Related to assets
Total	22,025,145.35	-	2,942,085.11	19,083,060.24	/

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Share capital

For the six months ended 30 June 2020

Item	31 December 2019	Movement				Sub-total	30 June 2020
		New shares issued	Rights issue	Transfer from surplus	Others		
Total share capital	2,180,770,326.00	-	-	-	-	-	2,180,770,326.00

2019

Item	31 December 2018	Movement				Sub-total	31 December 2019
		New shares issued	Rights issue	Transfer from surplus	Others		
Total share capital	2,180,770,326.00	-	-	-	-	-	2,180,770,326.00

41. Capital surplus

For the six months ended 30 June 2020

Item	31 December 2019	Business combination involving enterprises under common control		Current period additions	Current period reductions	30 June 2020
			1 January 2020			
Share premium	2,274,351,523.42	-	2,274,351,523.42	-	-	2,274,351,523.42
Other capital reserve – Business combination involving enterprises under common control	3,128,000,000.00	15,000,000.88	3,143,000,000.88	-	22,690,000.00	3,120,310,000.88
Other capital reserve – Acquisition of minority interests	-120,924,166.49	-	-120,924,166.49	-	-	-120,924,166.49
Capital injection in the invested entity	921,200,000.00	-	921,200,000.00	-	-	921,200,000.00
Other capital reserve – others	18,084,044.28	-	18,084,044.28	126,595,726.59	-	144,679,770.87
Total	6,220,711,401.21	15,000,000.88	6,235,711,402.09	126,595,726.59	22,690,000.00	6,339,617,128.68



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For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Capital surplus (continued)

2019

Item	31 December 2018	Business combination involving enterprise under common control	1 January 2019	Current year additions	Current year reductions	31 December 2019
Share premium	2,274,351,523.42	-	2,274,351,523.42	-	-	2,274,351,523.42
Other capital reserve-Business combination involving enterprise under common control	3,128,000,000.00	15,000,000.88	3,143,000,000.88	-	-	3,143,000,000.88
Other capital reserve- Acquisition of minority interests	-120,924,166.49	-	-120,924,166.49	-	-	-120,924,166.49
Capital injection in the invested entity	921,200,000.00	-	921,200,000.00	-	-	921,200,000.00
Other capital reserve-others	16,399,775.48	-	16,399,775.48	1,684,268.80	-	18,084,044.28
Total	6,219,027,132.41	15,000,000.88	6,234,027,133.29	1,684,268.80	-	6,235,711,402.09

42. Other comprehensive income

For the six months ended 30 June 2020

Item	31 December 2019	Amount incurred in current period		30 June 2020
		Pre-tax amount incurred during the period	Post-tax amount attributable to owners of the Company	
Items that may be reclassified subsequently to profit or loss:	916,005,374.46	-31,749,899.24	-31,749,899.24	884,255,475.22
– Appreciation of initial equity interest upon business combination	893,132,218.74	-	-	893,132,218.74
– Equity investment reserve	406,180.00	-	-	406,180.00
– Share of other comprehensive income from investees accounted for the equity method to be reclassified to profit or loss in the subsequent period (Note V.14)	19,654,907.64	-33,091,086.20	-33,091,086.20	-13,436,178.56
– Foreign currency financial statement translation difference	2,812,068.08	1,341,186.96	1,341,186.96	4,153,255.04
Total	916,005,374.46	-31,749,899.24	-31,749,899.24	884,255,475.22

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Other comprehensive income (continued)

2019

Item	31 December 2018	Amount incurred in current year		31 December 2019
		Pre-tax amount incurred during the year	Post-tax amount attributable to owners of the Company	
Items that may be reclassified subsequently to profit or loss:	881,375,987.20	34,629,387.26	34,629,387.26	916,005,374.46
– Appreciation of initial equity interest upon business combination	893,132,218.74	–	–	893,132,218.74
– Equity investment reserve	406,180.00	–	–	406,180.00
– Share of other comprehensive income from investees accounted for the equity method to be reclassified to profit or loss in subsequent years	-13,566,824.35	33,221,731.99	33,221,731.99	19,654,907.64
– Foreign currency financial statement translation difference	1,404,412.81	1,407,655.27	1,407,655.27	2,812,068.08
Total	881,375,987.20	34,629,387.26	34,629,387.26	916,005,374.46

43. Surplus reserve

For the six months ended 30 June 2020

Item	31 December 2019	Current period additions	Current period reductions	30 June 2020
Statutory surplus reserve	2,164,417,486.95	–	–	2,164,417,486.95
Discretionary surplus reserve	453,391,330.06	–	–	453,391,330.06
Total	2,617,808,817.01	–	–	2,617,808,817.01

2019

Item	31 December 2018	Current year additions	Current year reductions	31 December 2019
Statutory surplus reserve	2,028,273,730.23	136,143,756.72	–	2,164,417,486.95
Discretionary surplus reserve	453,391,330.06	–	–	453,391,330.06
Total	2,481,665,060.29	136,143,756.72	–	2,617,808,817.01

Notes to Financial Statements

For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Surplus reserve (continued)

In accordance with the Company Law of the People's Republic of China, the Company's Articles of Association and the resolution of the Board of Directors, companies should appropriate 10% of the net profit for the year to the statutory surplus reserve, where the appropriation can cease when the statutory surplus reserve reaches 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase capital after approval from the appropriate authorities. The Company did not appropriate any statutory surplus reserve for the six months ended 30 June 2020 (2019: RMB136,143,756.72).

The amount of the Company's discretionary surplus reserve was proposed by the Board of Directors and has been approved by the Annual General Meeting. The discretionary surplus reserve can be used to make up for previous years' loss or increase share capital upon approval. The Company has not appropriated any discretionary surplus reserve for the six months ended 30 June 2020 (2019: Nil).

44. Undistributed profits

Item	For the six months ended 30 June 2020	2019
Unadjusted balance of undistributed profit at the end of the last financial year	6,439,246,724.95	5,624,252,437.38
Adjusted: Business combination involving enterprises under common control (a)	5,303,993.99	5,415,322.53
Adjusted opening balance of undistributed profits	6,444,550,718.94	5,629,667,759.91
Add: Net profit attributable to equity holders of the Company in current period/year	43,922,935.74	2,499,373,647.21
Less: Appropriation for statutory surplus reserve	–	136,143,756.72
Dividends (b)	1,134,000,569.52	1,548,346,931.46
Undistributed profits at the end of the period/year	5,354,473,085.16	6,444,550,718.94

- (a) The changes in the scope of consolidation due to business combinations under the common control drove the undistributed profit at the beginning of the year to change by RMB5,303,993.99 (31 December 2019: RMB5,415,322.53).
- (b) In accordance with the resolution passed in the Annual General Meeting on 23 June 2020, the Company proposed a cash dividend to all shareholders, amounting to RMB1,134,000,569.52, which was calculated with reference to the 2,180,770,326 shares issued and a dividend of RMB0.52 per share. The aforementioned earning distribution contained 1,433,270,326 shares of A shares were distributed dividends amounting to RMB745,300,569.52 and 747,500,000 shares of H shares were distributed dividends amounting to HKD425,128,665.00 (equivalent to RMB388,700,000.00). The dividends accounted for 45% of the Company's 2019 net profit. As at 30 June 2020, none of cash dividend has been paid to shareholders.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Revenue and cost of services

Item	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Revenue	Cost	Revenue	Cost
Main business – Toll road	1,045,927,445.23	944,273,220.39	2,204,299,369.88	1,052,312,982.16
Main business –				
Environmental protection	422,968,864.31	334,938,296.34	–	–
– Sales related to wind turbine equipment	120,543,758.48	100,361,664.61	–	–
– Wind power	107,614,467.00	46,000,430.28	–	–
– Kitchen waste disposal projects construction	124,653,422.52	130,868,259.45	–	–
– Kitchen waste disposal projects operation	36,402,511.84	38,598,831.38	–	–
– Kitchen waste disposal equipment sales	33,754,704.47	19,109,110.62	–	–
Other services	217,976,173.40	179,145,128.42	503,639,690.50	360,840,776.72
– Real estate development	–	–	309,497,921.57	199,219,927.58
– Management services	127,025,129.31	109,052,165.48	85,360,951.20	80,503,932.71
– Advertising services	20,359,733.70	15,805,774.62	27,351,155.96	20,995,236.70
– Financial leasing	5,550,545.01	3,838,806.61	5,669,905.51	3,526,461.06
– Others	65,040,765.38	50,448,381.71	75,759,756.26	56,595,218.67
Total	1,686,872,482.94	1,458,356,645.15	2,707,939,060.38	1,413,153,758.88



Notes to Financial Statements

For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Revenue and cost of services (continued)

The revenue is analyzed as follows:

For the six months ended 30 June 2020

Reportable segments	Toll road	Environmental protection	Management service	Advertising service	Financial leasing service	Others	Total
Main operating areas							
Guangdong Province	820,954,009.63	-	53,811,286.66	20,359,733.70	5,550,545.01	61,376,776.85	962,052,351.85
Hunan Province	131,318,511.85	-	-	-	-	782,369.63	132,100,881.48
Guizhou Province	-	11,213,152.99	73,213,842.65	-	-	2,639,699.18	87,066,694.82
Hubei Province	93,654,923.75	-	-	-	-	-	93,654,923.75
Jiangsu Province	-	120,543,758.34	-	-	-	-	120,543,758.34
Nei Mongol Autonomous Region	-	107,614,467.00	-	-	-	-	107,614,467.00
Beijing	-	129,291,925.35	-	-	-	38,820.18	129,330,745.53
Guangxi Autonomous Region	-	15,118,111.11	-	-	-	107,668.53	15,225,779.64
Shandong Province	-	39,187,449.52	-	-	-	95,431.01	39,282,880.53
Total	1,045,927,445.23	422,968,864.31	127,025,129.31	20,359,733.70	5,550,545.01	65,040,765.38	1,686,872,482.94
Main service categories							
Toll road	1,045,927,445.23	-	-	-	-	-	1,045,927,445.23
Management service	-	-	127,025,129.31	-	-	-	127,025,129.31
Advertising service	-	-	-	20,359,733.70	-	-	20,359,733.70
Environmental protection	-	422,968,864.31	-	-	-	-	422,968,864.31
Financial leasing service	-	-	-	-	5,550,545.01	-	5,550,545.01
Others	-	-	-	-	-	65,040,765.38	65,040,765.38
Total	1,045,927,445.23	422,968,864.31	127,025,129.31	20,359,733.70	5,550,545.01	65,040,765.38	1,686,872,482.94
Timing for revenue recognition							
Revenue recognized at a certain point in time	1,045,927,445.23	297,556,733.79	-	3,826,745.19	-	15,805,127.76	1,363,116,051.97
Revenue recognized over a period of time	-	125,412,130.52	127,025,129.31	16,532,988.51	5,550,545.01	49,235,637.62	323,756,430.97
Total	1,045,927,445.23	422,968,864.31	127,025,129.31	20,359,733.70	5,550,545.01	65,040,765.38	1,686,872,482.94

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Revenue and cost of services (continued)

The revenue is analyzed as follows: (continued)

For the six months ended 30 June 2019

Reportable segments	Toll road	Real estate development	Management service	Advertising service	Financial leasing service	Others	Total
Main operating areas							
Guangdong Province	1,737,722,341.11	-	55,900,451.58	27,351,155.96	5,669,905.51	68,620,482.70	1,895,264,336.86
Hunan Province	265,806,906.69	-	-	-	-	7,139,273.56	272,946,180.25
Guizhou Province	-	309,497,921.57	29,460,499.62	-	-	-	338,958,421.19
Hubei Province	200,770,122.08	-	-	-	-	-	200,770,122.08
Total	2,204,299,369.88	309,497,921.57	85,360,951.20	27,351,155.96	5,669,905.51	75,759,756.26	2,707,939,060.38
Main service categories							
Toll road	2,204,299,369.88	-	-	-	-	-	2,204,299,369.88
Real estate development	-	309,497,921.57	-	-	-	-	309,497,921.57
Management service	-	-	85,360,951.20	-	-	-	85,360,951.20
Advertising service	-	-	-	27,351,155.96	-	-	27,351,155.96
Financial leasing service	-	-	-	-	5,669,905.51	-	5,669,905.51
Others	-	-	-	-	-	75,759,756.26	75,759,756.26
Total	2,204,299,369.88	309,497,921.57	85,360,951.20	27,351,155.96	5,669,905.51	75,759,756.26	2,707,939,060.38
Timing for revenue recognition							
Revenue recognized at a certain point in time	2,204,299,369.88	309,497,921.57	-	-	-	72,683,303.20	2,586,480,594.65
Revenue recognized over a period of time	-	-	85,360,951.20	27,351,155.96	5,669,905.51	3,076,453.06	121,458,465.73
Total	2,204,299,369.88	309,497,921.57	85,360,951.20	27,351,155.96	5,669,905.51	75,759,756.26	2,707,939,060.38

The income recognized in the current period and included in the beginning book value of contract liabilities is as follows :

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Advances from toll road maintenance	2,411,761.00	-
Advances from advertising customers	1,539,906.68	5,847,904.30
Advances from sales of real estate	-	275,806,125.97
Others	1,791,873.45	1,275,585.95
Total	5,743,541.13	282,929,616.22

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For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Tax and surcharges

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Land appreciation tax	–	12,715,655.66
City maintenance and construction tax	3,267,914.40	5,977,395.18
Educational surcharge	2,314,271.70	4,723,698.63
Property tax	1,623,161.59	2,717,448.37
Stamp tax	548,296.99	1,514,946.27
Construction fee for culture development	129,577.98	676,941.25
Others	1,118,457.64	327,250.17
Total	9,001,680.30	28,653,335.53

47. General and administrative expenses

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Salaries and wages	56,428,975.36	53,355,043.78
Depreciation and amortization	22,796,447.14	10,960,295.94
Legal and advisory fees	3,788,181.72	3,444,337.09
Rental fees	2,446,115.35	413,273.87
Office building management fees	2,071,953.87	2,029,730.17
Office and communication charges	1,612,398.97	1,458,650.27
Business entertainment	1,160,290.34	1,904,438.85
Travel fees	1,056,098.52	1,302,989.98
Stock exchange fees	936,645.10	2,428,714.01
Audit fees	678,240.81	2,919,463.14
Vehicle fees	578,616.41	782,250.37
Others	7,553,058.25	2,553,978.80
Total	101,107,021.84	83,553,166.27

48. Research and development expenses

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Labor cost	5,528,958.18	1,847,330.61
Depreciation and amortization	1,159,953.73	73,205.13
Advisory expense	3,910,573.71	4,716.98
Others	948,444.47	1,057,236.80
Total	11,547,930.09	2,982,489.52

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Research and development expenses (continued)

The research and development expenses include costs of materials, and labor, depreciation and amortization of R&D machines used in the development of patents. The R&D projects in this period mainly include research and development of wind turbines for Nanjing Wind Power Company and the newly acquired subsidiary, Bioland Environmental Technologies Group Co., Ltd, has developed various environmental protection device systems and process technologies.

49. Financial expenses

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Interest expenses	454,188,738.64	346,701,260.62
Including: Interest expenses on borrowings	234,785,597.39	212,982,051.72
Interest expenses on bonds payable	114,436,678.79	94,453,612.15
The amortization of unsettled financing expenses of freight subsidy of Coastal Expressway (Note V.31(a))	3,240,621.48	8,438,700.09
The amortization of unsettled financing expenses of compensation of newly built toll stations of Three Expressways (Note V.39)	10,920,000.00	11,640,000.00
Interest expense of advance payments	12,728,090.66	16,568,626.77
Lease interest expense (Note XIII.2(2))	3,533,352.88	2,618,269.89
Interest expenses on long-term payables	72,937,823.69	-
Interest expenses on accrued liabilities	967,231.69	-
Interest expenses on notes discounted	639,342.06	-
Less: Interest income	29,617,552.72	26,152,952.40
Less: Interest capitalized	122,416,480.50	59,212,183.18
Exchange gains or losses	33,023,351.04	1,026,295.85
Financial benefit for pre-repayment of finance lease (Note XIII.2(2))	-1,165,853.24	-
Others	6,744,651.15	6,109,877.75
Total	340,756,854.37	268,472,298.64

In the current period, the Group's borrowing interest capitalization amount has been included in inventories and intangible assets. Please refer to Note V.7(3) and Note V.19(e) for the relevant information.

The details of the interest income are listed as follows:

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Cash and cash equivalents	24,852,269.51	25,557,517.83
Long-term receivables	4,765,283.21	-
Other receivables	-	595,434.57
Less: Interest income capitalized	392,356.14	640,386.05
Total	29,225,196.58	25,512,566.35

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For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Other income

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Government grants related to daily activities	518,896.56	134,956.46
Additional deduction of VAT	1,339,163.53	38,125.49
Others	890,777.77	–
Total	2,748,837.86	173,081.95

Government grants related to daily activities are as follows:

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Asset/profit related
Government grants related to deferred income (Note V.39)	2,896.56	134,956.46	Asset related
Government R&D subsidy	516,000.00	–	Profit related
Total	518,896.56	134,956.46	/

51. Investment income

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Investment income from long-term equity investments in associates under the equity method (Note V.14)	142,481,866.56	300,390,369.73
Investment income from disposal of subsidiaries	–	267,175,591.34
Investment income from other non-current financial assets	–	28,080,000.00
Investment income from financial products	–	1,445,321.53
Total	142,481,866.56	597,091,282.60

52. Gains or losses from changes in fair value

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Financial assets measured at fair value through profit or loss	41,331,196.00	24,199,493.00
Including: Derivative financial instruments (Note V.2)	30,808,056.00	14,859,473.00
Including: Financial assets designated to be measured at fair value through profit or loss (Note V.13)	10,523,140.00	9,340,020.00
Total	41,331,196.00	24,199,493.00

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. Non-operating income

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Amount recorded as non-recurring profit or loss for the six months ended 30 June 2020
Government grants not related to daily activities (a)	32,815,463.17	1,721,494.44	32,815,463.17
Others	2,685,436.83	374,597.64	2,685,436.83
Total	35,500,900.00	2,096,092.08	35,500,900.00

(a) Government grants not related to daily activities are as follows:

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Asset/profit related
Government incentives (i)	31,441,968.73	348,000.00	Profit related
Government grants related to deferred income (ii)	1,373,494.44	1,373,494.44	Asset related
Total	32,815,463.17	1,721,494.44	/

(i) In April 2020, the Group received Economic Development Project funds of RMB30,000,000.00 from the government in Longhua District Shenzhen. In February 2020 and April 2020, Nanjing Wind Power Technology Co. Ltd. received the identification of new high-tech enterprise funds of RMB350,000.00. Guangxi Bioland Renewable Energy Co. Ltd received the identification of new high-tech enterprise funds of RMB802,000.00 from the finance bureau of Nanning High-tech Industry Development Zone.

(ii) In 2010, 2011 and 2014, Qinglong Company received the compensation for land expropriation from Longgang district of Shenzhen respectively, and the deferred amortization income of RMB1,373,494.44 was included in the non-operating income for the reporting period.

54. Non-operating expenses

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Amount recognized in non-recurring profit or loss for the six months ended 30 June 2020
The loss on damage or scrap of non-current assets	299,631.97	1,054,301.67	299,631.97
Donation	6,039,600.00	–	6,039,600.00
Others	1,572,415.13	706,235.68	1,572,415.13
Total	7,911,647.10	1,760,537.35	7,911,647.10

Notes to Financial Statements

For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Expenses by nature

Costs of services, selling expenses, general and administrative expenses, research and development expenses in income statement are analyzed by nature as follows:

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Depreciation and amortization	786,453,373.77	753,298,520.11
Salaries and wages	272,997,155.29	262,485,068.33
Construction costs of kitchen waste disposal project	118,216,729.73	–
Material of manufacturing equipment, water and electrical costs	104,155,078.47	20,958,864.71
Real estate development costs	–	199,219,927.58
Costs of construction management services	76,106,253.01	35,508,231.89
Road maintenance expenses	68,171,119.24	88,074,571.56
Entrusted management expenses for Wuhuang Expressway	24,378,331.69	52,260,372.97
Mechanical and electrical costs	11,720,230.46	16,203,024.70
Integrated tolls settlement service expenses	5,535,270.57	12,277,587.48
Costs of agencies	4,798,320.24	7,258,477.40
Equipment logistics costs	3,008,098.45	–
Promotion and marketing expenses	1,547,549.04	2,799,759.52
Other expenses	104,597,198.81	59,713,562.79
Total	1,581,684,708.77	1,510,057,969.04

56. Income tax expense

(1) Classification of income tax expense

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Income tax expense	96,749,461.70	378,847,475.70
Deferred income tax	-114,575,109.88	-567,776,181.73
Total	-17,825,648.18	-188,928,706.03

(2) Income tax expense reconciled from profit before tax

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Profit before tax	-32,155,772.08	1,522,774,817.87
Income tax expenses calculated at the applicable tax rate	-8,038,943.01	380,693,704.47
Effect of different tax rates applicable to certain subsidiaries	-416,200.34	–
Effect of withholding tax on distributable profits of the Group's PRC subsidiaries	3,049,020.54	–
Income not subject to tax	-35,620,466.64	-82,460,966.05
Unrecognized tax losses in the current period	14,180,799.80	9,372,217.88
Use of unrecognized tax losses in previous periods	–	-521,591,696.04
Adjustment of income tax in previous periods	7,503,376.91	23,241,853.60
Expenses not deductible for tax purposes	1,516,764.56	1,816,180.11
Income tax expense calculated based on the effective tax rate of the Group	-17,825,648.18	-188,928,706.03

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Notes to the consolidated statement of cash flows

(1) Cash received relating to other operating activities

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Shenzhen International Funds received	82,805,566.86	–
Special funds received for economic development transferred from Longhua Finance Bureau	30,000,000.00	–
Security deposit received	2,063,419.34	–
Others	34,981,319.79	38,873,701.54
Total	149,850,305.99	38,873,701.54

(2) Cash paid relating to other operating activities

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Project payment	227,921,285.30	63,847,460.20
Deposit paid	43,751,598.39	–
Deferred payment interest paid	26,964,065.30	–
Intermediary service fee	13,193,768.78	13,921,225.40
Shenzhen International Funds paid	10,888,017.26	–
Donation expenditure	6,000,000.00	–
Payment for land secondary development	–	63,490,930.00
Other operating expenses paid	51,388,592.77	45,389,269.70
Total	380,107,327.80	186,648,885.30

(3) Cash received from disposal of subsidiaries and other business units

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Received from the transfer of equity and debts from Hengfengxin, Henghongda, Yehengda, and Shengbo	–	567,000,000.00
Total	–	567,000,000.00

(4) Cash received relating to other investment activities

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Maturity redemption of financial products	81,866,412.76	300,000,000.00
Interest income received	13,337,486.36	23,977,309.67
Interest of capital reduced in Shenzhen International Land Co., Ltd.	–	20,742,909.45
Penalty received for the deferred payment of the equity purchase	–	20,412,000.00
Total	95,203,899.12	365,132,219.12

Notes to Financial Statements

For the six months ended 30 June 2020

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V Notes to the consolidated financial statements (continued)

57. Notes to the consolidated statement of cash flows (continued)

(5) Net cash paid for acquiring subsidiaries and other business units

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Net cash payment for the acquisition of Bioland Company	217,096,832.96	–
Net cash payment for the acquisition of Nanjing Wind Power	–	207,631,327.78
Total	217,096,832.96	207,631,327.78

(6) Cash paid relating to other investment activities

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Purchased financial products	82,056,125.82	100,000,000.00
Refund of equity bidding deposit	–	20,000,000.00
Payment of tax fees related to the disposal of Three expressways	–	929,834,118.97
Others	7,136,844.86	–
Total	89,192,970.68	1,049,834,118.97

(7) Cash received relating to other financing activities

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Loans received from United Land Company	445,900,000.00	277,830,000.00
Receipt of funds related to cancellation of provincial toll stations	19,043,402.68	–
Total	464,943,402.68	277,830,000.00

(8) Cash paid relating to other financing activities

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Payment for equipment of Financial Leasing Company	668,902,785.84	–
Payment for sale and leaseback financing	46,047,165.63	–
Net cash paid for the acquisition of China Logistics Finance and Financial Leasing Company	22,690,000.00	–
Repayment of principal and interest on lease liabilities	21,980,925.57	15,524,781.21
Return of loans to minority shareholders of subsidiaries	–	10,541,726.03
Others	6,287,569.16	5,729,234.93
Total	765,908,446.20	31,795,742.17

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Supplementary information to the consolidated statement of cash flows

(1) Supplementary information to the consolidated statement of cash flows

Supplementary information	For the six months ended 30 June 2020	For the six months ended 30 June 2019
1. Reconciliation from net profit to cash flows from operating activities:		
Net profit	-14,330,123.90	1,711,703,523.90
Depreciation of fixed assets	128,947,462.69	67,872,166.86
Amortisation of use rights	21,684,404.74	14,465,652.73
Amortisation of investment properties	287,971.20	287,971.20
Amortisation of intangible assets	632,659,333.75	669,169,799.52
Amortisation of long-term prepaid expenses	2,874,201.39	1,502,929.80
Net losses on disposal of fixed, intangible, and other long-term assets (profit is shown with "-")	10,820.96	-900.70
Loss on non-current asset scrap (profit is shown with "-")	299,631.97	1,054,301.67
Loss on change in fair value	-41,331,196.00	-24,199,493.00
Financial expenses	348,074,020.46	269,305,401.40
Investment income	-142,481,866.56	-597,091,282.60
Expected credit loss (reverse is shown with "-")	1,725,343.94	-219,047.72
Increase in deferred income tax assets	-18,878,537.52	-504,024,223.39
Decrease in deferred income tax liabilities	-95,696,572.36	-63,751,958.34
Increase in inventories (increase is shown with "-")	-171,523,132.01	69,488,012.73
Increase in operating receivables (increase is shown with "-")	-486,200,324.21	-447,344,119.28
Decrease in operating payables	-323,539,039.49	-349,148,507.27
Net cash flows from operating activities	-157,417,600.95	819,070,227.51

Supplementary information	For the six months ended 30 June 2020	For the six months ended 30 June 2019
2. Net change in cash:		
Cash at the end of the period	3,599,700,724.32	2,830,630,168.27
Less: cash at the beginning of the period	2,933,307,413.60	2,628,394,337.82
Net increase in cash	666,393,310.72	202,235,830.45

(2) Major investment and financing activities that do not involve cash:

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Net of dividends and loans from an associated company	312,120,473.62	-

Notes to Financial Statements

For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Supplementary information to the consolidated statement of cash flows (continued)

(3) Acquired and Disposed subsidiaries and other business units

Acquired subsidiaries and other business units

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Acquisition price of subsidiaries and other business units	790,095,218.00	510,000,000.00
Cash and cash equivalents paid to acquire subsidiaries and other business units	639,641,300.00	510,000,000.00
Less: Obtain cash and cash equivalents held by subsidiaries and other business units (a)	422,544,467.04	302,368,672.22
Net cash paid to acquire subsidiaries and other business units	217,096,832.96	207,631,327.78

(a) The monetary funds for the acquisition of Bioland Company were RMB456,562,275.95, of which cash and cash equivalents were RMB422,544,467.04, and the restricted monetary funds were RMB34,017,808.91.

Disposed subsidiaries and other business units

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Disposal price of subsidiaries and other business units	–	567,000,000.00
Cash and cash equivalents obtained to disposal subsidiaries and other business units	–	567,000,000.00
Less: Obtain cash and cash equivalents held by subsidiaries and other business units	–	–
Net cash obtained to disposal subsidiaries and other business units	–	567,000,000.00

(4) Cash and cash equivalents

Item	30 June 2020	31 December 2019
Cash		
Including: Cash on hand	9,226,252.02	10,439,104.00
Cash at banks	3,590,474,472.30	2,922,868,309.60
Cash at the end of the period	3,599,700,724.32	2,933,307,413.60
Including: Restricted cash held by the Company and group companies (Note V.1)	2,145,982,236.20	1,801,295,060.23
Total cash at banks and on hand	5,745,682,960.52	4,734,602,473.83

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Assets with ownership or use right restricted

Item	For the six months ended 30 June 2020	For the six months ended 31 December 2019	Reason for restriction
Operating right of Qinglian Expressway	6,292,473,246.94	6,449,325,178.71	(Note 1)
Operating right of Outer Ring Expressway	4,195,160,260.09	3,409,706,840.88	(Note 2)
Operating right of Coastal Expressway	6,075,393,475.95	6,154,511,908.42	(Note 3)
Operating right of Shuiguan Expressway	2,354,121,714.69	–	(Note 4)
The 100% equity in Meiguan Company	525,623,285.26	522,176,501.47	(Note 5)
The 45% equity in JEL Company	230,046,447.43	242,264,078.87	(Note 6)
Baotou Nanfeng Damaoqi Wind Power Equipment	–	1,359,289,012.09	(Note 7)
Baotou Nanfeng Damaoqi Land Use Right	–	18,912,756.63	(Note 7)
Cash at banks and on hand	2,145,982,236.20	1,801,295,060.23	(Note 8)
Land-use right of Langfang Waterland Machinery Manufacturing Co.,Ltd. (“Langfang Waterland”)	22,466,109.75	–	(Note 9)
Bioland Company kitchen waste disposal project franchise	1,233,470,726.64	–	(Note 10)
The equity interest in Bioland Company subsidiaries	504,437,020.33	–	(Note 11)
Production equipments of Bioland Company subsidiaries	395,014,596.59	–	(Note 12)
The new technology patent of Guangxi Bioland Company	6,903,400.00	–	(Note 13)
Total	23,981,092,519.87	19,957,481,337.30	

Note 1: At 30 June 2020, the operating right of Qinglian Expressway with a net carrying amount of RMB6,292,473,246.94 (31 December 2019: RMB6,449,325,178.71) was pledged to secure long-term bank loans granted to the Group. The pledged term will end on 17 July 2024. The loan balance was RMB384,460,000.00 on 30 June 2020.

Note 2: At 30 June 2020, the operating right of Outer Ring Expressway with a net carrying amount of RMB4,195,160,260.09 (31 December 2019: RMB3,409,706,840.88) was pledged to secure long-term bank loans granted to the Group. The pledged term will end on 14 March 2042. The loan balance was RMB4,230,955,659.87 on 30 June 2020.

Note 3: At 30 June 2020, the operating right of Coastal Expressway with a net carrying amount of RMB6,075,393,475.95 (31 December 2019: RMB6,154,511,908.42) was pledged to secure long-term bank loans granted to the Group. The pledged term will end on 9 November 2034. The loan balance was RMB3,518,158,867.55 on 30 June 2020.

Note 4: At 30 June 2020, the operating right of Shuiguan Expressway with a net carrying amount of RMB2,354,121,714.69 (31 December 2019: Nil) was pledged to secure long-term bank loans granted to the Group. The pledged term will end on 14 January 2026. The loan balance was RMB350,000,000.00 on 30 June 2020.

Note 5: At 30 June 2020, the 100% equity of Meiguan Company with a net carrying amount of RMB525,623,285.26 (31 December 2019: RMB522,176,501.47) was pledged to secure long-term bonds granted to the Group. The pledged term will end on 31 July 2022.

Note 6: At 30 June 2020, the 45% equity of JEL Company with a net carrying amount of RMB230,046,447.43 (31 December 2019: RMB242,264,078.87) was pledged to secure short-term bank loans granted to the Group. The pledged term will end on 14 June 2021. The loan balance was HKD125,000,000.00 on 30 June 2020.

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For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Assets with ownership or use right restricted (continued)

Note 7: At 31 December 2019, Baotou Nanfeng Damaoqi Wind Power's equipment with a net carrying amount of RMB1,359,289,012.09, Baotou Nanfeng Damaoqi's land-use right with a net carrying amount of RMB18,912,756.63 and 100% equity of Damaoqi Ningyuan, Damaoqi Ningxiang, Damaoqi Nanchuan and Damaoqi Ningfeng were pledged and mortgaged to sale-leaseback debt from Three Gorges Financial Leasing Co., Ltd to the Group. The pledged term will end on 23 October 2021. The sale-leaseback payment has been paid in advance and the mortgage has been discharged on 30 June 2020.

Note 8: At 30 June 2020, cash and cash equivalents with a net carrying amount of RMB2,145,982,236.20 (31 December 2019: RMB1,801,295,060.23) were restricted project funds retained for construction management. Please refer to Note V.1.

Note 9: At 30 June 2020, the land-use right of Langfang Waterland with a net carrying amount of RMB22,466,109.75 was pledged and mortgaged to sale-leaseback debt from Taizhou Guorui Financial Leasing Co., Ltd. The pledged term will end on June 2028.

Note 10: At 30 June 2020, the franchise right of Bioland Company with a net carrying amount of RMB343,871,742.67 was pledged and mortgaged to secure long-term bank loans granted to Longyou Bioland and Guiyang Bioland Company, the loan balance was RMB85,750,000.00 on 30 June 2020.

And the franchise right of Bioland Company with a net carrying amount of RMB889,598,983.97 was pledged and mortgaged to secure RMB402,615,700.00 sale-leaseback debt granted to Handan Bioland, Dezhou Bioland, Taizhou Bioland, Shangrao Bioland and Zhuji Bioland Company.

Note 11: At 30 June 2020, the 100% interests of Guangxi Bioland Company with a net carrying amount of RMB134,529,502.99, the 100% interests of Guiyang Bioland Company with a net carrying amount of RMB36,627,833.23, and the 100% interests of Huangshi Bioland Company with a net carrying amount of RMB24,273,029.45 was pledged and mortgaged to secure long-term bank loans. The loan balance was RMB185,950,000.00 on 30 June 2020. The 100% interests of Dezhou Bioland Company with a net carrying amount of RMB22,280,700.29, the 100% interests of Taizhou Bioland Company with a net carrying amount of RMB67,985,954.37, the 100% interests of Shangrao Bioland Company with a net carrying amount of RMB25,000,000.00, the 90% interests of Handan Bioland Company with a net carrying amount of RMB25,200,000.00, the 100% interests of Guilin Bioland Company with a net carrying amount of RMB54,600,000.00, the 90% interests of Zhuji Bioland Company with a net carrying amount of RMB90,000,000.00, and the 100% interests of Xinyu Bioland Company with a net carrying amount of RMB23,940,000.00 were pledged and mortgaged to sale-leaseback debt of RMB542,615,700.00.

Note 12: At 30 June 2020, the equipment of Guangxi Bioland and Guiyang Bioland Company with a net carrying amount of RMB164,207,400.00 was pledged to secure long-term bank loans, and the loan balance was RMB93,280,000.00. The equipment of Taizhou Bioland, Shangrao Bioland, Handan Bioland, Guilin Bioland and Zhuji Bioland Company with a net carrying amount of RMB230,807,196.59 was pledged and mortgaged to sale-leaseback debt of RMB464,615,700.00.

Note 13: At 30 June 2020, the new technology patent of Guangxi Bioland Company with a total appraised value of RMB6,903,400.00 was pledged to secure short-term bank loans. The pledged term will end on 24 July 2022. The loan balance was RMB5,008,639.58 on 30 June 2020.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Monetary items denominated in foreign currencies

(1) Monetary items denominated in foreign currencies

Item	30 June 2020			31 December 2019		
	Original amount	Exchange rate	Equivalent to RMB	Original amount	Exchange rate	Equivalent to RMB
Monetary capital						
HKD	15,657,243.73	0.9134	14,301,326.42	6,923,966.36	0.8958	6,202,489.07
USD	2,243.24	7.0795	15,881.02	2,242.72	6.9762	15,645.66
EUR	12.00	7.9610	95.53	12.00	7.8155	93.79
FRF	11.70	7.3957	86.53	11.70	7.2028	84.27
ESP	446.00	0.0468	20.87	445.96	0.0468	20.87
JPY	380.00	0.0658	25.00	380.00	0.0641	24.36
Other receivables						
HKD	1,330,513.80	0.9134	1,215,291.30	1,239,013.80	0.8958	1,109,908.56
Short-term borrowings						
HKD	–	0.9134	–	50,129,062.32	0.8958	44,905,614.03
Employee benefits payable						
HKD	55,730.00	0.9134	50,903.78	414,400.00	0.8958	371,219.52
Other payables						
HKD	107,435.00	0.9134	98,131.13	54,855.00	0.8958	49,139.11
Bond payable						
USD	300,000,000.00	7.0795	2,123,850,000.00	298,433,074.79	6.9762	2,081,928,816.33
Current portion of non-current liabilities						
USD	3,905,208.33	7.0795	27,646,922.37	3,905,208.33	6.9762	27,243,514.35
Lease liabilities						
HKD	4,532,486.02	0.9134	4,139,972.73	6,344,321.19	0.8958	5,683,242.92

Notes to Financial Statements

For the six months ended 30 June 2020

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Others

(1) Earnings per share

(a) Basic earnings per share

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

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Consolidated net profit attributable to ordinary shareholders of the Company	43,922,935.74	1,578,645,874.71
Weighted average number of ordinary shares outstanding	2,180,770,326.00	2,180,770,326.00
Basic earnings per share	0.020	0.724
Including: Basic earnings per share from continuing operations	0.020	0.724

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares outstanding. As there were no dilutive potential ordinary shares in 30 June 2020, diluted earnings per share was equal to basic earnings per share.

VI. CHANGE IN CONSOLIDATION

1. Business combination not under common control

Purchased company	Share acquisition date	Cost of acquisition	Shareholding percentage (%)	Acquisition method	Acquisition date	Acquisition date determination
Bioland Company and its subsidiaries	20 January 2020	790,095,218.00	66.46	(a)	20 January 2020	Equity transfer procedures completed

VI. CHANGE IN CONSOLIDATION (CONTINUED)

1. Business combination not under common control (continued)

- (a) On 8 January 2020, Environmental Company (a subsidiary of the Company), Beijing Waterland Technology Co., Ltd. (Beijing Waterland), Zhengzhou Cida Environmental Protection Technology Co., Ltd. (Zhengzhou Cida), Shi Junying, Shi Junhua and the others entered into an Acquisition Agreement, agreeing to subscribe for 85 million shares issued by Bioland Company without any rights burden at a price of RMB5.06 per share, and acquire no more than 75 million shares of Bioland Company. The total consideration for this transaction will not exceed RMB809,600,000.00. After the completion of the transaction, Environmental Company will eventually hold no more than 160 million shares of Bioland Company, and the shareholding ratio will not exceed 68.10%. The final equity interest acquired by Environmental Company is based on the completed shares as at 25 June 2020.

According to the Acquisition Agreement, the equity transaction was completed in two stages. Before 20 January 2020, Environmental Company has subscribed for 85 million shares issued by Bioland Company and acquired 40 million shares from Zhengzhou Cida to complete the first stage of transaction. The total consideration was RMB632,500,000.00, of which the acquisition consideration was RMB202,400,000.00, and the subscription consideration was RMB430,100,000.00. After the completion of the first stage of transaction, Environmental Company hold 53.21% equity interest in Bioland Company. In the second stage of transaction, Environmental Company acquired 31.15 million shares from Zhengzhou Cida at a consideration of RMB157,595,218.00. On 25 June 2020, Environmental Company eventually hold 66.46% equity interest in Bioland Company.

On 13 January 2020, Bioland Company convened a shareholders' general meeting and passed the new articles of association. Pursuant to the articles of association, the general resolutions of the board of directors must be approved by more the half of the directors under the rule of "one person one vote". The shareholders' general meeting also elected five directors and two supervisors, including three directors and one supervisor appointed by the company.

On 15 January 2020, Zhongyuan Equity Exchange Center announced the completion of the equity transaction that the company purchased 40 million shares from Zhengzhou Cida. Next day, Bioland Company completed the changes of industrial and commercial registration. On 20 January 2020, the transfer registration of 85 million shares subscribed by Bioland Company has completed. The Group has included Bioland Company in the scope of consolidation since then.



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VI. CHANGE IN CONSOLIDATION (CONTINUED)

1. Business combination not under common control (continued)

Identifiable assets and liabilities of the Bioland Company and its subsidiaries acquired on the acquisition date are listed below:

Item	20 January 2020 Fair value	20 January 2020 Book value
Assets:	2,735,116,925.34	2,251,124,608.21
Cash at banks and on hand	456,562,275.95	456,562,275.95
Accounts receivable	70,292,061.50	70,292,061.50
Advances	20,521,521.20	20,521,521.20
Other receivables	31,368,361.37	31,368,361.37
Inventories	27,697,530.92	26,219,600.70
Contract assets	147,779,631.72	147,779,631.72
Other current assets	53,584,590.96	53,584,590.96
Other non-current financial assets	2,243,730.00	2,243,730.00
Fixed assets	10,866,617.89	10,463,911.59
Construction in progress	27,592,853.76	27,592,853.76
Intangible assets	1,835,122,985.02	1,353,011,304.41
Development expenditures	319,018.12	319,018.12
Right-of-use assets	54,626.49	54,626.49
Long-term prepaid expenses	91,543.58	91,543.58
Deferred tax assets	14,471,459.80	14,471,459.80
Other non-current assets	36,548,117.06	36,548,117.06
Liabilities:	1,501,085,456.34	1,421,641,990.17
Short-term borrowings	25,000,000.00	25,000,000.00
Bills payable	20,000,000.00	20,000,000.00
Accounts payable	354,144,551.67	354,144,551.67
Contract liabilities	4,228,905.34	4,228,905.34
Employee benefits payable	4,666,975.94	4,666,975.94
Taxes payable	118,109,995.49	118,109,995.49
Other payables	64,656,267.58	64,656,267.58
Current portion of non-current liabilities	164,925,017.74	164,925,017.74
Long-term borrowings	204,730,000.00	204,730,000.00
Long-term payables	378,215,290.09	378,215,290.09
Provision	48,506,816.43	48,506,816.43
Deferred income	278,205.00	34,458,169.89
Deferred tax liabilities	113,623,431.06	-
Net assets	1,234,031,469.00	829,482,618.04
Equity attributable to owners of the parent	1,188,761,388.77	809,045,179.34
Less: Minority interests	443,936,251.00	20,437,438.70
Acquired net assets (66.46%)	790,095,218.00	/
Goodwill on acquisition	-	/
Considerations	790,095,218.00	/

VI. CHANGE IN CONSOLIDATION (CONTINUED)

1. Business combination not under common control (continued)

Operating results and cash flows of Bioland Company from the date of acquisition to the end of the period are listed below:

Item	From 20 January to 30 June 2020
Revenue	195,052,558.69
Net loss	-16,544,048.01
Net cash flows	-319,247,321.16

2. Business combination under common control

On 17 March 2020, Mei Wah Company (a wholly-owned subsidiary of the Company) and Shenzhen International Hong Kong signed the Equity Transfer Agreement to acquire a 100% equity interest of China Logistics Financial Services Co., Ltd. ("China Logistics Finance") and a 43% equity interest of Shenzhen International Financial Leasing Co., Ltd. ("Financial Leasing Company") held by China Logistics Finance at a cash consideration of RMB7.19 million and assuming China Logistics Finance's debt of RMB129 million to Shenzhen International Hong Kong. On the same day, the Company entered into an Equity Transfer Agreement with Shenzhen International Logistics Development Co., Ltd. ("Shenzhen International Logistics Company") and Shenzhen International Hong Kong to acquire a 5% equity interest of Financial Leasing Company held by Shenzhen International Logistics Company at a consideration of RMB15.50 million. After the acquisition, the Group held a 48% equity interest of Financial Leasing Company.

In April 2020, China Logistics Finance completed the changes of industrial and commercial registration. On the same day, China Logistics Finance convened a board meeting and elected five directors, with all the directors appointed by the Company. On 15 April 2020, Financial Leasing Company convened a board meeting and passed the new articles of association. Pursuant to the articles of association, the general resolutions of the board of directors must be approved by more the half of the directors under the rule of "one person one vote". The board meeting also elected five directors, including three directors appointed by the Company. The Company was obtained control of Financial Leasing Company since then, and the combination date is determined to be 15 April 2020.



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VI. CHANGE IN CONSOLIDATION (CONTINUED)

2. Business combination under common control (continued)

Item	China Logistics Finance and Financial Leasing Company (a)	
	From 1 January to 15 April 2020	From 1 January to 30 June 2019
Operating revenue	3,816,573.36	8,746,358.57
Net profit	1,384,733.13	3,976,659.47
Net cash flows	84,908,049.55	28,552,162.53

- (a) The financial data of period from 1 January to 15 April and period from 1 January to 30 June 2019 are simulated combination results of China Logistics Finance and Financial Leasing Company.

Identifiable assets and liabilities of acquirees acquired on the combination date and 31 December 2019 are listed below:

Item	China Logistics Finance and Financial Leasing Company (a)	
	15 April 2020	31 December 2019
Cash at banks and on hand	86,392,121.58	1,484,072.03
Accounts receivable	64,117,481.58	63,509,055.46
Advances	–	254,168.11
Other receivables	3,233,429.04	75,009,728.64
Other current assets	15,027,013.14	16,161,747.12
Long-term receivables	106,728,255.85	89,819,213.74
Current portion of non-current assets	50,446,183.20	85,195,597.70
Fixed assets	6,389,009.85	6,621,005.35
Deferred tax assets	2,735,330.23	2,735,330.23
Accounts payable	1,841.00	1,841.00
Other payables	153,127,160.31	159,216,197.24
Employee benefits payable	355,648.97	2,162,845.31
Taxes payable	1,278,197.05	487,790.82
Total	180,305,977.14	178,921,244.01
Minority interests	159,337,566.68	158,617,249.14
Combination difference (Included in the interest)	-1,721,589.54	/
Combination considerations	22,690,000.00	/

- (a) The financial data on 15 April 2020 and 31 December 2019 are simulated combination results of China Logistics Finance and Financial Leasing Company.

VI. CHANGE IN CONSOLIDATION (CONTINUED)

3. Newly Established Subsidiaries

Tangyuan County Ningfeng Wind Power Co., Ltd. (“Tangyuan Ningfeng”) was established on 20 March 2020 in Jiamusi, Heilongjiang Province, with registered capital of RMB10,000,000. A subsidiary of the Group, Nanjing Wind Power, holds 100% of its equity. The company’s business scope is wind power. The newly established subsidiary was included in the scope of consolidation in the current period.

Jiamusi Nanfeng Yongfa Power Co., Ltd. (“Jiamusi Nanfeng”) was established on 26 March 2020 in Jiamusi, Heilongjiang Province, with registered capital of RMB10,000,000. A subsidiary of the Group, Nanjing Wind Power, holds 100% of its equity. The company’s business scope is wind power. The newly established subsidiary was included in the scope of consolidation in the current period.

Shangzhi Nanfeng New Energy Co., Ltd. (“Shangzhi Nanfeng”) was established on 8 April 2020 in Shangzhi, Heilongjiang Province, with registered capital of RMB5,000,000. A subsidiary of the Group, Nanjing Wind Power, holds 100% of its equity. The company’s business scope includes wind power, power-related technology development and consulting. The newly established subsidiary was included in the scope of consolidation in the current period.

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Particulars of the Company’s subsidiaries are as follows:

Name of subsidiaries	Place of main business	Place of registration	Nature of business and principal activities	Share capital	Equity interest (%)		
					Direct	Indirect	Acquired through
Outer Ring Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	RMB100,000,000.00	100	-	Incorporation
Shenzhen Expressway Investment Company Limited (“Investment Company”)	Guizhou Province, PRC	Shenzhen City, Guangdong Province, PRC	Investment	RMB400,000,000.00	95	5	Incorporation
Guishen Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Infrastructure construction	RMB500,000,000.00	-	70	Incorporation
Guizhou Land Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	RMB158,000,000.00	-	70	Incorporation
Property Company	Longli County, Guizhou Province, PRC	Shenzhen City, Guangdong Province, PRC	Property management	RMB1,000,000.00	-	100	Incorporation
Environmental Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Environmental projects and advisory	RMB5,000,000,000.00	100	-	Incorporation
JEL Company	Hubei Province, PRC	Cayman Islands	Investment holding	USD30,000,000.00	-	100	Business combinations not under common control
Hubei Magerk Expressway Management Co., Ltd.	Hubei Province, PRC	Hubei Province, PRC	Toll road operation	USD28,000,000.00	-	100	Business combinations not under common control
Qinglian Company	Qingyuan City, Guangdong Province, PRC	Qingyuan City, Guangdong Province, PRC	Toll road operation	RMB3,361,000,000.00	51.37	25	Business combinations not under common control
Advertising Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Advertising agency	RMB30,000,000.00	95	5	Business combinations not under common control

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VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(1) Particulars of the Company's subsidiaries are as follows: (continued)

Name of subsidiaries	Place of main business	Place of registration	Nature of business and principal activities	Share capital	Equity interest (%)		
					Direct	Indirect	Acquired through
Meiguan Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	RMB332,400,000.00	100	-	Business combinations not under common control
Mei Wah Company	Hubei Province and Guangdong Province, PRC	Hong Kong	Investment holding	RMB823,012,897.00	100	-	Business combinations not under common control
Maxprofit Company	Guangdong Province, PRC	British Virgin Islands	Investment holding	USD85,360,000.00	-	100	Business combinations not under common control
Airport-Heao Eastern Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	RMB440,000,000.00	100	-	Business combinations not under common control
Fameluxe Company	Hong Kong	Hong Kong	Investment holding	HKD10,000.00	-	100	Business combinations not under common control
Shenzhen Expressway Operation Development Co., Ltd. ("Operation Development Company")	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	RMB30,000,000.00	95	5	Incorporation
Qinglong Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	RMB324,000,000.00	40	10	Business combinations not under common control
Shenchang Company	Changsha City, Hunan Province, PRC	Changsha City, Hunan Province, PRC	Toll road operation	RMB200,000,000.00	51	-	Business combinations not under common control
Yichang Company	Changde City, Hunan Province, PRC	Changde City, Hunan Province, PRC	Toll road operation	RMB345,000,000.00	100	-	Business combinations not under common control
Shenzhen Expressway Construction Development Company Limited ("Construction and Development Company")	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Infrastructure construction	RMB30,000,000.00	95	5	Incorporation
Shenshan Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Environment protection construction	RMB500,000,000.00	51	49	Incorporation
Shenzhen Expressway (Guangzhou) Industrial Investment Fund Management Co., Ltd. ("Fund Management Company")	Guangzhou City, Guangdong Province, PRC	Guangzhou City, Guangdong Province, PRC	Capital market services	RMB10,000,000.00	95	5	Incorporation
Coastal Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	RMB4,600,000,000.00	100	-	Business combination under the common control common control
Guizhou Shenzhen Expressway Investment Land Company ("Guishen Expressway Investment")	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	RMB1,000,000.00	-	70	Incorporation
Shenzhen Expressway Yijia Apartment Management Limited Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Apartment rental and management	RMB10,000,000.00	-	60	Incorporation

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(1) Particulars of the Company's subsidiaries are as follows: (continued)

Name of subsidiaries	Place of main business	Place of registration	Nature of business and principal activities	Share capital	Equity interest (%)		
					Direct	Indirect	Acquired through
Guizhou Yefengrui Land Limited Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	RMB1,000,000.00	-	70	Incorporation
Shenzhen Expressway SUEZ Environment Limited Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Environmental technology development consultation	RMB100,000,000.00	-	51	Incorporation
Nanjing Wind Power	Nanjing City, Jiangsu Province, PRC	Nanjing City, Jiangsu Province, PRC	Manufacturing	RMB357,142,900.00	-	51	Business combinations not under common control
Wulatehouqi Chifeng Ningfeng Wind Power Technology Co., Ltd.	Wulatehouqi City, Inner Mongolia Province, PRC	Wulatehouqi City, Inner Mongolia Province, PRC	Manufacturing	RMB1,000,000.00	-	51	Business combinations not under common control
Chifeng NanjingNingfeng Technology Co., Ltd.	Ongniud Banner, Chifeng City, Inner Mongolia Province, PRC	Ongniud Banner, Chifeng City, Inner Mongolia Province, PRC	Manufacturing	RMB2,000,000.00	-	51	Business combinations not under common control
Baotou Jinling Wind Power Technology Co., Ltd.	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Manufacturing	RMB20,000,000.00	-	51	Business combinations not under common control
Xuanwei Nanfeng New Energy Co., Ltd.	Qujing City, Yunnan Province, PRC	Qujing City, Yunnan Province, PRC	Manufacturing	RMB3,000,000.00	-	51	Incorporation
Harbin Lingfeng New Energy Co., Ltd.	Harbin City, Heilongjiang Province, PRC	Harbin City, Heilongjiang Province, PRC	Manufacturing	RMB5,000,000.00	-	51	Incorporation
Wulian County Nanfeng New Energy Co., Ltd.	Rizhao City, Shandong Province, PRC	Rizhao City, Shandong Province, PRC	Manufacturing	RMB5,000,000.00	-	51	Incorporation
Qing'an County Nanfeng New Energy Technology Co., Ltd.	Suihua City, Heilongjiang Province, PRC	Suihua City, Heilongjiang Province, PRC	Manufacturing	RMB5,000,000.00	-	51	Incorporation
Wulian County Pengguang New Energy Co., Ltd.	Rizhao City, Shandong Province, PRC	Rizhao City, Shandong Province, PRC	Manufacturing	RMB2,000,000.00	-	51	Incorporation
Wulian Ningxu New Energy Co., Ltd.	Rizhao City, Shandong Province, PRC	Rizhao City, Shandong Province, PRC	Manufacturing	RMB2,000,000.00	-	51	Incorporation
Tangyuan Ningfeng (b)	Jiamusi City, Heilongjiang Province, PRC	Jiamusi City, Heilongjiang Province, PRC	Manufacturing	RMB10,000,000.00	-	51	Incorporation
Jiamusi Nanfeng (b)	Jiamusi City, Heilongjiang Province, PRC	Jiamusi City, Heilongjiang Province, PRC	Manufacturing	RMB10,000,000.00	-	51	Incorporation
Shangzhi Nanfeng (b)	Shangzhi City, Heilongjiang Province, PRC	Shangzhi City, Heilongjiang Province, PRC	Manufacturing	RMB5,000,000.00	-	51	Incorporation
Baotou Nanfeng	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind Power	RMB6,000,000.00	67	-	Business combinations not under common control
Baotou Lingxiang New Energy Co. Ltd	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind Power	RMB80,000,000.00	-	67	Business combinations not under common control
Damaoqi Nanchuan	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind Power	RMB1,000,000.00	-	67	Business combinations not under common control
Damaoqi Ningyuan	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind Power	RMB1,000,000.00	-	67	Business combinations not under common control

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VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(1) Particulars of the Company's subsidiaries are as follows (continued)

Name of subsidiaries	Place of main business	Place of registration	Nature of business and principal activities	Share capital	Equity interest (%)		
					Direct	Indirect	Acquired through
Damaoqi Ningxiang	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind Power	RMB1,000,000.00	-	67	Business combinations not under common control
Damaoqi Ningfeng	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind Power	RMB1,000,000.00	-	67	Business combinations not under common control
Bioland Company (a)	Beijing City, PRC	Zhengzhou City, Henan Province, PRC	Environment and facility services	RMB234,933,000.00	-	66.46	Business combinations not under common control
Guangxi Bioland (a)	Nanning City, Guangxi Province, PRC	Nanning City, Guangxi Province, PRC	Environment and facility services	RMB123,000,000.00	-	66.46	Business combinations not under common control
Dezhou Bioland (a)	Dezhou City, Shandong Province, PRC	Dezhou City, Shandong Province, PRC	Environment and facility services	RMB50,000,000.00	-	66.46	Business combinations not under common control
Guiyang Bioland (a)	Guiyang City, Guizhou Province, PRC	Guiyang City, Guizhou Province, PRC	Environment and facility services	RMB43,000,000.00	-	66.46	Business combinations not under common control
Taizhou Bioland (a)	Taizhou City, Jiangsu Province, PRC	Taizhou City, Jiangsu Province, PRC	Environment and facility services	RMB68,000,000.00	-	66.46	Business combinations not under common control
Dezhou United (a)	Dezhou City, Shandong Province, PRC	Dezhou City, Shandong Province, PRC	Equipment Manufacturing	RMB30,000,000.00	-	66.46	Business combinations not under common control
Kunshan Beier Bioland Environmental Technology Co., Ltd. (a)	Kunshan City, Jiangsu Province, PRC	Kunshan City, Jiangsu Province, PRC	Environment and facility services	RMB25,000,000.00	-	63.14	Business combinations not under common control
Longyou Bioland (a)	Quzhou City, Zhejiang Province, PRC	Quzhou City, Zhejiang Province, PRC	Environment and facility services	RMB10,500,000.00	-	66.46	Business combinations not under common control
Langfang Waterland (a)	Langfang City, Hebei Province, PRC	Langfang City, Hebei Province, PRC	Equipment Manufacturing	RMB30,000,000.00	-	66.46	Business combinations not under common control
Beijing Jingshan Jiessen Environmental Energy Technology Co., Ltd. (a)	Beijing City, PRC	Beijing City, PRC	Environment and facility services	RMB5,000,000.00	-	66.46	Business combinations not under common control
Tianjin Waterland Environmental Protection Equipment Manufacturing Co., Ltd. (a)	Tianjin City, PRC	Tianjin City, PRC	Environment and facility services	RMB3,000,000.00	-	66.46	Business combinations not under common control
Beijing Xingye Bioland Environmental Technology Co., Ltd. (a)	Beijing City, PRC	Beijing City, PRC	Environment and facility services	RMB3,000,000.00	-	53.17	Business combinations not under common control
Kunshan Bioland Environmental Technology Co., Ltd. (a)	Kunshan City, Jiangsu Province, PRC	Kunshan City, Jiangsu Province, PRC	Environment and facility services	RMB500,000.00	-	53.17	Business combinations not under common control
Hangzhou Zhishou Environmental Technology Co., Ltd. (a)	Hangzhou City, Zhejiang Province, PRC	Hangzhou City, Zhejiang Province, PRC	Environment and facility services	RMB500,000.00	-	46.52	Business combinations not under common control
Shangrao Bioland (a)	Shangrao City, Jiangxi Province, PRC	Shangrao City, Jiangxi Province, PRC	Environment and facility services	RMB25,000,000.00	-	66.46	Business combinations not under common control
Huangshi Bioland (a)	Huangshi City, Hubei Province, PRC	Huangshi City, Hubei Province, PRC	Environment and facility services	RMB24,274,980.00	-	46.52	Business combinations not under common control

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(1) Particulars of the Company's subsidiaries are as follows (continued)

Name of subsidiaries	Place of main business	Place of registration	Nature of business and principal activities	Share capital	Equity interest (%)		
					Direct	Indirect	Acquired through
Pingyu Beier Environmental Technology Co., Ltd. (a)	Zhumadian City, Henan Province, PRC	Zhumadian City, Henan Province, PRC	Environment and facility services	RMB500,000.00	-	66.46	Business combinations not under common control
Handan Bioland (a)	Handan City, Hebei Province, PRC	Handan City, Hebei Province, PRC	Environment and facility services	RMB28,000,000.00	-	59.81	Business combinations not under common control
Guilin Bioland (a)	Guilin City, Guangxi Province, PRC	Guilin City, Guangxi Province, PRC	Environment and facility services	RMB54,600,000.00	-	66.46	Business combinations not under common control
Xinyu Bioland (a)	Xinyu City, Jiangxi Province, PRC	Xinyu City, Jiangxi Province, PRC	Environment and facility services	RMB23,940,000.00	-	66.46	Business combinations not under common control
Zhuji Bioland (a)	Zhuji City, Zhejiang Province, PRC	Zhuji City, Zhejiang Province, PRC	Environment and facility services	RMB100,000,000.00	-	59.81	Business combinations not under common control
Beijing Bioland Environmental Management Co., Ltd. (a)	Beijing City, PRC	Beijing City, PRC	Environment and facility services	RMB45,500,000.00	-	66.46	Business combinations not under common control
Taizhou Bioland High-tech Environmental Protection Equipment Co., Ltd. (a)	Taizhou City, Jiangsu Province, PRC	Taizhou City, Jiangsu Province, PRC	Equipment Manufacturing	RMB300,000,000.00	-	66.46	Business combinations not under common control
Hong Kong Bioland (a)	Hong Kong	Hong Kong	Investment holding	HKD5,000,000.00	-	66.46	Business combinations not under common control
Fuzhou Bioland Environmental Technology Co., Ltd. (a)	Fuzhou City, Jiangxi Province, PRC	Fuzhou City, Jiangxi Province, PRC	Environment and facility services	RMB24,000,000.00	-	66.46	Business combinations not under common control
Nanjing Shenlu Environmental Technology Co., Ltd. (a)	Nanjing City, Jiangsu Province, PRC	Nanjing City, Jiangsu Province, PRC	Environment and facility services	RMB100,000,000.00	-	66.46	Business combinations not under common control
BIOLAND ENVIRONMENTAL SOLUTIONS INC (a)	Canada	Canada	Environment and facility services	CAD100,100.00	-	66.46	Business combinations not under common control
Sichuan Lansheng Environmental Technology Co., Ltd (a)	Zigong City, Sichuan Province, PRC	Zigong City, Sichuan Province, PRC	Environment and facility services	RMB45,039,000.00	-	56.21	Business combinations not under common control
Jiangsu Bioland Construction Engineering Co., Ltd. (a)	Taizhou City, Jiangsu Province, PRC	Taizhou City, Jiangsu Province, PRC	Architecture and Engineering	RMB10,000,000.00	-	66.46	Business combinations not under common control
China Logistics Finance (a)	Hong Kong	Hong Kong	Investment holding	HKD1.00	-	100	Business combinations under common control
Financial Leasing Company (a)	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Financial leasing and commercial factoring	RMB300,000,000.00	5	43	Business combinations under common control

(a) New consolidated subsidiary in the current period, see Note VI. for details;

(b) New subsidiary, see Note VI.3 for details.

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For the six months ended 30 June 2020

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VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(2) Significant partly-owned subsidiaries

For the six months ended 30 June 2020

Name of subsidiaries	Equity interest held by minority interests	Net profit attributable to minority shareholders	Dividend declared by subsidiaries to the minority shareholders	Shareholder investment withdrawn	New business combination	Minority interests
Qinglian Company	23.63%	-16,002,449.96	-	-	-	664,393,693.03
Guishen Company	30.00%	567,427.65	-	-	-	344,596,189.73
Qinglong Company	50.00%	-31,153,909.62	-20,000,000.00	-	-	745,202,316.80
Shenchang Company	49.00%	5,286,554.69	-	-	-	163,711,137.56
Nanjing Wind Power	49.00%	-8,563,989.60	-	-	-	363,500,918.92
Bioland Company	33.54%	-6,904,880.28	-	-	443,936,251.00	437,031,370.72
Financial Leasing Company	52.00%	1,166,189.16	-	-	-	159,783,438.30
Total	/	-55,605,057.96	-20,000,000.00	-	443,936,251.00	2,878,219,065.06

2019

Name of subsidiaries	Equity interest held by minority interests	Net profit attributable to minority shareholders	Dividend declared by subsidiaries to the minority shareholders	Shareholder investment withdrawn	New business combination	Minority interests
Qinglian Company	23.63%	30,233,579.95	-	-	-	680,396,142.99
Guishen Company	30.00%	92,043,926.93	-	-	-	344,028,762.08
Qinglong Company	50.00%	-151,245,759.94	-150,000,000.00	-	-	796,356,226.42
Shenchang Company	49.00%	40,918,233.03	-	-33,214,845.87	-	158,424,582.87
Nanjing Wind Power	49.00%	31,985,476.89	-	-	340,079,431.63	372,064,908.52
Financial Leasing Company	52.00%	90,216.95	-3,885,579.25	-	-	158,617,249.14
Total	/	44,025,673.81	-153,885,579.25	-33,214,845.87	340,079,431.63	2,509,887,872.02

(3) Main financial information of significant partly-owned subsidiaries

Name of subsidiaries	30 June 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qinglian Company	153,828,885.87	6,554,926,617.86	6,708,755,503.73	159,298,125.65	3,740,864,824.87	3,900,162,950.52
Guishen Company	1,936,904,062.14	59,314,149.67	1,996,218,211.81	844,963,119.23	2,601,126.90	847,564,246.13
Qinglong Company	125,267,397.33	2,481,525,339.87	2,606,792,737.20	195,177,424.69	921,210,678.90	1,116,388,103.59
Shenchang Company	65,371,604.74	343,022,993.52	408,394,598.26	74,467,174.70	-	74,467,174.70
Nanjing Wind Power	2,698,581,299.55	99,711,401.55	2,798,292,701.10	2,030,938,496.31	25,515,594.75	2,056,454,091.06
Bioland Company	556,247,992.71	2,083,196,968.36	2,639,444,961.07	756,210,339.89	665,747,200.20	1,421,957,540.09
Financial Leasing Company	269,652,776.95	88,201,744.04	357,854,520.99	34,731,400.01	15,847,278.09	50,578,678.10

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(3) Main financial information of significant partly-owned subsidiaries (continued)

31 December 2019						
Name of subsidiaries	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qinglian Company	145,272,948.91	6,717,582,286.12	6,862,855,235.03	306,424,129.32	3,680,117,647.03	3,986,541,776.35
Guishen Company	1,959,179,316.17	52,827,347.96	2,012,006,664.13	865,244,123.96	-	865,244,123.96
Qinglong Company	85,063,882.24	2,649,734,125.26	2,734,798,007.50	160,557,827.55	981,527,727.10	1,142,085,554.65
Shenchang Company	71,149,442.64	356,756,480.26	427,905,922.90	104,640,225.29	127,161.18	104,767,386.47
Nanjing Wind Power	2,061,637,929.15	93,961,656.09	2,155,599,585.24	1,372,128,875.12	24,154,570.28	1,396,283,445.40
Financial Leasing Company	153,257,807.79	201,750,690.00	355,008,497.79	49,975,326.36	-	49,975,326.36

Name of subsidiaries	For the six months ended 30 June 2020			
	Revenue	Net (loss)/profit	Total comprehensive income	Net cash flows from operating activities
Qinglian Company	212,684,336.31	-67,720,905.47	-67,720,905.47	129,948,097.18
Guishen Company	73,164,973.80	1,891,425.51	1,891,425.51	-183,947,595.73
Qinglong Company	131,892,881.17	-62,307,819.24	-62,307,819.24	72,571,596.37
Shenchang Company	40,612,458.35	10,788,887.13	10,788,887.13	13,033,036.09
Nanjing Wind Power	121,082,527.54	-17,477,529.80	-17,477,529.80	-135,155,600.08
Bioland Company (a)	195,052,558.69	-16,544,048.01	-16,544,048.01	-286,972,127.72
Financial Leasing Company	7,343,915.94	2,242,671.46	2,242,671.46	88,260,727.00

Name of subsidiaries	For the six months ended 30 June 2019			
	Revenue	Net (loss)/profit	Total comprehensive income	Net cash flows from operating activities
Qinglian Company	424,885,738.80	82,703,978.31	82,703,978.31	320,964,288.17
Guishen Company	338,958,421.19	256,464,071.81	256,464,071.81	-138,347,077.29
Qinglong Company	310,393,649.27	48,154,985.96	48,154,985.96	144,880,584.61
Shenchang Company	77,435,724.86	39,036,690.69	39,036,690.69	45,145,624.56
Nanjing Wind Power	-	-11,806,666.48	-11,806,666.48	-56,649,257.11
Financial Leasing Company	8,746,358.57	4,144,501.71	4,144,501.71	32,608,892.58

(a) As Bioland Company became the Company's subsidiary on 20 January 2020, the financial information only includes the data from 20 January 2020 to 30 June 2020.

(4) Substantial restriction to the usage of assets or the settlement of liabilities of the Group

As at 30 June 2020, there was no substantial restriction which prohibited the usage of assets or the settlement of liabilities of the Group (31 December 2019: Nil).

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For the six months ended 30 June 2020

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VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in associates

Particulars of the Company's associates are as follows:

Name of associates	Place of incorporation	Place of registration	Principal activities	Issued capital (RMB)	Percentage of shares held by the Company (%)		Accounting method
					Direct	Indirect	
Consulting Company	Shenzhen City, Guangdong Province, China	Shenzhen City, Guangdong Province, China	Engineering consulting service	18,750,000.00	24	-	Equity method
Huayu Company	Shenzhen City, Guangdong Province, China	Shenzhen City, Guangdong Province, China	Toll road operation	150,000,000.00	40	-	Equity method
Jiangzhong Company	Guangzhou City, Guangdong Province, China	Guangzhou City, Guangdong Province, China	Toll road operation	1,110,000,000.00	25	-	Equity method
Nanjing Third Bridge Company	Nanjing City, Jiangsu Province, China	Nanjing City, Jiangsu Province, China	Toll road operation	1,080,000,000.00	25	-	Equity method
Yangmao Company	Guangzhou City, Guangdong Province, China	Guangzhou City, Guangdong Province, China	Toll road operation	200,000,000.00	25	-	Equity method
GZ W2 Company	Guangzhou City, Guangdong Province, China	Guangzhou City, Guangdong Province, China	Toll road operation	1,000,000,000.00	25	-	Equity method
Guangyun Company	Yunfu City, Guangdong Province, China	Yunfu City, Guangdong Province, China	Toll road operation	10,000,000.00	30	-	Equity method
Guizhou Hengtongli	Longli County, Guizhou Province, China	Longli County, Guizhou Province, China	Real estate development	52,229,945.55	-	49	Equity method
United Land	Shenzhen City, Guangdong Province, China	Shenzhen City, Guangdong Province, China	Real estate development	714,285,714.29	34.30	-	Equity method
Bank of Guizhou	Guiyang City, Guizhou Province, China	Guiyang City, Guizhou Province, China	Financial service	14,588,046,744.00	2.92	0.52	Equity method
Derun Environment	Chongqing City, China	Chongqing City, China	Environment improvement and resources recovery	1,000,000,000.00	-	20	Equity method
Environmental Technology Industry M&A Fund	Shenzhen City, Guangdong Province, China	Foshan City, Guangdong Province, China	commercial service	1,000,000,000.00	45	-	Equity method

As at 30 June 2020, there was no substantial restriction on transferring funds between the Group and associates (31 December 2019: Nil).

VIII. FINANCIAL INSTRUMENTS AND RISKS

1. Financial instruments by category

The carrying values of various financial instruments on the end of reporting period are as follows:

30 June 2020

Financial assets

Item	Financial assets at fair value through profit or loss			Total
	Required by standard	Appointed	Measured at amortized cost	
Cash	–	–	5,745,682,960.52	5,745,682,960.52
Transactional financial liabilities	93,497,500.00	–	–	93,497,500.00
Notes receivable	–	–	114,989,623.10	114,989,623.10
Accounts receivable	–	–	650,430,896.04	650,430,896.04
Contract assets	–	–	539,350,789.67	539,350,789.67
Other receivables	–	–	688,671,714.87	688,671,714.87
Current portion of non-current assets	–	–	102,663,205.08	102,663,205.08
Long-term receivables	–	–	485,023,991.70	485,023,991.70
Other non-current financial assets	–	–	230,705,950.00	230,705,950.00

Financial liabilities

Item	Measured at amortized cost	Total
Short-term borrowings	731,139,420.41	731,139,420.41
Notes payable	265,866,667.26	265,866,667.26
Accounts payable	1,103,421,905.07	1,103,421,905.07
Other payables	4,153,390,318.19	4,153,390,318.19
Current portion of non-current liabilities	531,539,251.54	531,539,251.54
Long-term borrowings	9,414,226,227.42	9,414,226,227.42
Bonds payable	6,109,424,074.54	6,109,424,074.54
Lease liabilities	118,700,115.13	118,700,115.13

Notes to Financial Statements

For the six months ended 30 June 2020

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VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Financial Instruments by category (continued)

The carrying values of various financial instruments on the end of reporting period are as follows: (continued)

31 December 2019

Financial assets

Item	Financial assets at fair value through profit or loss		Measured at amortized cost	Total
	Required by standard	Appointed		
Cash	–	–	4,734,602,473.83	4,734,602,473.83
Transactional financial liabilities	62,689,444.00	–	–	62,689,444.00
Accounts receivable	–	–	785,775,976.28	785,775,976.28
Other receivables	–	–	449,196,180.26	449,196,180.26
Contract assets	–	–	450,892,553.87	450,892,553.87
Current portion of non- current assets	–	–	104,121,478.11	104,121,478.11
Long-term receivables	–	–	432,552,202.51	432,552,202.51
Other non-current financial assets	–	–	217,939,080.00	217,939,080.00

Financial liabilities

Item	Measured at amortized cost	Total
Short-term borrowings	363,877,741.65	363,877,741.65
Notes payable	131,749,731.69	131,749,731.69
Accounts payable	970,760,866.09	970,760,866.09
Other payables	3,175,091,880.03	3,175,091,880.03
Long-term payable	2,217,015,191.85	2,217,015,191.85
Current portion of non-current liabilities	505,101,989.80	505,101,989.80
Long-term borrowings	9,031,815,479.53	9,031,815,479.53
Bonds payable	4,676,256,207.56	4,676,256,207.56
Lease liabilities	118,269,744.66	118,269,744.66

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

2. Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

As part of its normal business, the Group entered into an bills receivable factoring arrangement (the "Arrangement") and transferred certain bills receivable to a bank. Under the Arrangement, the Group may be required to reimburse the bank for loss of interest if any trade debtors have late payment up to 180 days. The Group is not exposed to default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the accounts receivable, including the sale, transfer or pledge of the accounts receivable to any other third parties. The original carrying value of the bills receivable transferred under the Arrangement that have not been settled as at 30 June 2020 was RMB29,221,500.00 (31 December 2019: Nil). The carrying amount of the assets that the Group continued to recognise as at 30 June 2020 was RMB29,221,500.00 (31 December 2019: Nil) and that of the associated liabilities as at 30 June 2020 was RMB29,221,500.00 (31 December 2019: Nil), which were charged to short-term borrowings, respectively.

Transferred financial assets that have been derecognised as a whole but continue to be involved

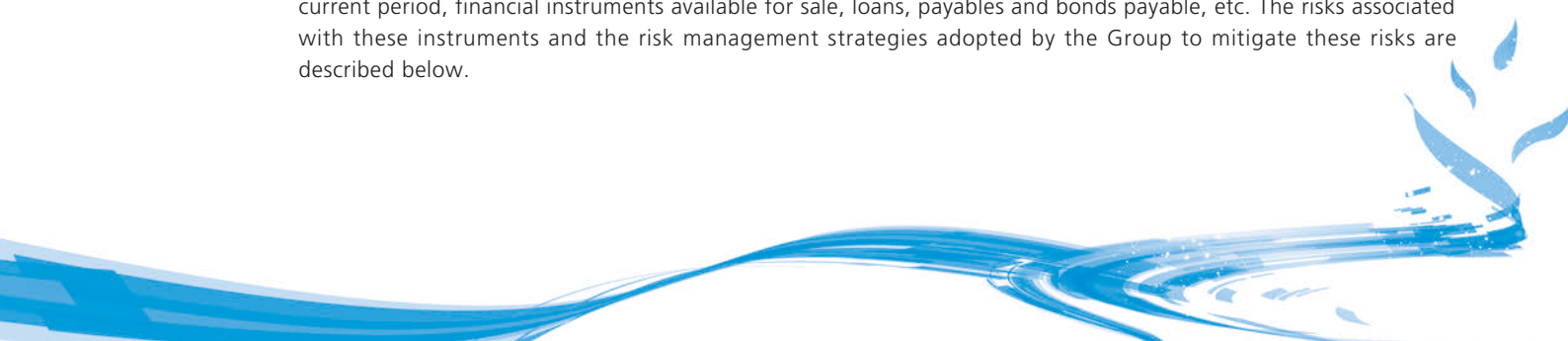
At 30 June 2020, the book value of bank acceptance bills discounted by the Group was RMB11,910,185.83. The Group believes that almost all the risks and rewards related to bills receivable have been transferred at the time of discounting, which meets the conditions for derecognition of financial assets. Therefore, the relevant bills receivable are derecognized at the discount date based on their book values. If the bill of exchange is due to be rejected by the acceptor, the discounter has the right to recourse from the Group ("continue to participate"). The maximum losses and undiscounted cash flows that continue to be involved in and repurchase are equal to their book values. The Group believes that continuing involvement in fair value is not significant.

At 30 June 2020, the Group endorsed the supplier's bank acceptance bills for settlement of accounts payable with a carrying value of RMB47,921,500.00, and the Group endorsed the supplier's bank acceptance bill for settlement of accounts payable. As at 30 June 2020, its maturity date is 1 to 12 months. According to the relevant provisions of the Bills Act, if the accepting bank refuses to pay, its holders have the right to recourse from the Group (the "Continuing Involvement"). The Group believes that the Group has transferred almost all of its risks and rewards, and therefore derecognised the book value of it and the related payable accounts. The maximum losses and undiscounted cash flows that continue to be involved in and repurchase are equal to their book values. The Group believes that continuing involvement in fair value is not significant.

In 2020, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

3. Risks of financial instruments

The Group is faced with risks of various financial instruments in daily activities, which mainly include credit risk, liquidity risk and market risk (including exchange rate risk and interest rate risk). The Group's risk management policy is outlined below. The main financial instruments of the Group include monetary funds, loans and receivables, financial assets/liabilities measured at fair value and their changes recorded in profit or loss for the current period, financial instruments available for sale, loans, payables and bonds payable, etc. The risks associated with these instruments and the risk management strategies adopted by the Group to mitigate these risks are described below.



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VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

3. Risks of financial instruments (continued)

The board of directors shall be responsible for planning and establishing the risk management framework of the Group, formulating the Group's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Group has developed risk management policies to identify and analyze risks faced by the Group. These risk management policies specify specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Group periodically evaluates changes in the market environment and the Group's business activities to determine whether to update risk management policies and systems. The risk management of the Group shall be carried out by the risk management committee in accordance with the policies approved by the board of directors. The risk management committee works closely with other business units of the Group to identify, assess and mitigate risks. The internal audit department of the Group conducts regular audits on risk management control and procedures and reports the audit results to the Group's audit committee.

The Group diversifies the risks of financial instruments through appropriate diversification of investments and business portfolios, and reduces the risk of concentration in any single industry, specific region or specific counterparty by formulating appropriate risk management policies.

Credit risk

The Group deals only with recognized and reputable third parties. In accordance with the Group's policy, all customers requiring credit transactions are subject to credit audits. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group does not face significant risk of bad debts. For transactions that are not settled in the accounting base currency of the relevant business units, the Group will not provide conditions for credit transactions unless the Group's credit control department specifically approves them.

For financing sales, the Group' terminal customers which sale wind turbines and supporting equipments sign equipment financing lease agreements with financial institutions to obtain financing paying for wind turbines and supporting equipments, which using revenue of wind farm project and the income right as collateral. As a seller, the Group usually signs the agreement with financial institutions individually. If the terminal customers fail to repay the loan, the Group is responsible for repaying the outstanding loan to financial institutions, and in this case, the Group can assist financial institutions in the disposal of mortgage equipments. Therefore, the management of the Group believes that it is very likely to recover the losses caused by the guarantees provided by the Group, and the risk of the mortgage and financial lease guarantees provided to financial institutions is low. The Group continues to conduct credit assessments of customers' financial conditions, and the impairment losses on bad debts are maintained within the management's expectations.

Because the counterparty of currency funds and bills receivable is a bank with good reputation and a high credit rating, the credit risk of these financial instruments is low.

Other financial assets of the Group include monetary funds, creditor's rights investments and other receivables. The credit risk of these financial assets originates from the default of the counterparty. The maximum risk exposure is equal to the book value of these instruments.

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

3. Risks of financial instruments (continued)

Credit risk (continued)

The judgment criteria of credit risk increase significantly


The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial confirmation at each date of the statement of financial position. In determining whether credit risk has increased significantly since the initial recognition, the Group considers that reasonable and valid information, including qualitative and quantitative analysis based on the Group's historical data, external credit risk rating and forward-looking information, can be obtained without undue cost or effort. Based on a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics, the Group compares the risk of default of financial instruments on the date of statement of financial position with the risk of default on the initial recognition date to determine the change of default risks of financial instruments during the expected lifetime.

When triggering one or more of the following quantitative and qualitative criteria, the Group believes that the credit risk of financial instruments has increased significantly,

- Quantitative criteria are that the probability of default of the remaining duration of the reporting day rises by more than a certain proportion compared with the initial recognition.
- Qualitative criteria include major adverse changes in the debtor's business or financial situation, early warning list of customers, etc.
- The upper limit is that the debtor's contract payments (including principal and interest) are more than 30 days overdue.

Definition of assets with impaired credit

In order to determine whether credit impairment occurs, the defining criteria adopted by the Group are consistent with the internal objectives of credit risk management for the relevant financial instruments, taking into account quantitative and qualitative indicators. In assessing whether the debtor has suffered credit impairment, the Group mainly considers the following factors:

- Major financial difficulties faced by the issuer or debtor;
 - The debtor breaches the contract, such as paying interest on defaulting or overdue principal, etc;
 - The creditor gives the debtor concessions in no other case for economic or contractual considerations related to the debtor's financial difficulties;
 - The debtor is likely to go bankrupt or undergo other financial restructuring;
 - The financial difficulties of the issuer or debtor lead to the disappearance of the active market of the financial assets;
 - To purchase and derive a financial asset at a substantial discount, which reflects the fact that credit losses occur.
- 

Notes to Financial Statements

For the six months ended 30 June 2020

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VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

3. Risks of financial instruments (continued)

Credit risk (continued)

Definition of assets with impaired credit (continued)

The occurrence of credit impairment in financial assets may be the result of a combination of multiple events, not necessarily those that can be identified separately.

Parameters for measuring expected credit losses

Depending on whether credit risk has increased significantly and whether credit impairment has occurred, the Group measures impairment provision for different assets with the expected credit loss for 12 months or the whole life period, respectively. The key parameters for anticipated credit loss measurement include default probability, default loss rate and default risk exposure. Considering the quantitative analysis and forward-looking information of historical statistical data (such as counterparty ratings, guarantees and collateral types, repayment methods, etc.), the Group establishes a default probability, default loss rate and default risk exposure model.

The relevant definitions are as follows:

- The probability of default refers to the possibility that the debtor will not be able to fulfil its obligation to pay in the next 12 months or throughout the remaining period. The default probability of the Group is adjusted on the basis of the expected credit loss model, and forward-looking information is added to reflect the default probability of the debtor under the current macroeconomic environment.
- The default loss rate refers to the Group's expectation of the extent of loss from exposure to default risk. According to the type of counterparty, the way and priority of recourse, and the different collateral, the loss rate of breach of contract is also different. The default loss rate is the percentage of risk exposure loss at the time of default, which is calculated on the basis of the next 12 months or the whole duration.
- The default risk exposure is the amount that the Group should be repaid in the event of default in the next 12 months or throughout the remaining period.

The assessment of significant increases in credit risk and the calculation of expected credit losses involve forward-looking information. Through historical data analysis, the Group identifies key economic indicators that affect the credit risk and expected credit loss of various business types.

The impact of these economic indicators on default probability and default loss rate varies with different business types. In this process, the Group applies expert judgment to forecast these economic indicators quarterly based on the results of expert judgment, and through regression analysis to determine the impact of these economic indicators on default probability and default loss rate.

Liquidity risk

The Group adopts a revolving liquidity plan tool to manage the risk of capital shortage. The tool takes into account both the maturity date of its financial instruments and the expected cash flow generated by the operation of the Group.

The Group's goal is to maintain a balance between the sustainability and flexibility of financing by using various means of financing, such as bank loans and other interest-bearing loans.

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

3. Risks of financial instruments (continued)

Liquidity risk (continued)

Subsidiaries within the Group are responsible for their own cash flow forecasts. On the basis of summarizing the cash flow forecasts of subsidiaries, the Headquarters Finance Department continuously monitors the short-term and long-term capital needs at the group level to ensure the maintenance of adequate cash reserves and marketable securities that can be realized at any time; at the same time, it continuously monitors whether it meets the requirements of loan agreements and obtains credit lines from major financial institutions to meet the short-term and long-term capital needs. On the date of the balance sheet, the uncounted contract cash flows of the Group's financial liabilities are shown as follows:

The following table summarizes the maturity analysis of financial liabilities based on contractual undiscounted cash flows:

30 June 2020

Item	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Financial liabilities					
Short-term loans	744,298,190.38	–	–	–	744,298,190.38
Bills payable	265,866,667.26	–	–	–	265,866,667.26
Accounts payable	1,103,421,905.07	–	–	–	1,103,421,905.07
Other accounts payable	4,153,390,318.31	–	–	–	4,153,390,318.31
Long-term payables	113,939,904.47	208,124,871.09	2,381,323,896.30	81,954,245.08	2,785,342,916.94
Non-current liabilities due within one year (Note 1)	504,477,788.60	–	–	–	504,477,788.60
Long-term loans	422,407,576.78	637,622,658.07	2,621,911,861.42	10,231,761,212.53	13,913,703,308.80
Bonds payable	225,082,887.50	3,318,402,543.75	3,286,642,200.00	–	6,830,127,631.25
Lease liabilities	–	36,006,599.24	61,110,935.15	34,942,244.40	132,059,778.79
Other current liabilities	1,011,198,877.16	–	–	–	1,011,198,877.16
Disposal obligations	849,000,000.00	–	–	–	849,000,000.00
Total	9,393,084,115.53	4,200,156,672.15	8,350,988,892.87	10,348,657,702.01	32,292,887,382.56



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VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

3. Risks of financial instruments (continued)

Liquidity risk (continued)

2019

Item	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Financial liabilities					
Short-term loans	370,162,473.64	-	-	-	370,162,473.64
Bills payable	131,749,731.69	-	-	-	131,749,731.69
Accounts payable	970,760,866.09	-	-	-	970,760,866.09
Other accounts payable	3,178,231,359.22	-	-	-	3,178,231,359.22
Long-term payables	98,290,940.00	684,593,228.22	1,652,148,680.00	-	2,435,032,848.22
Non-current liabilities due within one year (Note 1)	391,275,533.44	-	-	-	391,275,533.44
Long-term loans	403,848,321.25	1,050,893,600.40	2,489,738,078.98	9,269,556,793.17	13,214,036,793.80
Bonds payable	181,491,925.00	3,274,351,925.00	1,715,842,200.00	-	5,171,686,050.00
Lease liabilities	-	30,136,992.71	63,717,425.33	40,050,537.77	133,904,955.81
Total	5,725,811,150.33	5,039,975,746.33	5,921,446,384.31	9,309,607,330.94	25,996,840,611.91

Note 1: Including long-term loans maturing within one year, long-term payables maturing within one year, lease liabilities maturing within one year, and bonds payable maturing within one year.

In view of the stable and abundant operating cash flows, sufficient credit lines and appropriate financing arrangements to meet debt repayment and capital expenditure, the management of the Group believes that there is no significant liquidity risk in the Group.

Market risk

Interest rate risk

The Group's exposure to the risk of changes in market interest rates primarily relates to the Group's long-term borrowing with floating interest rates.

The table below demonstrates the sensitivity analysis of the impact (of floating rate borrowings) on the net profit when reasonable and possible fluctuations of interest rate occurred, under the assumption that other variables were held constant.

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)**3. Risks of financial instruments (continued)****Market risk (continued)***Interest rate risk (continued)***30 June 2020**

Item	in basis points Increase/(decrease is shown with "-")	in net profit Increase/(decrease is shown with "-")	in equity Total increase/(decrease is shown with "-")
RMB	100/-100	-71,387,529.27/71,387,529.27	-71,387,529.27/71,387,529.27

31 December 2019

Item	in basis points Increase/(decrease is shown with "-")	in net profit Increase/(decrease is shown with "-")	in equity Total increase/(decrease is shown with "-")
RMB	100/-100	-67,073,117.61/67,073,117.61	-67,073,117.61/67,073,117.61

Foreign exchange risk

The following table provides a sensitivity analysis of exchange rate risk, reflecting the impact on net gains and losses (due to changes in the fair value of monetary and monetary liabilities) in the event of a reasonable and possible change in the exchange rates of the United States dollar and HKD under the assumption that all other variables on the date of statement of financial position remain constant.

30 June 2020

Item	Exchange rate Increase/(Decrease is shown with "-")	Net profit or loss Increase/(Decrease is shown with "-")	Total shareholders' equity Increase/(Decrease is shown with "-")
Depreciation of RMB against USD	10%	-5,707,561.59	-5,707,561.59
Appreciation of RMB against USD	-10%	5,707,561.59	5,707,561.59
Depreciation of RMB against HKD	10%	-793,558.29	-793,558.29
Appreciation of RMB against HKD	-10%	793,558.29	793,558.29



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VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

3. Risks of financial instruments (continued)

Market risk (continued)

Foreign exchange risk (continued)

31 December 2019

Item	Exchange rate Increase/(Decrease is shown with "-")	Net profit or loss Increase/(Decrease is shown with "-")	Total shareholders' equity Increase/(Decrease is shown with "-")
Depreciation of RMB against USD	10%	-3,350,265.13	-3,350,265.13
Appreciation of RMB against USD	-10%	3,350,265.13	3,350,265.13
Depreciation of RMB against HKD	10%	-3,277,600.19	-3,277,600.19
Appreciation of RMB against HKD	-10%	3,277,600.19	3,277,600.19

The Group pays attention to research on exchange rate risk management policies and strategies. To avoid the exchange rate risk of repayment of the principal and interest of bonds payable in USD, the Group has entered into a Forex swap contract with a bank. For details, please refer to Note V.2.

4. Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, repurchase shares or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital in the six months ended 30 June 2020 and the year ended 31 December 2019.

The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The Group's debt-to-asset ratio as at the end of the reporting period was as follows:

Item	30 June 2020	31 December 2019
Total assets	49,424,994,544.39	45,264,524,190.36
Total liabilities	29,175,039,655.61	24,362,330,686.51
Debt-to-asset ratio	59.03%	53.82%

IX. FAIR VALUE DISCLOSURE

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: In addition to the input value of the first level, the input value of the relevant asset or liability is directly or indirectly observable.

Level 3: Unobservable inputs for the underlying asset or liability.

1. Financial assets and liabilities measured at fair value

30 June 2020

Item	Fair value measurement using			Total
	Quoted price in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Consecutive fair value measurement				
Transactional financial assets	93,497,500.00	–	–	93,497,500.00
Other non-current financial assets	–	–	230,705,950.00	230,705,950.00
Total	93,497,500.00	–	230,705,950.00	324,203,450.00

31 December 2019

Item	Fair value measurement using			Total
	Quoted price in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Consecutive fair value measurement				
Transactional financial assets	62,689,444.00	–	–	62,689,444.00
Other non-current financial assets	–	–	217,939,080.00	217,939,080.00
Total	62,689,444.00	–	217,939,080.00	280,628,524.00

The fair value of the Group's non-listed equity instrument investment is estimated using the market method. The Group believes that the fair value and its changes based on valuation techniques are reasonable and are the most appropriate value on 30 June 2020.

Notes to Financial Statements

For the six months ended 30 June 2020

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IX. FAIR VALUE DISCLOSURE (CONTINUED)

1. Financial assets and liabilities measured at fair value (continued)

The Group has entered into derivative financial instrument contracts with multiple counterparties (mainly with high credit rating financial institutions). The Group's derivative financial instruments are forward foreign exchange contracts. The fair value of the transactional financial assets held by the Group is determined based on the forward interest rate in the active markets as at 30 June 2020.

In the current period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

1. General information of the parent company

Name	Place of registration	Nature of business	Registered capital	Interest held	Voting rights
Shenzhen International	Bermuda	Investment holding	HKD2,000,000,000.00	51.561%	51.561%

The parent company of the Company is Shenzhen Investment Holding Company, which is the controlling shareholder of Shenzhen International. The Company's ultimate controlling party is Shenzhen SASAC.

2. Information about subsidiaries

The information about the subsidiaries is set out in Note VII.1.

3. Information about associates

The information about associates is set out in Note VII.2.

The situation of the associated enterprises that have related party transactions with the Company in the current period or have related party transactions with the Company in the previous period is as follows:

Item	Relationship with the Group
Consulting Company	Associate
Huayu Company	Associate
GZ W2 Company	Associate
Jiangzhong Company	Associate
Yangmao Company	Associate
United Land Company	Associate
Bank Of Guizhou Co.,Ltd.	Associate
Environmental Technology Industry M&A Fund	Associate

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Information about other related parties

Item	Relationship with the Group
Shenzhen Baotong Highway Construction and Development Limited ("Baotong Company")	Parent company's wholly-owned subsidiary
Shenzhen International Logistics Development Co., Ltd. ("Shenzhen International Logistics Company")	Parent company's wholly-owned subsidiary
Shenzhen International South-China Logistics Co., Ltd. ("SC Logistics Company")	Parent company's wholly-owned subsidiary
Guizhou Pengbo Investment Co., Ltd. (Guizhou Pengbo)	Parent company's wholly-owned subsidiary
Shenzhen Shen International Modern City Logistics Port Co., Ltd.	Parent company's wholly-owned subsidiary
Shenzhen International Limited	Parent company's wholly-owned subsidiary
Shen International Holdings(Shenzhen) Co., Ltd. ("Shen International Holdings")	Parent company's wholly-owned subsidiary
Citic Logistics Fritz Co.,Ltd. ("Citic Logistics")	Fellow subsidiary
Shenzhen Shen International Modern Logistics petty loan Co. Ltd ("Shen International Modern Logistics petty loan")	Fellow subsidiary
Shenzhen Longda Expressway Company Limited ("Longda Company")	Fellow subsidiary
Xin Tong Chan Company	Shareholder of the Company
Shenguang Hui Company	Shareholder of the Company
Advance Great Limited	Shareholder of the Company
Shenzhen International Whole-process Logistics (Shenzhen) Co. Ltd ("Whole-process Logistics Company")	Others
United Electronic Company	Others
Huayu Investment Group	Others
Changsha Ring Road Construction and Development Co., Ltd. ("Changsha Ring Road Company")	Others

5. Related party transactions

(1) Rendering of or receiving services

Procurement of goods/receipt of labor

Name of related party	Nature of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
United Electronic Company (a)	Receiving integrated toll system settlement services	4,910,605.20	10,133,884.85
Consulting Company (b)	Accepted project management services	19,085,453.54	7,708,752.21
Others (c)	Receiving power supply services and others	108,977.57	172,848.09

- (a) The Guangdong Provincial People's Government has designated United Electronics to take charge of the sub-account management of highway tolls across the province and unified management of non-cash settlement systems. The Company and its subsidiaries have signed a series of agreements with United Electronic Company and entrusted it to provide toll settlement services for Meiguan Expressway, Jihe Expressway, Qinglian Expressway, Yanjiang Expressway and Shuiguan Expressway operated by the Group. The service periods end on the expiry dates of operating periods of the individual toll roads. The related service charges are determined by the commodity price bureau of the Guangdong Province.
- (b) The Group has entered into management service contracts with Consulting Company to provide for construction consulting and testing services for the Outer Ring project and other roads of the Group.
- (c) Advertising Company, a subsidiary of the Company, received the supply of water and electricity and power supply services for its advertising boards from SC Logistics Company, Xin Tong Chan Company, Huayu Company, Longda Company. The respective transaction amounts were not disclosed as they were not material.

Notes to Financial Statements

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X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(1) Rendering of or receiving services (continued)

Procurement of goods/receipt of labor

Name of related party	Nature of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Others (a)	Supply water and electricity for office and others	641,177.81	902,527.94

- (a) The Group provides hydropower resource services and other services to Xintongchan Company, Huayu Investment Group, Huayu Company, United Electronics, Consulting Company, Longda Company, Citic Logistics and Whole-process Logistics Company. The hydropower resource service is calculated based on the price paid to the water supply and power supply agency. Because the amount is small, it is not listed separately.

(2) Related party trusteeship/contractual operation/situation of outsourcing

The Company's entrusted management/contracting situation table:

Entrusting party	Entrusted party	Type of entrustment	Date of the commencement of the trusteeship	Date of the termination of the trusteeship	The basis of pricing for the trusteeship	Custody income/contracting income recognized during the period
Baotong Company	The Company	Equity trusteeship	1 January 2020	31 December 2020	Negotiated price	4,136,792.45

The Company was entrusted by Baotong Company to operate and manage Longda Expressway based on an agreement of equity trusteeship. Renewed the entrusted management contract on 28 December 2019, the contract stipulates that the entrustment period is from 1 January 2020 to 31 December 2020. Pursuant to the agreement, the management service fee is RMB8,770,000.00 including tax. In the current period, the Company recognized revenue related to the transaction amounting to RMB4,136,792.45 (2019: RMB4,136,792.45).

(3) Related leases

(a) *As a lessor:*

Item	Assets leased	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Consulting	Office building	303,843.83	5,782.86

(b) *As a lessee:*

Item	Assets leased	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Longda, Xintongchan, SC Logistics and Huayu	Billboard land use rights	505,892.11	493,243.88

The individual transaction amounts were not disclosed as they were not material.

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(4) Remuneration of key management personnel

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Remuneration of key management personnel	3,756,534.00	5,145,323.16

Key management personnel include directors, supervisors and senior management personnel. The Company had a total of 20 members of key management personnel (2019: 21) during the period.

(5) Borrowings from/to related parties

Borrowings from related parties:

Related party		Amount of borrowings	Ending balance	Annual interest rate	Inception date	Due date
GZ W2 Company (a)	Note V.33(b) (iv)	67,500,000.00	67,500,000.00	4.275%	2018/9/30	2021/9/20
GZ W2 Company (b)	Note V.33(b) (iv)	37,500,000.00	37,500,000.00	4.275%	2019/12/26	2022/11/28
Jiangzhong Company (c)	Note V.33(b) (iv)	60,000,000.00	60,000,000.00	3.915%	2018/11/27	2023/11/27
United Land Company (d)	Note V.30(1)	277,830,000.00	–	3.650%	2019/4/23	2020/4/22
United Land Company (e)	Note V.35(1)(b)	514,500,000.00	501,490,517.48	3.650%	2019/8/1	2022/7/24
United Land Company (e)	Note V.35(1)(b)	328,800,000.00	328,800,000.00	3.650%	2019/10/29	2022/7/24
United Land Company (e)	Note V.35(1)(b)	220,000,000.00	220,000,000.00	3.650%	2019/11/27	2022/7/24
United Land Company (e)	Note V.35(1)(b)	555,660,000.00	555,660,000.00	3.650%	2019/12/24	2022/7/24
United Land Company (e)	Note V.35(1)(b)	445,900,000.00	445,900,000.00	3.650%	2020/05/06	2022/7/24

(a) In September 2018, the Company signed an entrusted loan contract with Guangzhou West Second Ring Company and Industrial and Commercial Bank of China Co., Ltd. Guangzhou West Second Ring Company entrusted the Industrial and Commercial Bank of China Co., Ltd to issue entrusted loans of RMB67,500,000.00 to the Company. The loan will be used for the daily business activities of the Company. The loan term is 3 years and the annual interest rate of the loans is 4.275%. During the period, the Company confirmed the relevant interest expense of RMB1,476,656.25.

(b) In December 2019, the Company signed an entrusted loan contract with Guangzhou West Second Ring Company and Industrial and Commercial Bank of China Co., Ltd. The Guangzhou West Second Ring Company entrusted the Industrial and Commercial Bank of China Co., Ltd to issue an entrusted loan of RMB37,500,000.00 to the Company. This will be used for the Company's daily business activities. The loan is 3 years, and the annual interest rate of the loan is 4.275%. During the period, the Company confirmed interest expenses of RMB792,656.25 for this loan.

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X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(5) Borrowings from/to related parties (continued)

- (c) In November 2018, the Company signed an entrusted loan contract with Jiangzhong Company and Industrial and Commercial Bank of China Co., Ltd. Jiangzhong Company entrusted the Industrial and Commercial Bank of China Co., Ltd to issue an entrusted loan of RMB60,000,000.00 to the Company. The loan will be used for the daily procurement of materials for the maintenance and repair of road pavements and facilities. The term of the loan is 5 years, and the annual interest rate of the loan is 3.915%. During the year, the Company confirmed interest expense of RMB1,187,550.00 for this loan.
- (d) In April 2019, the Company and United Land Company signed a loan agreement, which stipulated that United Land company provided borrowings of RMB277,830,000.00 to the Company. The loan period is one year and the annual interest rate of the loan is 3.65%. In April 2020, the Company has set off the loan and all the interest of RMB10,132,293.10 as dividends.
- (e) In July 2019, the Company and United Land Company signed a loan agreement, which stipulated that United Land Company provided borrowings of not exceeding RMB2,058 million to the Company. The loan period is three years and the annual interest rate of the loan is 3.65%. In April 2020, the Company has set off the loan of RMB13,009,482.52 and the interest of RMB11,148,698.00 as dividends. In the current period, the Company acknowledged the relevant interest expense of RMB31,783,966.25.

(6) Other related party transactions

Name of related party	Nature of transaction	For the six months ended 30 June 2020	For the six Months ended 30 June 2019
Shenzhen International United Land Company	Interest on reduced capital	-	595,434.57

- * The related transactions mentioned above in items (2), (3(b)) and (6) also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Receivables due from and payables due to related parties

(1) Receivable items

Item	Related parties	30 June 2020		31 December 2019	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Accounts receivable	Baotong Company	2,295,854.23	-	2,295,854.23	-
Other receivable	Huayu Investment Company	545,889.90	-	-	-
Other receivable	Huayu Company	356,844.83	-	20,000.00	-
Other receivable	Longda Company	110,000.00	-	110,000.00	-
Other receivables	Changsha Ring Road Company	88,556.58	-	88,556.58	-
Other receivables	Consulting Company	84,050.00	-	84,050.00	-
Other receivables	Shen International Modern Logistics petty loan	141,250.00	-	-	-
Other receivables	Shen International Holdings	-	-	71,917,549.60	-
Other receivables	Bank Of Guizhou Co., Ltd.	35,154,490.00	-	-	-
Advances	Consulting Company	1,127,810.60	-	1,248,751.13	-
Advance	United Electronic Company	51,404.96	-	60,526.80	-
Other non-current assets	United Land Company	342,599,500.00	-	342,599,500.00	-
Long-term receivables	Whole-process Logistics Company	1,575,355.06	15,920.35	2,081,010.28	21,013.23
Long-term receivables	Citic Logistics	1,500,323.71	14,990.25	1,941,782.82	19,376.51

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X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Receivables due from and payables due to related parties (continued)

(2) Payable items

Item	Related parties	30 June 2020	31 December 2019
Accounts payable	Consulting Company	12,066,289.02	3,983,139.38
Accounts payable	United Electronic Company	892,315.66	136,082.90
Accounts payable	Huayu Company	13,500.00	13,500.00
Accounts payable	Xin Tong Chan Company	79,279.25	80,279.25
Accounts payable	Longda company	40,916.71	40,916.69
Accounts payable	SC Logistics Company	2,107.80	2,107.80
Other payables	United Land Company	–	284,859,099.00
Other payables	Consulting Company	12,837,580.76	19,907,626.54
Other payables	United Electronic Company	3,084,554.97	591,084.13
Other payables	Guizhou Pengbo	955,680.55	515,680.55
Other payables	Longda Company	–	458,985.21
Other payables	Xin Tong Chan Company	340,490,600.00	5,000.00
Other payables	Shenguang Hui Company	213,959,141.24	–
Other payables	Advance Great Limited	30,260,880.00	–
Other payables	Shenzhen International Limited	–	129,249,890.99
Other payables	Shen International Modern Logistics petty loan	2,196.12	2,196.12
Other payables	Shen International Holdings	519,352.97	320,901.63
Other payables	Huayu Company	12,011.08	12,011.08
Long-term payables	United Land Company	2,051,850,517.48	1,618,960,000.00
Current portion of non-current liabilities	United Land Company	31,783,966.25	11,148,698.00
Current portion of non-current liabilities	GZ W2 Company	124,687.50	114,890.63
Current portion of non-current liabilities	Jiangzhong Company	65,250.00	71,775.00

All receivables and payables to related parties excluded borrowings from related parties are non-interest bearing, unsecured and have no fixed repayment terms. The borrowings from related parties are interest bearing and have repayment terms.

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

7. Commitments to related parties

The following table presents the commitment that had been contracted but not yet recognized on the statement of financial position:

(1) Receiving service

Item	30 June 2020	31 December 2019
Consulting Company	5,378,100.29	22,106,438.74

(2) Investment commitments

On 30 June 2020, the Group's investment commitments to related parties are RMB809,335,914.05 (31 December 2019: RMB537,085,914.05), including the Company's commitments to increase the capital of Yangmao Company's renovation and expansion project of RMB494,335,914.05 and the Company's commitments to the subscribed capital contribution of Environmental Technology Industry M&A Fund of RMB315,000,000.00.

(3) Equity acquisition commitments

On 30 June 2020, the Group had no equity acquisition commitments.

XI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

In addition to the related party commitments disclosed in Note X.7, the important commitments of the Group are as follows:

(1) Capital commitments

(a) Capital commitments approved by management but not yet contracted at the end of the reporting period:

Item	30 June 2020	31 December 2019
Expressway construction projects	1,899,902,611.38	2,424,579,036.04

(b) Capital commitments contracted by management but not provided for at the end of the reporting period:

Item	30 June 2020	31 December 2019
Expressway development projects	1,476,324,374.69	1,753,019,728.31
Kitchen waste treatment projects	621,363,964.01	–
Total	2,097,688,338.70	1,753,019,728.31

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XI. COMMITMENTS AND CONTINGENCIES (CONTINUED)

1. Significant commitments (continued)

(2) Investment commitments

On 20 January 2020, the Group held the first executive Board meeting of 2020 and approved the proposal of acquiring 60% of the shares of Guangdong Boyuan Construction Engineering Co., Ltd. The Group plans to acquire 60% of the shares of Guangdong Boyuan Construction Engineering Co., Ltd. ("Guangdong Boyuan") through capital increase and transfer. The company is organized and validly existing under the laws of The People's Republic of China with a registered capital of RMB40,500,000.00. It is mainly engaged in expressway maintenance engineering business, including construction labor subcontracting, machinery and equipment leasing, building construction, expressway construction, municipal public works construction, etc. In May 2020, the Operation and Development Company of the Group has completed the signing of the equity transfer agreement. On 30 June 2020, the investment approval estimate of this equity investment project is RMB25,126,200.00.

On 9 May 2020, the Group held the fourth executive board meeting for 2020 and adopted the proposal on investment in prefabricated construction industry projects. The group plans to jointly invest in the development of the prefabricated industry with China Power Construction South Investment Co., Ltd. ("China Power Construction South Company") and China Railway 23rd Bureau Group Co., Ltd. ("China Railway 23rd Bureau") and set up a joint venture "Shenzhen Expressway Assembly Technology Co., Ltd." (Subject to industrial and commercial name approval). The registered capital of the joint venture company is RMB40,000,000.00. Among them, the construction company, a subsidiary of the Group, plans to hold 51% of the shares, while China Power Construction South Company and China Railway 23rd Bureau each hold 24.5%. As at 30 June 2020, the approval estimate of the equity investment is RMB20,400,000.00.

On 30 June 2020, the Group held the 27th board meeting of 2020 and adopted the proposal on equity cooperation project of Shenzhen Shenzhen-Shantou Special Cooperation Zone Qiantai Technology Co., Ltd. The Group plans to acquire 50% of the shares of Shenzhen Shenzhen-Shantou Special Cooperation Zone Qiantai Technology Co., Ltd. ("Qiantai Company") through capital increase and transfer. The company registered in Shenzhen Shenzhen-Shantou Special Cooperation Zone in accordance with the law of the People's Republic of China with the registered capital of RMB260,000,000.00. It mainly engaged in battery post-market recycling application business. On June 30 2020, the approved investment estimate of the equity partnership project is RMB225,000,000.00.

On 30 June 2020, the Group held the 27th board meeting of 2020 and adopted the proposal on investing in The State-funded Collaborative Development Fund Project of Shenzhen. The Group intends to participate in the investment of Shenzhen State-funded Collaborative Development Private Equity Fund (Limited Partnership) initiated by Shenzhen Kunpeng Equity Investment Management Co., Ltd. (subject to the approval of the industrial and commercial name). The fund, which aims to raise RMB4,010,000,000.00, will focus on infrastructure utilities including environmental protection and new energy as well as financial and strategic emerging industries. On June 30 2020, the approved investment estimate of the equity partnership project is RMB300,000,000.00.

XI. COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Contingencies

(1) Significant contingencies at the end of the reporting period

- (a) The Company was entrusted by the Longhua District Construction and Engineering Bureau of Shenzhen to carry out a "dual upgrade" comprehensive road improvement project – Da Fu Road (Gui Yue Road – Gui Xiang Road project) and Jianshe Road (Bu Long Road – East Second Ring Road) renovation project. According to the terms of the entrustment management contract, the Company has provided an irrevocable performance bank guarantee letter of RMB35,800,000.00 to the Longhua District Construction and Engineering Bureau of Shenzhen.
- (b) The Company was entrusted by the Shenzhen Transportation Utilities Management Office to manage four Expressways (Nanguang, Yanba, Yanpai and Longda expressways) in 2019. According to the contractual construction entrusted management contract, the Company has provided the Shenzhen Transportation Utilities Management Office with an irrevocable performance bank guarantee of RMB9,710,000.00.
- (c) The Company was entrusted by the Shenzhen Ecological Environment Bureau to manage the Ecological Science and Technology Industrial Park Infrastructure and Supporting Projects of Shenzhen-Shantou special cooperation zone. According to the contractual construction entrusted management contract, the Company has provided the Shenzhen Ecological Environment Bureau with an irrevocable performance bank guarantee of RMB22,660,000.00.
- (d) On 30 June 2020, the Group provided a stage-and-combined liability guarantee of RMB665,646,000.00 to the bank for its house mortgage loans granted by the bank to the Group's property buyers. Under the terms of the guarantee, the Group is responsible for paying the outstanding mortgage loans and any accrued interest and penalties owed to the banks by the buyers in arrears if the buyers default in the mortgage payments and the Group can then receive legal ownership of the property. The Group's guarantee period expires from the date on which the bank granted the mortgage loan to acquire certain individual property ownership certificates from property buyers of the Group. Management believes that if the payment is in arrears, the net realisable value of the property is sufficient to cover the outstanding mortgage loans together with any accrued interest and penalties, and no provision is made for these guarantees.
- (e) On 16 December 2016, Guangxi Bioland and Yonker Environmental Protection Co.,Ltd. (Yonker Environmental) entered into a contractor agreement, in relation to a project on food and kitchen waste utilization and renovation and expansion of a harmless treatment plant. On 19 November 2019, Yonker Environmental filed with Nanning Intermediate People's Court for property preservation. At 27 November 2019, the court ruled on property preservation and froze the property of Bioland Company and Guangxi Bioland to RMB31,648,596.79. On 25 December 2019, Yonker Environmental filed a lawsuit against Bioland Group and its subsidiary at the Nanning Intermediate People's Court of Guangxi Zhuang Autonomous Region, pursuant to which it claimed an amount of RMB31,648,596.79 from the subsidiary of Bioland Group (being the equipment occupancy fees, project fees, interest on the project fees and penalty for breach of agreement), requested Bioland Company to assume joint and several repayment responsibility for its subsidiary. The subsidiary of Bioland Company has counter-claimed the claimant for a compensation of RMB50,000,000 for the loss from the delay in construction and failure to complete the work on time caused by the claimant. This litigation is still in processed on 30 June 2020. With the assistance of the attorney representing the company in charge of the case, the board of directors believes that the outcome of the lawsuit and the compensation obligation (if any) cannot be reliably estimated.

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XI. COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Contingencies (continued)

(1) Significant contingencies at the end of the reporting period (continued)

- (f) In order to solve the financial problems of customers in purchasing wind power equipments and broaden the sales channels of wind power equipments, Nanjing Wind Power and China Development Bank Financial Leasing Co., Ltd. ("China Bank Leasing") launched a financial lease sales cooperation, and the two parties agreed that China Bank Leasing provides financial leasing for Nanjing Wind power's terminal customers. If the terminal customer does not fulfill the payment obligation under the financial lease agreement, Nanjing Wind Power shall assume the obligation to re-dispose of the leased equipment and make up the difference between the leased equipment disposal price belonged to China Bank Leasing and the unrecovered financial lease balance. As at 30 June 2020, the financial lease balance was RMB849,000,000.00.

XII. EVENTS AFTER THE END OF THE REPORTING PERIOD

- On 7 July 2020, 2020, the Company received the Approval of Issuance of Overseas Listed Foreign Shares by Shenzhen Expressway Company Limited (CSRC Approval [2020] No. 1390) issued by the CSRC. Pursuant to the Approval, the CSRC approved the Company to issue not more than 300 million additional overseas listed foreign shares with a nominal value of RMB1.00 per share. All of such shares are ordinary shares. The Company shall report the details of the issuance in writing to the CSRC within 15 working days upon completion of the issuance. The Approval shall be valid within 12 months from the date of approval for the issuance. As the completion of the Issuance is still subject to certain conditions, the Issuance may or may not proceed.
 - According to the general mandate for the issuance of bond financing instruments granted to the Board by the Company's 2018 Shareholders' General Meeting, the Company has applied to the China Interbank Market Dealers Association for the registration and issuance of RMB2 billion ultra-short-term financing bonds and has been approved. According to the "Notification of Acceptance of Registration" (Zhongshi Xie Note [2020] SCP31) issued by the Association of Dealers, the registered amount of the company's ultra-short-term financing bonds was RMB2 billion, and the registration amount was Valid for 2 years from the date of the "Acceptance of Registration". The Company issued 2020 Phase I Super Short-term Commercial Paper from 16 March to 17 March 2020, with a scale of RMB1 billion and a maturity of 180 days. The company issued the 2020 Phase II Super Short-term Commercial Paper from 1 July to 3 July 2020, with a scale of RMB1 billion and a maturity of 270 days. The main purpose is to repay interest-bearing debt and supplement working capital.
 - According to the equity transfer agreement signed by the Company's wholly-owned subsidiary Construction and Development Company and Cui Gangxian, the original shareholder of Guangdong Boyuan Construction Engineering Co., Ltd. ("Boyuan Construction") The Group was transferred 60% of the equity of Boyuan Construction at a price of RMB6,990,900 On 31 July 2020. As of the disclosure date of this statement, the equity delivery and the change of industrial and commercial registration have been completed, and Boyuan Construction has become the holding subsidiary of the company.
 - On 6 August 2020, the Company's wholly-owned subsidiary, Shenshan Company, signed an investment agreement regarding Shenzhen Shenshan Special Corporation Zone agreement with Shenzhen Qiantai Renewable Energy Technology Co., Ltd. (Qiantai Technology), and Guangdong Peoples Together Investment Co., Ltd. (Peoples Together), the original shareholders. According to the agreement, the Group will offer RMB40 million to Qitai Technology and holds 50% of its equity by capital increase and transfer of shares. As of the disclosure date of this report, the equity acquisition has not been completed.
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XII. EVENTS AFTER THE END OF THE REPORTING PERIOD (CONTINUED)

5. On 13 August 2020, the Board of directors deliberated and passed the proposal on absorbing and merging some wholly-owned subsidiaries. The company plans to absorb and merge the wholly-owned subsidiaries Airport-Heao Eastern Company and Coastal company. According to the articles of association of the company, as the merging party, the relevant matters shall be submitted to the general meeting of shareholders for deliberation and approval.
6. On 17 August 2020, the Company, Shen International Holdings with the other Limited Partners and Shenzhen Kunpeng Zhanyi Equity Investment Management Co., Ltd. (“Kunpeng Zhanyi”), the General Partner entered into the Partnership Agreement, which the Company shall contribute RMB300 million to Shenzhen state-owned assets collaborative development private fund. (Temporary name, subject to the approval of the industrial and commercial name), which accounts for 7.48% of the target fund-raising scale of RMB4.01 billion.
7. On 21 August 2020, the Board of Directors approved the Company to engage in increasing the capital and shares project with Wanhe Securities Co., Ltd. (Wanhe Securities). The Company planned to invest about RMB950,000,000 in return for 8.68% equity of Wanhe Securities after its shares increase (The final investment amount and investment ratio are subject to the appraisal and recorded results approved by the State Capital Supervision.)

XIII. OTHER SIGNIFICANT MATTERS

1. Segment information

(1) Recognition and accounting policies of reportable segments:

The reporting segment of the Group is a business unit that provides different services. Since various businesses require different technologies and market strategies, the Group independently manages the production and operation activities of the reporting segment and evaluates its operating results to decide to allocate resources to it and evaluate its performance.

The Group has two reportable segments: toll road segment, which takes charge of operation and management of toll roads in Mainland China, and environmental protection segment, which refers to the operation and management of environmentally related infrastructure, mainly including solid waste treatment and clean energy and other business fields.

Other businesses principally comprise the provision of construction management services, advertising services, property development, finance leases and other services. These businesses cannot be separated into reportable segments.



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XIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1. Segment information (continued)

(2) Segment information

For the six months ended 30 June 2020	Toll road	Environmental protection	Others	Unallocated	Total
Revenue from external customers	1,045,927,445.23	422,968,864.31	217,976,173.40	-	1,686,872,482.94
Cost of service	944,273,220.39	334,938,296.34	179,145,128.42	-	1,458,356,645.15
Interest income	5,436,006.23	9,280,278.51	1,559,236.90	12,949,674.94	29,225,196.58
Interest expenses	251,065,493.95	74,552,659.57	5,761,748.47	-	331,379,901.99
Share of profits of associates	-4,843,034.35	98,899,751.07	48,425,149.84	-	142,481,866.56
Losses on disposal of assets	-	-	-	-10,820.96	-10,820.96
Credit impairment loss (losses are shown with "-")	-	-1,741,064.40	15,720.46	-	-1,725,343.94
Depreciation and amortization	715,823,083.42	45,675,238.08	15,427,144.12	9,527,908.15	786,453,373.77
Total profit	-73,481,921.46	63,652,659.72	30,657,788.50	-52,984,298.84	-32,155,772.08
Income tax expense	-16,523,534.01	-2,694,001.88	1,391,887.71	-	-17,825,648.18
Net profit	-56,958,387.45	66,346,661.60	29,265,900.79	-52,984,298.84	-14,330,123.90
30 June 2020					
Total assets	31,112,767,620.07	12,869,411,931.40	5,237,136,334.26	205,678,658.66	49,424,994,544.39
Total liabilities	19,274,481,345.15	6,232,944,806.55	1,096,092,703.44	2,571,520,800.47	29,175,039,655.61
For the six months ended 30 June 2020					
Long-term equity investments in associates	1,502,343,439.96	4,723,740,955.21	2,502,371,430.52	-	8,728,455,825.69
Increase in original value of non-current assets other than financial assets, long-term equity investments and deferred income tax assets	803,633,009.86	2,098,712,599.04	11,828,349.77	2,669,773.78	2,916,843,732.45

XIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1. Segment information (continued)

(2) Segment information (continued)

For the six months ended 30 June 2019	Toll road	Environmental protection	Others	Unallocated	Total
Revenue from external customers	2,204,299,369.88	–	503,639,690.50	–	2,707,939,060.38
Cost of service	1,052,312,982.16	–	360,840,776.72	–	1,413,153,758.88
Interest income	6,859,317.55	1,085,762.49	4,389,556.48	13,177,929.83	25,512,566.35
Interest expenses	259,638,194.95	81,188.53	27,129,307.91	–	286,848,691.39
Share of profits of associates	146,149,281.97	97,105,102.35	57,135,985.41	–	300,390,369.73
Credit impairment disposal	–	–	219,047.72	–	219,047.72
Depreciation and amortization	732,514,317.09	1,549,921.54	13,918,582.91	5,315,698.57	753,298,520.11
Total profit	1,086,218,988.31	85,271,177.12	407,340,742.81	-56,056,090.37	1,522,774,817.87
Income tax expense	-280,766,046.79	20,165.48	91,817,175.28	–	-188,928,706.03
Net profit	1,366,985,035.10	85,251,011.64	315,523,567.53	-56,056,090.37	1,711,703,523.90
30 June 2019					
Total assets	32,175,255,649.91	6,214,612,600.64	3,141,390,077.88	165,570,089.11	41,696,828,417.54
Total liabilities	19,578,750,957.79	515,893,268.22	1,152,110,092.03	283,466,158.32	21,530,220,476.36
For the six months ended 30 June 2019					
Long-term equity investments in associates and joint ventures	1,491,283,340.60	4,513,941,330.49	2,051,982,084.08	–	8,057,206,755.17
Addition of non-current assets other than financial assets, long-term equity investments and deferred tax assets	777,178,139.93	4,176,032.99	116,490,905.55	2,637,159.47	900,482,237.94

(3) Other information

The Group's revenue from external customers and the total non-current assets other than financial assets and deferred tax assets are all derived from the PRC. The Group did not generate revenue from sales to any single customer that reached or exceeded 10% of the Group's revenue for the period.



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XIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Leases

(1) As lessor

The Group leases transportation equipment and machines, with leases ranging from 1 to 8 years, which form finance leases.

Finance leases

The profit or loss relating to finance leases is as follows:

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Finance income on the net investment in the lease	5,550,545.01	5,669,905.51

As at 30 June 2020, the balance of unearned finance income was RMB17,430,886.88 (31 December 2019: RMB21,280,452.58), which was allocated to each period during the lease term using the effective interest method. The Group had total future minimum lease receivables under non-cancellable leases with its tenants falling due as follows:

Item	30 June 2020	31 December 2019
Within 1 year, inclusive	88,267,619.46	91,172,611.71
1 to 2 years, inclusive	36,488,494.52	43,157,529.71
2 to 3 years, inclusive	16,949,993.95	20,741,957.35
3 to 4 years, inclusive	14,665,106.81	15,459,952.92
4 to 5 years, inclusive	8,918,799.53	11,890,821.45
Over 5 years	9,908,259.48	13,872,390.88
Less: Unearned finance income	17,430,886.88	21,280,452.58
Net investment in the lease	157,767,386.87	175,014,811.44

The Group leases out some parking spaces, and the lease period is not a regular period, which form an operating lease. According to the lease contract, the rent needs to be adjusted every year according to the market rent situation. For the six months ended 30 June 2020, the Group's income from the rental of houses and buildings was RMB4,191,119.60. Leased houses and buildings are listed in investment real estate. See Note V.15.

The Group also leases highway billboards and service areas, with leases ranging from 1 to 10 years, which form operating leases.

Operating leases

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Lease income	11,539,218.34	16,627,619.31

XIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Leases (continued)

(1) As lessor (continued)

Operating leases (continued)

The Group had total future minimum lease receivables under non-cancellable leases with its tenants falling due as follows:

Item	30 June 2020	31 December 2019
Within 1 year, inclusive	14,804,032.15	16,673,859.02
1 to 2 years, inclusive	8,184,069.11	9,485,035.97
2 to 3 years, inclusive	4,412,432.23	4,531,476.19
3 to 4 years, inclusive	3,450,234.69	3,453,380.95
4 to 5 years, inclusive	1,683,340.00	3,207,036.19
Over 5 years	849,140.00	951,200.00
Total	33,383,248.18	38,301,988.32

(2) As lessee

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Interest expenses on lease liabilities (Note V. 49)	3,533,352.88	2,618,269.89
Expenses relating to short-term leases accounting for applying practical expenditures	4,093,001.70	583,670.50
Expenses relating to leases of low-value assets accounted for applying practical expenditures (other than short-term leases)	217,480.88	214,037.37
Income from sublease of right-of-use assets	3,723,703.29	64,806.15
Total cash outflow for leases (Note V. 59 (7))	26,291,408.15	16,322,489.08

The Group has lease contracts for various items of houses and buildings, vehicles and other equipment used in the operating process. Leases of houses and buildings and machinery generally have lease terms of 1 to 22 years, while those of vehicles and other equipment generally have lease terms of 1 to 3 years. A few lease contracts contain options for renewal and termination.



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XIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Leases (continued)

(2) As lessee (continued)

Sale and leaseback transaction

In order to meet the capital requirements, the Group will use the sale and leaseback form of financing for the Bioland Environment food waste disposal project's equipments for a lease period of 1 to 8 years.

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Sale and leaseback transaction cash inflow	1,977,920.55	–
Sale and leaseback transaction cash outflow (Note V. 57 (8))	714,949,951.47	–
Gains or losses arising from sale and leaseback transactions (Note V. 35 (1).49)	39,988,004.20	–

Other lease information

For right-of-use assets, see Note V.18; for simplified treatment of short-term leases and leases of low-value assets, see Note III.28; for lease liabilities, see Note V.37.

3. Comparable data

As Stated in Note VI.2, during the reporting period, Financial Leasing and China Logistics Finance were merged under common control into the Group's consolidation scope. The Company made retrospective adjustments to the consolidated financial statements data of previous years according to the relevant requirements of the Accounting Standards for Business Enterprises.

XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) The aging of accounts receivable according to the recognition date is analysed below:

Item	30 June 2020	31 December 2019
Within 1 year	9,997,838.77	11,331,676.56
1 to 2 years	–	–
2 to 3 years	–	–
Over 3 years	4,838,866.44	4,838,866.44
Sub-total	14,836,705.21	16,170,543.00

(2) Accounts receivable are analyzed by category as follows:

Item	30 June 2020			
	Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	% of total balance
Receivables that are subject to provision by group with similar credit risk characteristics	14,836,705.21	100.00	–	–
Group 1	4,838,866.44	32.61	–	–
Group 2	9,997,838.77	67.39	–	–
Total	14,836,705.21	100.00	–	–



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

1. Accounts receivable (continued)

(2) Accounts receivable are analyzed by category as follows: (continued)

The aging of group 2 according to the recognition date is analyzed below:

Item	30 June 2020		
	Estimated default book balance	Expected credit loss rate (%)	Expected credit loss over the duration
Within 1 year	9,997,838.77	–	–
Total	9,997,838.77	–	–

Item	31 December 2019			
	Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	% of total balance
Receivables that are subject to provision by group with similar credit risk characteristics	16,170,543.00	100.00	–	–
Group 1	4,838,866.44	29.92	–	–
Group 2	11,331,676.56	70.08	–	–
Total	16,170,543.00	100.00	–	–

The aging of group 2 according to the recognition date is analyzed below :

Item	31 December 2019		
	Estimated default book balance	Expected credit loss rate (%)	Expected credit loss over the duration
Within 1 year	11,331,676.56	–	–
Total	11,331,676.56	–	–

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

1. Accounts receivable (continued)

(3) Accumulated accounts receivable from the five largest debtors:

	Balance	Provision for bad debts	% of total balance
Total accumulated accounts receivable from the five largest debtors at 30 Jun 2020	14,798,383.23	–	99.74
Total accumulated accounts receivable from the five largest debtors at 31 December 2019	16,163,313.05	–	99.96

2. Other receivables

(1) Other receivables are classified as follows:

Item	30 June 2020	31 December 2019
Interest receivable	11,407,768.66	6,449,336.44
Dividends receivable	479,820,000.00	450,000,000.00
Other receivables	1,076,112,079.97	549,346,573.39
Total	1,567,339,848.63	1,005,795,909.83

(2) The aging of other receivables according to the recognition date is analyzed below:

Item	30 June 2020	31 December 2019
Within 1 year	1,064,032,916.83	483,144,327.89
1 to 2 years	456,578,828.68	476,608,031.77
2 to 3 years	734,958.23	181,085.27
Over 3 years	45,993,144.89	45,862,464.90
Total	1,567,339,848.63	1,005,795,909.83

(3) The changes in the ending balance and bad debt provision of other receivables based on expected credit losses are as follows:

Item	The first stage Expected credit loss over the next 12 months	
	Ending balance	Provision for bad debts
Balance on 1 January 2020	1,005,795,909.83	–
Additions	1,525,590,381.03	–
Reduction	964,046,442.23	–
Balance on 30 June 2020	1,567,339,848.63	–



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

2. Other receivables (continued)

(3) The changes in the ending balance and bad debt provision of other receivables based on expected credit losses are as follows: (continued)

Item	Ending balance	The first stage Expected credit loss over the next 12 months
		Provision for bad debts
Balance on 1 January 2019	2,479,355,358.90	–
Additions	133,587,973.25	–
Reduction	1,607,147,422.32	–
Balance on 31 December 2019	1,005,795,909.83	–

(4) Other receivables by nature are analyzed as follows

Nature	30 June 2020	31 December 2019
Dividends receivable	479,820,000.00	450,000,000.00
Loans receivable	946,239,342.43	378,789,412.68
Advances receivable	113,128,878.68	155,992,169.78
Receivable due to cancellation of toll stations in Yanpai and Yanba sections	12,475,906.19	11,170,906.19
Interest receivable	11,407,768.66	6,449,336.44
Others	4,267,952.67	3,394,084.74
Total	1,567,339,848.63	1,005,795,909.83

(5) The five largest other receivables are analyzed as follows:

30 June 2020

Categories	Nature	30 June 2020	Aging	% of total balance	Balance of provision for bad debts
Baotou Nanfeng	Loans receivable	500,000,000.00	Within 1 year	31.90	–
Mei Wah Company	Dividends receivable	450,000,000.00	1-2 years	28.71	–
Nanjing Wind Power	Loans receivable	290,000,000.00	Within 1 year	18.50	–
Qinglong Company	Loans receivable	100,000,000.00	Within 1 year	6.38	–
Coastal Company	Advances receivable	44,473,166.94	Within 3 years	2.84	–
Total	/	1,384,473,166.94	/	88.33	–

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

2. Other receivables (continued)

(5) The five largest other receivables are analyzed as follows: (continued)

31 December 2019

Categories	Nature	31 December 2019	Aging	% of total balance	Balance of provision for bad debts
Mei Wah Company	Dividends receivable	450,000,000.00	1-2 years	44.74	-
Nanjing Wind Power	Loans receivable	300,000,000.00	Within 1 year	29.83	-
Coastal Company	Advances receivable	52,366,897.15	Within 1 year	5.21	-
Qinglong Company	Loans receivable	50,000,000.00	Within 1 year	4.97	-
Mei Wah Company	Advances receivable	41,750,067.95	Over 3 years	4.15	-
Total	/	894,116,965.10	/	88.90	-

3. Long-term equity investments

Item	30 June 2020			31 December 2019		
	Book balance	Impairment provided in current period	Book value	Book balance	Impairment provided in current period	Book value
Subsidiaries	16,472,785,640.80	-678,765,149.21	15,794,020,491.59	16,452,364,720.93	-678,765,149.21	15,773,599,571.72
Associates	3,787,657,686.07	-	3,787,657,686.07	3,967,922,683.17	-	3,967,922,683.17
Total	20,260,443,326.87	-678,765,149.21	19,581,678,177.66	20,420,287,404.10	-678,765,149.21	19,741,522,254.89



Notes to Financial Statements

For the six months ended 30 June 2020

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

3. Long-term equity investments (continued)

(1) Investments in subsidiaries

Investee	31 December 2019	Addition of the period	Reduction of the period	30 June 2020	Cash dividend declared	Impairment provided on 30 June 2020
Airport-Heao Eastern Company	477,298,857.46	-	-	477,298,857.46	-	-
Meiguan Company	521,260,142.34	-	-	521,260,142.34	-	-
Qinglong Company	101,477,197.16	-	-	101,477,197.16	16,000,000.00	-
Advertising Company	3,325,000.01	-	-	3,325,000.01	50,000,000.00	-
Mei Wah Company	831,769,303.26	-	-	831,769,303.26	-	-
Qinglian Company	1,385,448,900.00	-	-	1,385,448,900.00	-	678,765,149.21
Outer Ring Company	100,000,000.00	-	-	100,000,000.00	-	-
Expressway Investment Company	380,000,000.00	-	-	380,000,000.00	-	-
Environmental Operation Company	5,000,000,000.00	-	-	5,000,000,000.00	-	-
Development Company	28,500,000.00	-	-	28,500,000.00	-	-
Shenchang Company	33,280,762.94	-	-	33,280,762.94	-	-
Yichang Company	1,270,000,000.00	-	-	1,270,000,000.00	-	-
Construction and Development Company	28,500,000.00	-	-	28,500,000.00	-	-
Shenshan Company	15,300,000.00	5,100,000.00	-	20,400,000.00	-	-
Coastal Company	5,587,939,407.88	-	-	5,587,939,407.88	-	-
Fund Management Company	9,500,000.00	-	-	9,500,000.00	-	-
Baotou Nanfeng Financial Leasing Company	0.67	-	-	0.67	-	-
	-	15,320,919.87	-	15,320,919.87	-	-
Total	15,773,599,571.72	20,420,919.87	-	15,794,020,491.59	66,000,000.00	678,765,149.21

The detailed information about associates is set out in Note V.14. The Company directly holds 2.92% of Guizhou Bank, except for the investments in associates, namely Guizhou Hengtongli and Derun Environment, the investments in associates are held by the Company.

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

4. Revenue and costs of services

Item	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Revenue	Cost	Revenue	Cost
Main businesses	132,167,381.35	54,497,215.96	321,784,557.41	54,179,604.39
Other businesses	55,956,588.65	42,656,152.26	95,220,349.36	80,563,043.56
Total	188,123,970.00	97,153,368.22	417,004,906.77	134,742,647.95

5. Investment income

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Income from long-term equity investments under the equity method	33,551,492.29	202,974,408.85
Income from long-term equity investments under the cost method	66,000,000.00	40,000,000.00
Investment income from other non-current financial assets	–	28,080,000.00
Income from financial products	–	61,369.86
Total	99,551,492.29	271,115,778.71

XV. SUPPLEMENTARY INFORMATION

1. Detailed list of non-recurring profit or loss items

Item	Amount	Note
Income from entrusted management services	4,107,007.54	Income from entrusted management services provided to Longda Company in the current period.
The net profit and loss of the current period from the beginning of the period to the date of merger of the subsidiaries arising from the merger under common control	1,384,733.13	During the period, China Logistics Finance was included in the consolidated financial statements as an entity under common control. Net profit from the beginning of the current period to the combination date of Financial Leasing Company
Changes in fair value of foreign currency swaps	30,808,056.00	To mitigate the exchange rate risk, the Group entered into foreign exchange swap arrangements for the bond with a principal value of USD300 million, and related gains on change in fair value were recognized during the current period.
Changes in fair value of other non-current financial assets	10,523,140.00	This period's fair value change proceeds from shares of Water Planning & Design Institute Company and United Electronic Company.
Financial income from paid capital lease in advance	1,165,853.24	
Income and expenditure other than those mentioned above	-10,820.90	
Gains on disposal of non-current assets	27,589,252.90	
Impact of minority interests	-1,766,296.84	
Impact of income tax	-18,124,177.77	
Total	55,676,747.30	

Notes to Financial Statements

For the six months ended 30 June 2020

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XV. SUPPLEMENTARY INFORMATION (CONTINUED)

1. Detailed list of non-recurring profit or loss items (continued)

Basis for preparation of the detailed list of non-recurring profit or loss items:

Under the requirements in Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-Recurring Profits or Losses [2008] (“Explanatory announcement No. 1”) from the CSRC, non-recurring profit or loss refers to transactions that are not directly relevant to the normal business operations, or that are relevant to ordinary business, but are so extraordinary that would have an influence on users of the financial statements when making proper judgments on the performance and profitability of an enterprise.

2. Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary owners of the Company	0.24%	0.020	0.020
Net loss after deducting non-recurring profit or loss attributable to ordinary owners of the Company	-0.06%	-0.005	-0.005

Company Information

I. Company Profile

Registered name	深圳高速公路股份有限公司
Chinese abbreviation	深高速
English name	Shenzhen Expressway Company Limited
English abbreviation	SZEW
Legal representative	HU Wei

II. Contact Information

	Secretary of the Board	Joint company secretary	Securities officer
Name	GONG Tao Tao	GONG Tao Tao, LAM Yuen Ling Eva	GONG Xin, XIAO Wei
Contact address	Podium Levels 2–4, Jiangsu Building, Yitian Road, Futian District, Shenzhen		
Telephone	(86) 755-8285 3330; (86) 755-8285 3338		
Fax	(86) 755-8285 3411		
E-mail	secretary@sz-expressway.com		
Investor hotline	(86) 755-8285 3329		

III. General Information

Registered address	Fumin Toll Station, Fucheng Street, Longhua District, Shenzhen (Postal Code: 518110)
Place of business	Podium Levels 2–4, Jiangsu Building, Yitian Road, Futian District, Shenzhen (Postal Code: 518026)
Website	http://www.sz-expressway.com
E-mail	ir@sz-expressway.com
Principal place of business in Hong Kong	Room 1603, 16/F, China Building, 29 Queen's Road Central, Hong Kong Tel: (852) 2543 0633 Fax: (852) 2543 9996




Company Information

IV. Information Disclosure and Site for Inspection

Designated publication newspaper	Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily (for A Shares only)
Designated publication website	http://www.sse.com.cn http://www.hkexnews.hk http://www.sz-expressway.com
Annual report available at	PRC: Podium Levels 2–4, Jiangsu Building, Yitian Road, Futian District, Shenzhen Hong Kong: Room 1603, 16/F, China Building, 29 Queen's Road Central, Hong Kong

V. Security Profile

Type of securities	Listing exchange	Abbreviation	Security code
A Share	The Shanghai Stock Exchange	Shenzhen Expressway	600548
H Share	The Stock Exchange of Hong Kong Limited	Shenzhen Expressway	00548
Bond	The Stock Exchange of Hong Kong Limited	SZEW B2107	5684
Bond	The Shanghai Stock Exchange	20Shengao01	163300



- ◆ *Unless otherwise stated, the amounts stated in this report are in RMB.*
- ◆ *The total of breakdown and the total may not equal in mantissa due to rounding.*



SHENZHEN EXPRESSWAY COMPANY LIMITED

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