



Jiangsu Expressway Company Limited

(Hong Kong Stock Exchange Stock Code: 00177)

2020 Interim Report



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Important Notice

I. The board of Directors, the supervisory committee, and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of this interim report and there is no false representation in, misleading statement in, and material omission from, this report and they jointly and severally accept legal responsibility for such contents.

II. Absent Directors

Position held by absent director	Name of absent director	Reasons for absence	Name of proxy
Director	Mr. Wu Xinhua	Business	Mr. Yao Yongjia
Director	Ms. Hu Yu	Business	Mr. Yao Yongjia
Director	Mr. Ma Chung Lai, Lawrence	Business	Mr. Yao Yongjia
Director	Mr. Zhang Zhuting	Business	Mr. Lin Hui
Director	Mr. Zhou Shudong	Business	Mr. Chen Liang

III. This interim report is unaudited. The Audit Committee convened a meeting on 20 August 2020 to consider and review the interim report and interim financial statements of the Group and to submit its observations and recommendations to the board of Directors. The Audit Committee considers that the Company's interim report and interim financial statements for 2020 are in compliance with the applicable accounting standards and have been properly disclosed by the Company.

IV. Sun Xibin, Person in Charge of the Company, Dai Qian, Person in Charge of the Accounting Body of the Company, and Yao Qunfang, Chief Accountant (Head of the Accounting Department), hereby warrant the truthfulness, accuracy and completeness of the financial reports contained in this interim report.

V. Proposal of profit distribution or proposal of capitalisation of capital reserve for the Reporting Period reviewed by the board of Directors

Applicable Not Applicable

VI. Risk warning for forward-looking statements

Applicable Not Applicable

Forward-looking statements in this interim report which involve development strategies and plans do not constitute actual commitments of the Company to investors. There may be differences between the future actual results of the Company and these forward-looking statements. Investors and related parties are advised to keep sufficient risk awareness in this regard, and understand the difference among plans, predictions and commitments.

VII. Was there any misappropriation of the Company's funds by the Controlling Shareholder and its related/connected parties for non-operational purpose?

No

VIII. Did the Company provide any guarantee to external parties in violation of the required decision-making process?

No

IX. Major risk alert

Applicable Not Applicable

X. Others

Applicable Not Applicable

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

In this report, there may be a tail difference between the sum of individual data and the number of related data, which is caused by rounding when calculating data.

SECTION I DEFINITION

Unless the context herein otherwise requires, the following terms shall have the meanings as follows:

DEFINITIONS OF COMMONLY USED TERMS

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

SECTION I DEFINITION

Kuailu Company	Jiangsu Kuailu Motor Transport Co., Ltd. (江蘇快鹿汽車運輸股份有限公司)
Suzhou Expressway Company or Suzhou Expressway Management	Suzhou Expressway Management Company Limited (蘇州市高速公路管理有限公司)
Yangtze Bridge Company	Jiangsu Yangtze Bridge Co., Ltd. (江蘇揚子大橋股份有限公司)
Hutong Bridge Company	Jiangsu Hutong Bridge Co., Ltd. (江蘇滬通大橋有限責任公司)
Finance Company or Group Finance Company	Jiangsu Communications Holding Group Finance Co., Ltd. (江蘇交通控股集團財務有限公司)
Media Company	Jiangsu Communications & Culture Media Company Limited (江蘇交通文化傳媒有限公司)
Sundian or Xiandai R&B Company	Jiangsu Sundian Engineering Co., Ltd. (江蘇現代路橋有限責任公司)
Network Operation Company	Jiangsu Expressway Network Operation and Management Co., Ltd. (江蘇高速公路聯網營運管理有限公司)
Bank of Jiangsu	Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司)
Luode Fund Company	Jiangsu Luode Equity Investment Fund Management Company Limited (江蘇洛德股權投資基金管理有限公司)
Yichang Company	Jiangsu Yichang Expressway Co., Ltd. (江蘇宜長高速公路有限公司)
Changyi Company	Jiangsu Changyi Expressway Co., Ltd. (江蘇常宜高速公路有限公司)
Nanlin Hotel	Suzhou Nanlin Hotel Co., Ltd. (蘇州南林飯店有限責任公司)
Yanjiang Company	Jiangsu Yanjiang Expressway Co., Ltd. (江蘇沿江高速公路有限公司)
Jiangsu Leasing or Jiangsu Financial Leasing Company	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司)
Railway Group Company	Jiangsu Railway Group Limited (江蘇省鐵路集團有限公司)
Tongxingbao Company	Jiangsu Tongxingbao Smart Transport Technology Co., Ltd. (江蘇通行寶智慧交通科技股份有限公司)
Jinghu Company	Jiangsu Jinghu Expressway Company Limited (江蘇京滬高速公路有限公司)
Runyang Bridge Company	Jiangsu Runyang Bridge Development Co., Ltd. (江蘇潤揚大橋發展有限責任公司)

SECTION I DEFINITION

Expressway Petroleum Company or Jiangsu Petroleum Company	Jiangsu Expressway Petroleum Development Co., Ltd. (江蘇高速公路石油發展有限公司)
Taixing Oil Products Company	Taixing Hechang Oil Products Trading Co., Ltd. (泰興市和暢油品銷售有限公司)
Far East Shipping Company	Jiangsu Far East Shipping Co., Ltd. (江蘇遠東海運有限公司)
Information Company	Jiangsu Expressway Information Engineering Co.,Ltd. (江蘇高速公路信息工程有限公司)
Maintenance Technology Company	Jiangsu Expressway Engineering Maintenance Technology Co., Ltd. (江蘇高速公路工程養護技術有限公司)
Engineering Maintenance Company	Jiangsu Expressway Engineering Maintenance Company Limited (江蘇高速公路工程養護有限公司)
Orient Operation Company	Jiangsu Orient Expressway Operation and Management Company Limited (江蘇東方高速公路經營管理有限公司)
East Road & Bridge Company	Jiangsu East Road & Bridge Construction Maintenance Co., Ltd. (江蘇東方路橋建設養護有限公司)
Sujiahang Company	Suzhou Sujiahang Expressway Co., Ltd. (蘇州蘇嘉杭高速公路有限公司)
Real Estate Parent Fund Phase II	Phase II of Real Estate Investment Parent Fund (房地產投資母基金二期)
Luode Dening	Nanjing Luode Dening Real Estate Investment Partnership (Limited Partnership) (南京洛德德寧房地產投資合夥企業(有限合夥))
Zhongbei Zhiyuan	Nanjing Luode Zhongbei Zhiyuan Equity Investment Partnership (Limited Partnership) (南京洛德中北致遠股權投資合夥企業(有限合夥))
Highway Center	Highway Development Center of Transportation Department of Jiangsu Province (江蘇省交通運輸廳公路事業發展中心)
Expressway Management Center	Expressway Operation and Management Center Department of Jiangsu Province (江蘇省高速公路經營管理中心)
Ninghang Company	Jiangsu Ninghang Expressway Co., Ltd. (江蘇寧杭高速公路有限公司)
Husuzhe Company	Jiangsu Husuzhe Expressway Co., Ltd. (江蘇滬蘇浙高速公路有限公司)
Huatong Company	Jiangsu Huatong Engineering Testing Co., Ltd. (江蘇華通工程檢測有限公司)

SECTION I DEFINITION

Sutong Bridge Company	Jiangsu Sutong Bridge Co., Ltd. (江蘇蘇通大橋有限公司)
Xinhua Media	Jiangsu Xinhua Newspaper Media Group Co., Ltd.(江蘇新華報業傳媒集團有限公司)
Fuanda Fund	Fuanda Fund Management Co., Ltd. (富安達基金管理有限公司)
Engineering Testing Company	Sundian Engineering Testing Co., Ltd. (現代工程檢測有限公司)
Micro Video Company	Nanjing Micro Video Technology Company Limited (南京感動科技有限公司)
CDB Kai Yuan Phase II Fund	Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership) (蘇州工業園區國創開元二期投資中心(有限合夥))
Hanrui Center	Plot No. 2 Complex Project located in the central business district of new city in the south of Nanjing
Shanghai-Nanjing Expressway	Jiangsu Section of Shanghai-Nanjing Expressway
Guangjing Expressway	Northern connection of Guangling-Jingjiang Section, Jiangyin Yangtze Bridge
Xicheng Expressway	Southern connection of Jiangyin-Wuxi Section, Jiangyin Yangtze Bridge
Jiangyin Bridge	Jiangyin Yangtze Bridge
Sujiahang Expressway	Jiangsu Section of Suzhou-Jiaxing-Hangzhou Expressway
Yanjiang Expressway	Changzhou-Taicang Expressway
Changjia Expressway	Kunshan-Wujiang Section of Changshu-Jiaxing Expressway
Zhendan Expressway	Zhenjiang-Danyang Expressway
Ningchang Expressway	Lishui Guizhuang Hub-Changzhou South Interchange Expressway
Zhenli Expressway	Dantu Hub-Liyang Qianma Hub Expressway
Xiyi Expressway	Wuxi North Hub-Yixing Xiwu Hub Expressway
Wuxi Huantaihu Expressway	Wuxi Shuofang Hub-Wuxi Nanquan Interchange Expressway
Sujiayong Expressway	Suzhou-Jiaxing-Ningbo Expressway
Wufengshan Toll Bridge	Wufengshan Toll Bridge and North-South Connection Project

SECTION I DEFINITION

Changyi Expressway	Changzhou-Yixing Expressway
Yichang Expressway	Jiangsu Section of Yixing-Changxing Expressway
Reporting Period	the half year period from 1 January 2020 to 30 June 2020
year-on-year	as compared with the same period of 2019
CSRC	China Securities Regulatory Commission
SFC	The Securities and Futures Commission of Hong Kong
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
A Shares	RMB-denominated ordinary shares issued by the Company and listed on the SSE
H Shares	overseas-listed foreign shares issued by the Company and listed on the Stock Exchange
ADR	Level 1 depositary receipts of the Company listed and traded in the over-the-counter market of the United States
Listing Rules	Listing Rules of the SSE and/or Hong Kong Listing Rules
Listing Rules of SSE	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC Accounting Standards	Accounting Standards for Business Enterprises and Relevant Provisions promulgated by the Ministry of Finance of the People's Republic of China
Deloitte or Auditor	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Corporate Governance Code	The Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules



SECTION II COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

1. COMPANY INFORMATION

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

2. CONTACT PERSONS AND CONTACT METHODS

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

3. CHANGE OF BASIC INFORMATION

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

4. CHANGE OF PLACES FOR DISCLOSURE AND INSPECTION OF INFORMATION

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

SECTION II COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

5. INFORMATION ON THE COMPANY'S SHARES

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

6. OTHER RELEVANT INFORMATION

Applicable Not Applicable

7. KEY ACCOUNTING DATA AND PRINCIPAL FINANCIAL INDICATORS

(I) Key accounting data

Unit: Yuan Currency: RMB

Key accounting data	The Reporting Period (January–June)	Corresponding period of the previous year	Increase/decrease in the Reporting Period as compared to the corresponding period of the previous year (%)
Operating revenue	2,668,351,072.50	4,835,457,868.83	-44.82
Net profit attributable to the shareholders of the Company	485,637,446.44	2,281,609,028.13	-78.72
Net profit attributable to the shareholders of the Company net of non-recurring profit or loss	419,417,173.47	2,266,132,472.27	-81.49
Net cash flow from operating activities	895,329,150.48	2,927,496,390.90	-69.42
	As at the end of the Reporting Period	As at the end of the previous year	Increase/decrease at the end of the Reporting Period as compared to the end of the previous year (%)
Net assets attributable to the shareholders of the Company	25,927,524,625.17	28,546,983,607.15	-9.18
Total assets	58,378,917,728.48	55,625,048,624.75	4.95

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

SECTION II COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

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

(II) Principal financial indicators

Principal financial indicators	The Reporting Period (January–June)	Corresponding period of the previous year	Increase/ decrease in the Reporting Period as compared to the corresponding period of the previous year (%)
Basic earnings per share (<i>yuan/share</i>)	0.0964	0.4529	-78.71
Diluted earnings per share (<i>yuan/share</i>)	N/A	N/A	N/A
Basic earnings per share net of non-recurring profit or loss (<i>yuan/share</i>)	0.0833	0.4498	-81.48
Weighted average return on net assets (%)	1.71	8.28	Decreased by 6.57 percentage points
Weighted average return on net assets net of non-points recurring profit or loss (%)	1.48	8.23	Decreased by 6.75 percentage points

Note: The figures were unaudited.

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

Applicable Not Applicable

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

Applicable Not Applicable

SECTION II COMPANY INFORMATION AND PRINCIPAL FINANCIAL INDICATORS

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

Applicable Not Applicable

Unit: Yuan Currency: RMB

Items of non-recurring profit or loss	Amount	Note (if applicable)
Government grants accounted in profit or loss of the period excluding those that are closely related to the ordinary operations of the Company and grants in compliance with national policies and regulations or subject to fixed amounts or fixed quantity under certain standards	9,387,442.24	Mainly compensation recognized and the additional part of VAT deduction for construction of Ningchang Expressway, and subsidy received for maintaining employment
Profits or losses from changes in fair values of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment gains from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, excluding effective hedging activities related to ordinary business operations of the Company	59,344,946.40	
Other non-operating income and expenses other than the aforesaid items	19,804,293.98	
Effects attributable to minority interests	-182,238.99	
Effects of income tax	-22,134,170.66	
Total	<u>66,220,272.97</u>	

10. OTHERS

Applicable Not Applicable



SECTION III SUMMARY OF THE COMPANY'S BUSINESS

I. EXPLANATIONS ON THE PRINCIPAL BUSINESSES AND BUSINESS MODELS OF THE COMPANY AND INDUSTRY OVERVIEW DURING THE REPORTING PERIOD

Established on 1 August 1992 in the Jiangsu Province of the People's Republic of China, the Group is the only listed company in the transportation and infrastructure industry of the Jiangsu Province. On 27 June 1997, the Company issued 1,222,000,000 H Shares which were listed on the Stock Exchange. On 16 January 2001, the Company issued 150,000,000 A Shares which were listed on the SSE. The Group established the Level I American Depositary Receipt (ADR) Program which became effective on 23 December 2002, trading in the over-the-counter market in the United States of America. As at 30 June 2020, the total share capital of the Company comprised 5,037,747,500 shares with a par value of RMB1 each.

The Company is principally engaged in the investment, construction, operation and management of toll roads and bridges in the Jiangsu Province and the development and operation of ancillary service areas along such expressways. The Company also owns the entire or partial interests of other toll roads and bridges located in the Jiangsu Province, including Shanghai-Nanjing Expressway, Ningchang Expressway, Zhenli Expressway, Guangjing Expressway, Xicheng Expressway, Xiyi Expressway, Zhendan Expressway, Jianguyin Bridge and Sujiahang Expressway, etc. As at 30 June 2020, 17 road and bridge projects were directly operated and invested by the Company, and over 840 kilometers of the roads and bridges open to traffic were owned or invested by the Company.

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

In addition, the Group is also actively exploring and venturing into other new business fields, including finance, quasi-finance, real estate development and industrial investments, aiming to further enhance profitability and achieve sustainable development of the Group. As at 30 June 2020, the Company owned seven wholly-owned subsidiaries (Note), four non-wholly-owned subsidiaries and participated in eleven joint ventures by shares, with total assets of approximately RMB58,379 million and net assets of approximately RMB30,314 million.

Note: On 23 April 2020, at the second extraordinary general meeting of the Company, it was resolved to agree the Company consolidate Ningchang Zhenli Company, a wholly-owned subsidiary, by way of absorption and merger. After completion of such merger, the Company had six wholly-owned subsidiaries.

SECTION III SUMMARY OF THE COMPANY'S BUSINESS

II. SIGNIFICANT CHANGES IN THE MAJOR ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

Applicable Not Applicable

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

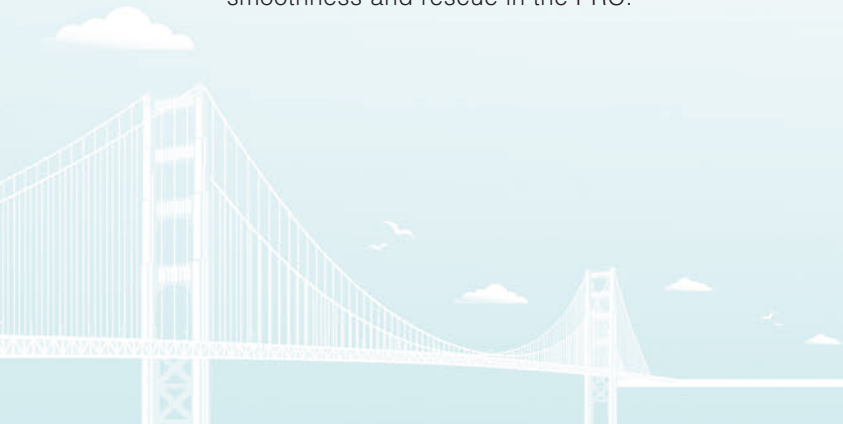
Applicable Not Applicable

The Group has been focusing on the transport infrastructure industry for years. The roads operated by the Company play a dominant role in the expressway networks in southern Jiangsu. It has accumulated rich experiences in large infrastructure investment, construction, operation and management and built a progressive and innovative management and staff team. Through the complete investment decision-making and operation management system and leveraging on excellent financing platforms, the Group vigorously expanded into infrastructure, financial investment and other industries, gradually achieved industrial upgrading and transformation and the coordinated development of ancillary businesses, building its distinct competitive edges in operation and development in the future.

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

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

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



SECTION III SUMMARY OF THE COMPANY'S BUSINESS

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

Professional management team. The Group has built a professional and experienced operation management team after years of accumulation and development. The efficient management capacity not only guarantees the quality and efficiency of the Group's quality and efficiency in expressway operation but also effectively reduced the management cost and operational risks in routine operation, promoting the leading profitability of the Group in the industry. The Group gradually cultivated a capital operation team with international horizon leveraging on the capital market and boosted the strategic research and investment development capability of the Group. It actively uses capital operation to optimize the asset portfolio and acquire overseas projects. The brand image of the Group was further enhanced driven by assets and capital operation as two wheels.

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

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

I. DISCUSSION AND ANALYSIS OF THE OPERATION

The year of 2020 is the decisive year for completing the building of a moderately prosperous society in all respects and the final year of the “13th Five-Year Plan”. The Group firmly focused on strategic targets in three major industries, namely “transport infrastructure, financial investment and transport +”. In the first half of the year, faced with the severe situation of COVID-19 epidemic and the robust resumption of work and production, the Group, under the coordination and deployment of the Board, implemented the measures on prevention and control of the epidemic and assurance of road accessibility, and adhered to the general principle of making progress while maintaining stability and the new development concept, and promoted all works in a solid and orderly manner, achieving a development trend of making progress in spite of difficulties and making progress while maintaining stability.

As of the end of June 2020, total assets of the Company amounted to RMB58,379 million and net assets attributable to shareholders of the Company amounted to RMB25,928 million. During the Reporting Period, the Company realized operating profit of RMB2,668 million, total profits of RMB658 million, net profit attributable to shareholders of the Company of RMB486 million and earnings per share of RMB0.0964. The operating net cash flow amounted to RMB895 million and the weighted average return on net assets was 1.71%.

Changes in tolling policies. Firstly, the Notice of the General Office of the State Council on Issuing the Implementation Plan for Deepening the Reform of Toll Road System and Cancelling the Provincial Toll Stations of Expressways (《國務院辦公廳關於印發深化收費公路制度改革取消高速公路省界收費站實施方案的通知》), further deepened the reform of the toll road system, accelerated the cancelation of the provincial toll stations of expressways across the country, and allowed toll collection with non-stop passage of vehicles. Secondly, the Notice of the Ministry of Transport on Vehicle Toll Exemption for Toll Road during the Prevention and Control Period of COVID-19 Epidemic (《交通運輸部關於新冠肺炎疫情期間免收收費公路車輛通行費的通知》), waved the tolls on toll roads from 00:00 on 17 February 2020 till the end of the containment of COVID-19 epidemic. According to the Notice of the Ministry of Transport on Resumption of Toll Collection on Toll Roads (《交通運輸部關於恢復收費公路收費的公告》), toll collection was resumed on all legally approved toll roads from 00:00 on 6 May 2020. Thirdly, by the Notice of the Department of Finance of the Development and Reform Commission of Transportation Department of Jiangsu Province on the Implementation of Differentiated Tolls for the Tolls of 2–5 Axis Trucks on Expressways within the Interconnected Toll Network (《江蘇省交通運輸廳發展和改革委員會財政廳關於對聯網收費高速公路2–5軸貨車通行費實行差異化收費的通知》), all expressways within the interconnected toll network in Jiangsu Province implemented differentiated tolls for 2–5 axle trucks during the prevention and control period of COVID-19 epidemic from 16 February 2020, and the charging standards for 2–5 axle trucks will be reduced by 6.95%, 14.01%, 5.00% and 5.00%, respectively to support the development of the real economy and reduce logistics cost. According to the Notice on the Implementation of Differentiated Tolls for Six-Axle Trucks on Expressways (《關於對高速公路六軸貨車通行費實行差異化收費的通知》), a 5% discount was applied on the basis of the current toll standard for six-axle trucks.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

I. DISCUSSION AND ANALYSIS OF THE OPERATION (CONTINUED)

The impact of the COVID-19 outbreak. Firstly, the prevention and control of epidemic and assurance of road accessibility. The expressway network is an important part of the development of national economy, after the outbreak of the COVID-19, the Group united multiple parties to strictly prevent the spread of the COVID-19, and ensure that “every vehicle must be checked and every person’s temperature must be measured”. Toll roads could be used on a free-of-charge basis from 0:00 on 17 February 2020, the Group quickly implemented the system switching to achieve “exemption of all charges that ought to be exempted”. The Group strengthened the maintenance of station facilities, road condition patrols, congestion clearing, and prepared for duty according to the main post responsibility and deputy post responsibility in advance to ensure smooth traffic flow of road network, safe and stable road conditions, and contribute to the healthy development of the economy and society in terms of transportation. Secondly, the change of expressway traffic. During the Reporting Period, affected by multiple factors such as the COVID-19 outbreak, the policy on toll-free travel and the resumption of work and production, the average daily traffic volume of Shanghai-Nanjing Expressway was 99,200 vehicles, representing a year-on-year decrease of 2.17%. In particular, the traffic flow of the expressway network in the early stage of the epidemic continued to decline; after the implementation of the policy on toll-free travel, the traffic flow recovered quickly; after the resumption of toll collection on 6 May, the increase in traffic flow slowed down. During the Reporting Period, the overall trend of the traffic volume of other roads and bridges operated by the Group was basically the same as that of the Jiangsu section of Shanghai-Nanjing Expressway. Thirdly, the change in toll revenue. During the Reporting Period, the overall toll revenue of the toll roads and bridges operated by the Group decreased significantly as compared with the corresponding period of the previous year. In particular, the toll revenue of Shanghai-Nanjing Expressway from January to June was RMB1,176,273,000, representing a year-on-year decrease of 53.74%.

Investment in road and bridge construction. Firstly, the construction of road and bridge projects. As of the end of June 2020, the construction of Wufengshan Toll Bridge, Longtan Bridge, Changyi Expressway, and Yichang Expressway projects had incurred an aggregate investment of approximately RMB10,045 million, RMB1,316 million, RMB3,331 million and RMB2,732 million, respectively, representing 81.70%, 21.05%, 87.67% and 68.68% of the total investment of the project, respectively. As the projects under construction will be completed in succession and put into operation, they will become a new profit growth point for the Group in the future. Secondly, the integration of road and bridge resources. In order to optimize the Company’s management structure and improve operational efficiency, the Company implemented the merger its wholly-owned subsidiary Ningchang Zhenli Company. After the completion of the merger, the compounded effect of “1+1> 2” will be realized. Thirdly, the research of investment projects. Focusing on domestic and overseas road and bridge projects with promising long-term benefits, the Group actively carried out analysis and demonstration of investment projects, further strengthened, improved and expanded the principal business, and shared the dividends of the development with investors.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

I. DISCUSSION AND ANALYSIS OF THE OPERATION (CONTINUED)

Road operation management. Firstly, the promotion of the 5G applications implementation. Following the pace of the “Internet +” times, the Group explored the scenario-based application of 5G technology, and vigorously promoted the construction of intelligent expressways. On 28 June, China Tower Corporation Limited announced that the 5G network coverage of the Jiangsu section of Shanghai-Nanjing Expressway exceeded 96%, making it the first main lines expressway with 5G network fully connected in the PRC. Secondly, the road accessibility through intelligent management and control. Aiming at the characteristics of large traffic difference and wide breadth of road of Shanghai-Nanjing Expressway, the Group tried design by section and differentiated management and control to realize “intelligent expansion” in limited space. In the first half of 2020, Wuxi section of Shanghai-Nanjing Expressway, which used to be congested, has normalized its management and control systems for ramp and lane with huge traffic flow and has significantly improved the traffic efficiency. Thirdly, the carrying out of centralized maintenance of super-long sections. The Group carried out the closed centralized maintenance of long-distance sections with huge traffic flow in the Suzhou section with frequent congestion of Shanghai-Nanjing Expressway for the first time in the PRC, and completed a single 22-kilometer mat coat and nearly 50-kilometer medium-sized maintenance project within 8 working days. The number of work types, single-day workload, and time saving set a new industry record, which was highly recognized by the Ministry of Transport and peers both inside and outside the province. Fourthly, the maintenance and intelligent management of pilot roads and bridges. The Group used the intelligent control system of road maintenance quality to realize intelligent supervision by means of Internet of Things, RFID and other information means for the first time. It put forward the multi-dimensional quality evaluation method and preliminarily constructed the multi-dimensional evaluation system for maintenance project quality. It also developed an intelligent road inspection system for expressway and successfully passed the appraisal, filling the gap in the corresponding sectors in the PRC.

(I) Toll road and bridge business

1. Business performance and analysis of project operation

During the Reporting Period, affected by the COVID-19 epidemic and the policy on toll-free travel, the Group recorded toll revenue of approximately RMB1,777,601,000, representing a year-on-year decrease of approximately 52.97% and representing approximately 66.62% of the total operating revenue of the Group. Of which, Shanghai-Nanjing Expressway recorded an average daily traffic volume of 99,200 vehicles, representing a year-on-year decrease of approximately 2.17%, and an average daily toll revenue of approximately RMB6,463,040 (average daily toll revenue, including that of the toll-free period, the same below), representing a year-on-year decrease of approximately 53.99% ^{Note}.



SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

I. DISCUSSION AND ANALYSIS OF THE OPERATION (CONTINUED)

(I) Toll road and bridge business (Continued)

1. Business performance and analysis of project operation (Continued)

The traffic volume of other road and bridge projects operated by the Group including Zhenli Expressway, Wuxi Huantaihu Expressway and Changjia Expressway continued to maintain a relatively good growth momentum. During the Reporting Period, their overall movements in traffic volumes of passenger vehicles and trucks were basically consistent with that of Shanghai-Nanjing Expressway. The data of the operations of each of the road and bridge projects is set out as below:

Comparison of the data of average daily traffic volume and toll revenue (average daily toll revenue, including that of the toll-free period):

Projects		Reporting Period	Corresponding period of the previous year	Year-on-year change (%)
Shanghai-Nanjing Expressway	Total traffic volume (<i>vehicle/day</i>)	99,199	101,398	-2.17
	Average daily toll revenue (<i>RMB'000/day</i>)	6,463.04	14,047.78	-53.99
Ningchang Expressway	Total traffic volume (<i>vehicle/day</i>)	52,197	41,887	24.61
	Average daily toll revenue (<i>RMB'000/day</i>)	1,008.11	2,526.18	-60.09
Zhenli Expressway	Total traffic volume (<i>vehicle/day</i>)	21,293	15,199	40.09
	Average daily toll revenue (<i>RMB'000/day</i>)	363.10	735.83	-50.65
Xicheng Expressway	Total traffic volume (<i>vehicle/day</i>)	87,949	81,123	8.41
	Average daily toll revenue (<i>RMB'000/day</i>)	883.90	1,593.76	-44.54
Guangjing Expressway	Total traffic volume (<i>vehicle/day</i>)	89,063	73,421	21.30
	Average daily toll revenue (<i>RMB'000/day</i>)	424.99	827.31	-48.63
Xiyi Expressway	Total traffic volume (<i>vehicle/day</i>)	24,241	22,947	5.64
	Average daily toll revenue (<i>RMB'000/day</i>)	416.94	869.37	-52.04
Wuxi Huantaihu Expressway	Total traffic volume (<i>vehicle/day</i>)	12,701	8,454	50.24
	Average daily toll revenue (<i>RMB'000/day</i>)	98.98	89.88	10.12
Jiangyin Bridge	Total traffic volume (<i>vehicle/day</i>)	99,202	92,060	7.76
	Average daily toll revenue (<i>RMB'000/day</i>)	1,729.14	3,249.55	-46.79
Sujiahang Expressway	Total traffic volume (<i>vehicle/day</i>)	56,486	68,630	-17.70
	Average daily toll revenue (<i>RMB'000/day</i>)	1,312.82	3,508.31	-62.58
Yanjiang Expressway	Total traffic volume (<i>vehicle/day</i>)	54,044	54,957	-1.66
	Average daily toll revenue (<i>RMB'000/day</i>)	1,997.49	4,122.68	-51.55
Changjia Expressway	Total traffic volume (<i>vehicle/day</i>)	46,783	18,274	156.00
	Average daily toll revenue (<i>RMB'000/day</i>)	486.75	398.63	22.11
Zhendan Expressway	Total traffic volume (<i>vehicle/day</i>)	18,060	15,087	19.71
	Average daily toll revenue (<i>RMB'000/day</i>)	107.97	191.35	-43.57

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

I. DISCUSSION AND ANALYSIS OF THE OPERATION (CONTINUED)

(I) Toll road and bridge business (Continued)

1. Business performance and analysis of project operation (Continued)

- Note:*
- 2020 is a leap year. The number of days in February increased by one day year-on-year. The average daily toll revenue decreased more than the toll revenue during the Reporting Period.
 - The tolls on toll roads nationwide were waived from 00:00 on 17 February 2020 until 00:00 6 May 2020. In general, at the beginning of the epidemic outbreak, the traffic flow on the expressway network continued to decline. After the implementation of the policy of exempting vehicle tolls, the traffic flow recovered quickly. The growth of traffic flow slowed down after the tolls were restored on 6 May.
 - During the Reporting Period, road maintenance operations were carried out at the G42 Hulong Expressway Shuofang Hub-Suzhou North Hub (from Nanjing to Shanghai), during which half-opening traffic control measures were taken to divert vehicles to Huantaihu Expressway. Affected by this, the toll revenue of Wuxi Huantaihu Expressway increased as compared with the corresponding period of the previous year.
 - During the Reporting Period, the main line of Changjia Expressway was opened and the traffic volume increased significantly. Affected by this, the toll revenue of Changjia Expressway increased as compared with the corresponding period of the previous year.

2. Business Development

(1) Actively advancing the construction of road and bridge projects under construction

During the Reporting Period, the Group continued to efficiently advance the construction of road and bridge projects under construction in an orderly way. During the Reporting Period, Wufengshan Bridge Project incurred an investment of RMB1,038 million, with cumulated investment of RMB10,045 million as of the end of June 2020, representing 81.70% of the total investment of the project, and it is expected to be completed in 2021. Changyi Expressway Project incurred an investment of RMB436 million, with cumulated investment of RMB3,331 million as of the end of June 2020, representing 87.67% of the total investment of the project; Yichang Expressway Project incurred an investment of RMB738 million, with cumulated investment of RMB2,732 million as of the end of June 2020, representing 68.68% of the total investment of the project; and Longtan Bridge Project incurred an investment of RMB945 million, with cumulated investment of RMB1,316 million as of the end of June 2020, representing 21.05% of the total investment of the project.

(2) The toll road and bridge projects in Turkey

During the Reporting Period, the Group accelerated the investment progress of the acquisitions in relation to the toll road and bridge projects in Turkey, and the relevant approval procedures are being processed.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

I. DISCUSSION AND ANALYSIS OF THE OPERATION (CONTINUED)

(II) Operation of ancillary services

Ancillary services of the Group mainly include lease of service areas, sale of petroleum products and other related operations provided at the service areas along the expressway. During the Reporting Period, the Group realized revenue of approximately RMB611,872,000 from ancillary services, representing a year-on-year increase of approximately 0.15%. In particular, sales revenue of petroleum products was approximately RMB495,285,000, representing approximately 80.95% of the total revenue from ancillary services, representing a year-on-year increase of approximately 1.18%; rental income from service areas amounted to approximately RMB102,161,000; and other income was approximately RMB14,426,000.

During the Reporting Period, due to the impact of the novel coronavirus outbreak, the road network traffic continued to decline in the initial period, resulting in a decrease in sales of petroleum products. However, with the implementation of the national policy on toll-free travel, the traffic volume of trucks and passenger vehicles on expressway network was quickly recovered, and the sales of petroleum products subsequently increased, making up for the adverse impact of the previous sales of petroleum products. During the Reporting Period, the Group actively introduced competition mechanisms and managed to secure more profit margins through actively carrying out negotiations with petroleum suppliers. In the first half of 2020, the gross profit and gross profit margin of petroleum products operation of the Group increased by 45.67 percentage points and 6.10 percentage points as compared with the first half of 2019, respectively, and drove the gross profit margin of ancillary services business operation increased by approximately 4.39 percentage points year-on-year.

(III) Business of property development and sales

In the first half of 2020, the “houses are for living, not for speculative investment” was the main principle of the property market regulation. The impact of the novel coronavirus outbreak had a significant impact on the Group’s income from its property business. During the Reporting Period, the Group seized the market sales window period to actively increase efforts in de-stocking.

During the Reporting Period, the pre-sale area of commodity housing of Ninghu Properties Company was 5,995.22 square meters, and the pre-sale revenue of RMB176,088,000 was realized, representing a year-on-year decrease of 68.33% and 63.60%, respectively. Affected by the epidemic, there was a year-on-year decrease in the delivery scale of housing. From January to June, a total of 93 units were delivered, with sales revenue carried forward amounting to approximately RMB239,599,000, representing a decrease of 41.82% as compared with the corresponding period of the previous year. The net profit after tax realized was approximately RMB54,620,000, representing a year-on-year decrease of approximately 49.05%.

During the Reporting Period, the sale and leasing of the Hanrui Center developed by Hanwei Company were carried out in an orderly manner. In the first half of 2020, 26 units of commodity housing (apartments) were signed contracts with a pre-sale area of 1,526.06 square meters, achieving pre-sale revenue of RMB38,047,000. Approximately 50% of shops have completed negotiations on potential leasing.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

I. DISCUSSION AND ANALYSIS OF THE OPERATION (CONTINUED)

(IV) Other businesses

Other businesses of the Group mainly comprised of the advertising businesses of certain subsidiaries, management services provided by Yangtze River Management Company and property services provided by Ninghu Properties Company. During the Reporting Period, the Group realized revenue from other businesses of approximately RMB39,280,000, representing a year-on-year increase of approximately 18.57% and which is mainly attributable to the year-on-year increase in revenue from commission operation and management services.

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

(I) Analysis of principal businesses

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

Unit: Yuan Currency: RMB

Item	Reporting Period	Corresponding period of the previous year	Changes (%)
Operating income	2,668,351,072.50	4,835,457,868.83	-44.82
Operating costs	1,859,290,222.19	1,955,644,387.14	-4.93
Selling expenses	8,977,337.47	18,630,332.26	-51.81
Administrative expenses	73,831,410.68	85,673,931.47	-13.82
Financial expenses	256,387,221.40	226,517,238.35	13.19
Net cash flow from operating activities	895,329,150.48	2,927,496,390.90	-69.42
Net cash flow from investing activities	-3,291,196,408.42	-3,203,647,193.79	2.73
Net cash flow from financing activities	2,275,283,608.14	290,135,764.89	684.21
Tax and surcharge	39,258,353.21	55,403,316.19	-29.14
Gain on change in fair value	50,461,176.80	21,207,890.81	137.94
Investment income	147,761,973.92	478,199,640.69	-69.10
Other income	9,387,442.24	2,612,095.39	259.38
Non-operating revenue	29,557,223.53	1,608,479.04	1,737.59
Income tax	173,933,369.86	651,267,942.06	-73.29
Other comprehensive income, net of tax	-809,582,328.42	531,287,650.30	-252.38

Note: The figures in the table are unaudited.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal businesses (Continued)

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

Explanations on the reasons for the change of operating income: A year-on-year significant decrease in the Group's toll revenue was mainly due to the impact of the COVID-19 and the policy on toll-free travel during the Reporting Period; the scale of delivery and transfer of property business were less than that of the corresponding period of the previous year as a result of the COVID-19, and the delivery and the income of property business decreased year-on-year, resulting in a year-on-year decrease in operating income.

Explanations on the reasons for the changes of operating costs: A year-on-year decrease in operating costs was mainly due to the scale of delivery and transfer of real estate projects during the Reporting Period were less than that of the corresponding period of the previous year as a result of the impact of the COVID-19, and the costs of property sales business decreased year-on-year.

Explanations on the reasons for the changes in selling expenses: A year-on-year decrease in selling expenses was mainly due to the decrease in advertisement and promotion fee and commission fee for agent of real estate sales of Ninghu Properties Company and Hanwei Company during the Reporting Period as a result of the impact of the COVID-19.

Explanations on the reasons for the changes in administrative expenses: A year-on-year decrease in administrative expenses was mainly due to the strengthening of budget management and strict expenses control by the Group to reduce the impact of the COVID-19 during the Reporting Period.

Explanations on the reasons for the changes in financial expenses: During the Reporting Period, the comprehensive loan costs of the Group's capitalization of interest-bearing debts decreased as compared with the corresponding period of the previous year, however, a year-on-year increase in financial expenses was mainly due to the increased scale of interest-bearing debts of the Group as compared with the corresponding period of the previous year as a result of the impact of the COVID-19 and the policy on toll-free travel.

Explanations on the reasons for the changes in R&D expenses: None.

Explanations on the reasons for the changes in net cash flow from operating activities: A year-on-year significant decrease in the net cash flow from operating activities was mainly due to a year-on-year decrease in toll revenue and revenue from pre-sales of property projects as a result of the impact of the COVID-19 and the policy on toll-free travel during the Reporting Period.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal businesses (Continued)

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

Explanations on the reasons for the changes in net cash flow from investing activities:

A year-on-year increase in the net cash flow from investing activities was mainly due to a year-on-year increase in the investment in the construction of road and bridge projects under construction and net cash outflow from the purchase of wealth management products during the Reporting Period.

Explanations on the reasons for the changes in net cash flow from financing activities:

A year-on-year significant increase in the net cash flow from financing activities was mainly due to a year-on-year increase in net cash inflow from the Group's borrowings as a result of the impact of the COVID-19 and the policy on toll-free travel during the Reporting Period.

Explanations on the reasons for the changes in tax and surcharge: A year-on-year decrease in provisions of tax and surcharge was mainly due to the fact that the operating revenue of the Group was lower than that of the corresponding period of the previous year.

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

Explanations on the reasons for the changes in investment income: Mainly due to the impact of the COVID-19 and the policy on toll-free travel during the Reporting Period, certain associates which have a larger proportion of their business engaged in road and bridge sector incurred operating losses.

Explanations on the reasons for the changes in other income: Mainly due to the inclusion of deductible portion into other income as a result of the implementation of national policies, which stipulated that commencing from 1 April 2019, an extra 10% shall be credited against deductible input VAT, in line with the policy for deduction of tax amount payable.

Explanations on the reasons for the changes in non-operating revenue: Mainly due to the receipt of pit compensation during the Reporting Period.

Explanations on the reasons for the changes in income tax: Mainly due to the year-on-year decrease in the taxable income of the Group as a result of the impact of the COVID-19 and the policy on toll-free travel during the Reporting Period.

Explanations on the reasons for the changes in other comprehensive income, net of tax: Mainly due to the decrease in the fair value of other equity instruments investment held by the Group during the Reporting Period, resulting in a year-on-year decrease in other comprehensive income.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal businesses (Continued)

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

(1) Principal operating activities classified by industries and regions

Unit: Yuan Currency: RMB

By industries	Principal operating activities classified by industries					Change in gross profit margin over the corresponding period of last year (%)
	Operating revenue	Operating costs	Gross profit margin (%)	Change in operating revenue over the corresponding period of last year (%)	Change in operating costs over the corresponding period of last year (%)	
Toll road business	1,777,600,712.74	1,197,035,388.35	32.66	-52.97	0.91	Decreased by 35.95 percentage points
Shanghai-Nanjing Expressway	1,176,273,277.15	643,622,193.65	45.28	-53.74	2.46	Decreased by 30.01 percentage points
Guangjing Expressway and Xicheng Expressway	238,218,656.79	111,470,130.86	53.21	-45.64	-33.86	Decreased by 8.33 percentage points
Ningchang Expressway and Zhenli Expressway	249,559,632.44	317,048,082.41	-27.04	-57.73	18.57	Decreased by 81.75 percentage points
Xiyi Expressway and Wuxi Huantaihu Expressway	93,898,635.01	101,726,699.57	-8.34	-45.92	5.25	Decreased by 52.67 percentage points
Zhendan Expressway	19,650,511.35	23,168,281.86	-17.90	-43.26	-9.23	Decreased by 44.20 percentage points
Ancillary services business	611,871,621.75	525,002,197.70	14.20	0.15	-4.73	Increased by 4.39 percentage points
Property sales business	239,598,650.73	110,236,786.05	53.99	-41.82	-46.38	Increased by 3.91 percentage points
Other businesses	39,280,087.28	27,015,850.09	31.22	18.57	112.95	Decreased by 30.49 percentage points
Total	2,668,351,072.50	1,859,290,222.19	30.32	-44.82	-4.93	Decreased by 29.24 percentage points

Note: During the Reporting Period, the operating costs of other businesses increased by 112.95% year-on-year was mainly due to the increase in operating costs of Yangtze River Management Company, which was established on 6 June 2019.

Principal operating activities classified by industries and products: Nil.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal businesses (Continued)

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

(2) Analysis of costs

During the Reporting Period, accumulated operating costs amounted to approximately RMB1,859,290,000, representing a year-on-year decrease of approximately 4.93%. The cost structure of each business category is set out below:

Unit: Yuan Currency: RMB

By Industries	Components of costs	Amount for the Reporting Period	By Industries		Proportion of the amount in total costs for the Reporting Period (%)	Amount for the corresponding period of last year	Proportion of the amount in total costs for the corresponding period of last year (%)	Changes in percentage of the amount for the Reporting Period compared with the corresponding period of last year (%)	Explanation
			Proportion of the amount in total costs for the Reporting Period (%)	Amount for the corresponding period of last year					
Toll road operations	-	1,197,035,388.35	64.38	1,186,295,935.98	60.66	0.91	-		
-	Depreciation and amortization	745,349,229.43	40.09	722,765,894.88	36.96	3.12			
-	Costs on maintenance	90,000,499.83	4.84	83,907,384.95	4.29	7.26	Mainly due to the centralized maintenance of pavement on certain sections of Nanjing Shanghai Expressway and a year-on-year increase in the costs of road maintenance as a result of a comprehensive renovation of the facilities and greening along the expressways during the Reporting Period.		
-	Costs on system maintenance	4,238,044.31	0.23	7,078,171.66	0.36	-40.13	Mainly due to higher costs on system maintenance as affected by the withdrawal of provincial toll stations in the corresponding period of last year		
-	Costs on toll collection	48,350,275.51	2.60	73,256,312.21	3.75	-34.00	Mainly due to the decrease in toll revenue during the Reporting Period, the corresponding road network management fees decreased year-on-year, and the renovation of toll station areas along the expressway in the corresponding period of last year, resulting in a year-on-year decrease in costs on toll collection.		
-	Labour costs	309,097,339.27	16.62	299,288,172.28	15.30	3.28			

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal businesses (Continued)

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

(2) Analysis of costs (Continued)

By Industries	Components of costs	Amount for the Reporting Period	By Industries		Proportion of the amount in total costs for the Reporting Period (%)	Changes in percentage of the amount for the Reporting Period compared with the corresponding period of last year (%)	Explanation
			Proportion of the amount in total costs for the Reporting Period (%)	Amount for the corresponding period of last year			
Ancillary service businesses	-	525,002,197.70	28.24	551,071,965.03	28.18	-4.73	-
-	Raw materials	377,916,696.35	20.33	405,635,189.34	20.74	-6.83	Mainly due to the year-on-year decrease in procurement cost of raw materials as a result of the impact of the COVID-19 and the drop in oil prices during the Reporting Period.
-	Depreciation and amortization	28,252,899.48	1.52	26,911,715.93	1.38	4.98	
-	Labour costs	81,461,935.33	4.38	83,861,022.12	4.29	-2.86	
-	Other costs	37,370,666.54	2.01	34,664,037.64	1.77	7.81	Mainly due to the year-on-year increase in property management fees in the service area during the Reporting Period.
Property sales businesses	-	110,236,786.05	5.93	205,580,031.45	10.51	-46.38	During the Reporting Period, there was a year-on-year decrease in the scale of delivery and transfer of real estate projects, resulting in a year-on-year decrease in the cost of property sales business.
Other businesses	-	27,015,850.09	1.45	12,686,454.68	0.65	112.95	Mainly due to a year-on-year increase in the costs of other business as a result of the increase in the management cost of Yangtze River Management Company and the increase in the scale of the property management concerning the property projects delivered by the subsidiaries during the Reporting Period.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(I) Analysis of principal businesses (Continued)

2. Others

(1) Detailed explanation on major changes in the composition or source of the Company's profit

Applicable N/A

(2) Others

Applicable N/A

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

Applicable N/A

(III) Analysis of Assets and Liabilities

Applicable N/A

1. Assets and Liabilities

Unit: RMB Currency: RMB

Item	Balance at the end of the Reporting Period	Proportion of balance to the total assets as at the end of the Reporting Period (%)	Balance at the end of the previous period	Proportion of balance to the total assets as at the end of the previous period (%)	Percentage change in balance at the end of the Reporting Period as compared to that at the end of the previous period (%)	Explanation on changes
Held-for-trading financial assets	1,765,073,027.10	3.02	676,935,184.62	1.22	160.74	Mainly due to the increase in wealth management products held by the Group at the end of the Reporting Period as compared to the beginning of the period.
Notes receivable	1,997,100.00	—	—	—	—	Mainly due to the increase in the bank acceptances receivable at the end of the Reporting Period.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of Assets and Liabilities (Continued)

1. Assets and Liabilities (Continued)

Item	Balance at the end of the Reporting Period	Proportion of balance to the total assets as at the end of the Reporting Period (%)	Balance at the end of the previous period	Proportion of balance to the total assets as at the end of the previous period (%)	Percentage change in balance at the end of the Reporting Period as compared to that at the end of the previous period (%)	Explanation on changes
Accounts Receivable	412,901,378.17	0.71	224,285,157.62	0.40	84.10	Mainly due to the increase in financing factoring balance at the end of the Reporting Period as compared to the beginning of the period.
Prepayments	57,315,472.23	0.10	26,865,058.19	0.05	113.35	Mainly due to the increase in prepayments for petroleum products at the end of the Reporting Period as compared to the beginning of the period.
Other receivables	118,522,734.38	0.20	51,199,899.50	0.09	131.49	Mainly due to the cash dividends declared but not yet paid by associates during the Reporting Period.
Other current assets	514,936,839.58	0.88	379,340,961.34	0.68	35.75	Mainly due to the increase in the Group's prepaid VAT at the end of the Reporting Period as compared to the beginning of the period.
Other equity instruments investment	4,567,964,324.49	7.82	5,655,468,613.24	10.17	-19.23	Mainly due to the decrease in the book value of the other equity instruments investment recognized at fair value by the Group during the Reporting Period.
Construction in progress	17,618,050,406.77	30.18	14,501,734,494.95	26.07	21.49	Mainly due to the investment in construction of road and bridge projects in progress.
Right-of-use assets	2,022,347.44	—	637,434.33	—	217.26	Mainly due to the increase in the right-of-use assets recognized in accordance with the New Lease Standards during the Reporting Period.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of Assets and Liabilities (Continued)

1. Assets and Liabilities (Continued)

Item	Balance at the end of the Reporting Period	Proportion of balance to the total assets as at the end of the Reporting Period (%)	Balance at the end of the previous period	Proportion of balance to the total assets as at the end of the previous period (%)	Percentage change in balance at the end of the Reporting Period as compared to that at the end of the previous period (%)	Explanation on changes
Short-term borrowings	1,380,880,336.29	2.37	1,972,708,495.84	3.55	-30.00	Mainly due to the partial repayment of short-term borrowings during the Reporting Period.
Notes Payable	895,000,000	1.53	—	—	—	Mainly due to the issuance of bank acceptances by the subsidiaries engaged in the construction of roads and bridges, concerning the payment of construction projects during the Reporting Period.
Accounts payable	1,043,858,654.62	1.79	1,262,414,819.54	2.27	-17.31	Mainly due to the decrease in project payment payable during the Reporting Period.
Other payables	2,591,604,474.14	4.44	261,048,444.02	0.47	892.77	The increase is mainly due to the cash dividends declared but not paid at the end of the Reporting Period.
Non-current liabilities due within one year	4,164,076,736.49	7.13	3,161,145,193.63	5.68	31.73	Mainly due to the adjustment of RMB1 billion of medium-term notes due within one year to non-current liabilities due within one year during the Reporting Period.
Other current liabilities	6,357,724,161.56	10.89	5,092,083,748.87	9.15	24.86	Mainly due to the ultra short-term notes newly issued during the Reporting Period, resulting in increase in the balance as compared to the beginning of the period.
Long-term borrowings	10,055,235,181.77	17.22	8,335,475,444.12	14.99	20.63	Mainly due to the increase in loans for road and bridge projects under construction during the Reporting Period as compared to the beginning of the period.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of Assets and Liabilities (Continued)

1. Assets and Liabilities (Continued)

Item	Balance at the end of the Reporting Period	Proportion of balance to the total assets as at the end of the Reporting Period (%)	Balance at the end of the previous period	Proportion of balance to the total assets as at the end of the previous period (%)	Percentage change in balance at the end of the Reporting Period as compared to that at the end of the previous period (%)	Explanation on changes
Bonds payable	—	—	997,460,933.93	1.79	-100.00	Mainly due to the adjustment of RMB1 billion of medium-term notes due within one year to non-current liabilities due within one year during the Reporting Period.
Lease liabilities	1,094,340.47	—	—	—	—	Mainly due to the lease liabilities recognized in accordance with the New Lease Standards during the Reporting Period
Deferred income tax liabilities	157,788,364.52	0.27	416,613,871.66	0.75	-62.13	Mainly due to the adjustment of other comprehensive income based on the fair value of other equity instruments held by the Group, and the adjustment to the deferred income tax liabilities accordingly during the Reporting Period.
Deferred income	128,703,380.91	0.22	41,177,151.42	0.07	212.56	Mainly due to the receipt of subsidies concerning the withdrawal of provincial boundary toll stations during the Reporting Period.
Other comprehensive income	504,015,493.00	0.86	1,291,748,071.42	2.32	-60.98	Mainly due to the adjustment of other comprehensive income based on the fair value of other equity instruments held by the Group during the Reporting Period.

Other explanations

The calculation basis for total gearing ratio: liabilities divided by total assets; the calculation basis for net gearing ratio: liabilities divided by shareholders' equity.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of Assets and Liabilities (Continued)

2. Restrictions on major assets as at the end of the Reporting Period

Applicable N/A

Unit: Yuan Currency: RMB

Item	Book value as at the end of the Reporting Period	Reasons for restriction
Bank deposits	2,359,744.84	Deposit of mortgage loans to customers
Bank deposits	65,208,534.35	Regulated pre-sale proceeds
Intangible assets	1,813,651,978.68	Pledge of concession rights of toll expressways
Total	<u>1,881,220,257.87</u>	

(1) Explanation for restrictions on bank deposits

At the end of the Reporting Period, other monetary funds of the Group included customers' deposit for mortgage loans of RMB2,360,000 and regulated pre-sale proceeds of RMB65,209,000. The regulated pre-sale proceeds are project funds placed in escrow with banks as required by Nanjing Bureau of Housing and Urban-Rural Development (南京市住房和城乡建设局) for the purpose of facilitating the smooth development of property projects and strengthening the supervision of monetary capital for property development projects. Project capital must be paid in full into banks before applications for construction permits are made. Developers shall release the project deposits by tranches depending on the construction progress. The remaining project deposits shall be released upon the completion of the construction and delivery of the units.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of Assets and Liabilities (Continued)

2. Restrictions on major assets as at the end of the Reporting Period (Continued)

(2) Explanation for restrictions on intangible assets

Guangjing Xicheng Company, a subsidiary of the Group, entered into a loan contract with Wuxi branch of Industrial and Commercial Bank of China in respect of a loan of RMB1,200,000,000 in aggregate, which was secured by the toll road concession right of Guangjing Expressway. As at the end of the Reporting Period, the loan balance amounted to RMB581,000,000.

Zhendan Company, a subsidiary of the Group, entered into a loan contract with each of Jiangsu Branch of Communications Bank, Zhongshan South Road Sub-branch of China Construction Bank and Gulou Sub-branch of Postal Saving Bank of China in respect of a total loan amount of RMB139,650,000, RMB600,000,000 and RMB230,000,000, respectively, which were secured by the toll road concession right of Zhendan Expressway. As at the end of the Reporting Period, the loan balance amounted to RMB135,450,000, RMB500,000,000 and RMB97,756,000, respectively.

3. Other explanations

Applicable N/A

(1) Capital expenditures

In the first half of 2020, the main capital expenditures of the Group are as follows:

Items of Capital Expenditures	Amount (RMB)
Investment in the construction of Wufengshan Toll Bridge	1,037,517,588.84
Investment in the construction of Changyi Expressway	435,634,199.78
Investment in the construction of Yichang Expressway	738,646,549.32
Investment in the construction of Longtan Bridge	945,329,036.06
Equity investment in Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership)	34,269,230.68
Alteration and addition of service areas and toll collection points	16,103,092.99
Software renovation of toll stations	19,287,971.38
Double tank renovation project	2,423,815.28
Other capital expenditures of the Group	54,516,503.35
Total	<u>3,283,727,987.68</u>

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of Assets and Liabilities (Continued)

3. Other explanations (Continued)

(2) Capital structure and solvency

The Group attached great importance to maintain a reasonable capital structure and continuously improved its profitability in order to maintain the Group's good credit rating and stable financial position. At the end of the Reporting Period, the total liabilities of the Group amounted to approximately RMB28,064,668,000. The overall gearing ratio of the Group was approximately 48.07% (Note: the calculation basis of the overall gearing ratio: liabilities/total assets), an increase of approximately 6.83 percentage points from the beginning of the period. In view of the Group's stable and abundant operating cash flow and sound capacity of financing and capital management, the management believes that the gearing ratio remained at a safe level at the end of the Reporting Period.

(3) Financial strategy and financing arrangement

During the Reporting Period, the Group actively expanded its financing channels, adjusted its debt structure and controlled financing costs. Through adopting a proactive financing strategy, the Company was able to meet the funding needs of its operation and management and project investment and controlled the financing costs effectively. The Group's borrowing requirements are not subject to seasonality. During the Reporting Period, an additional fund of RMB8,110,000,000 was obtained through direct financing. As at 30 June 2020, the Group's borrowings amounted to RMB11,453,755,000, of which RMB2,274,909,000 were fixed-rate loans. As at the end of the Reporting Period, the balance of interest-bearing liabilities amounted to approximately RMB21,703,755,000, representing an increase of approximately RMB2,370,835,000 as compared with the beginning of the period. In the first half of 2020, the government adhered to the prudent monetary policy, the liquidity was reasonably abundant, the market interest rates were reasonably stable, and the financing costs on the market lowered as compared with the same period of last year. During the Reporting Period, the rate of the consolidated borrowing costs on interest-bearing liabilities of the Group was approximately 3.99%, representing a decrease of approximately 0.43 percentage point year-on-year, approximately 0.73 percentage point lower than the bank lending rate for the same period. During the Reporting Period, the Company's major financing activities included:

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of Assets and Liabilities (Continued)

3. Other explanations (Continued)

(3) Financial strategy and financing arrangement (Continued)

Type of financing instrument	Date of issuance	Term	Financing amount <i>RMB'000</i>	Interest rate of issuance %	Prevailing bank benchmark interest rate %	Decreases in financing costs %
Ultra short-term note	8 January 2020	93 days	720,000	2.20	4.35	2.15
Ultra short-term note	9 January 2020	92 days	340,000	2.20	4.35	2.15
Ultra short-term note	10 January 2020	97 days	600,000	2.29	4.35	2.06
Ultra short-term note	10 January 2020	98 days	200,000	2.20	4.35	2.15
Ultra short-term note	3 March 2020	227 days	500,000	2.10	4.35	2.25
Ultra short-term note	1 April 2020	198 days	400,000	2.20	4.35	2.15
Ultra short-term note	8 April 2020	190 days	600,000	1.78	4.35	2.57
Ultra short-term note	8 April 2020	190 days	500,000	1.77	4.35	2.58
Ultra short-term note	15 April 2020	191 days	600,000	1.75	4.35	2.60
Ultra short-term note	15 April 2020	191 days	700,000	1.74	4.35	2.61
Ultra short-term note	26 April 2020	187 days	300,000	1.68	4.35	2.67
Ultra short-term note	6 May 2020	184 days	500,000	1.67	4.35	2.68
Ultra short-term note	13 May 2020	184 days	500,000	1.65	4.35	2.70
Ultra short-term note	13 May 2020	184 days	500,000	1.67	4.35	2.68
Ultra short-term note	20 May 2020	184 days	400,000	1.65	4.35	2.70
Ultra short-term note	20 May 2020	184 days	500,000	1.65	4.35	2.70
Ultra short-term note	27 May 2020	142 days	250,000	1.65	4.35	2.70

(4) Credit policy

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

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of Assets and Liabilities (Continued)

3. Other explanations (Continued)

(5) Contingencies

As a common practice in the real estate industry, Ninghu Properties Company and Hanwei Company, subsidiaries of the Group, provide joint liabilities guarantees in connection with mortgage loans granted to buyers of commodity housing properties. The guarantee obligation shall begin from the effective date of a guarantee contract and cease when the registration of mortgage in respect of a purchased properties is completed and the Building Right Encumbrances Certificate is submitted to banks for enforcement. As at 30 June 2020, the outstanding guarantees amounted to approximately RMB590,188,000.

The Company has provided a wholly-owned subsidiary, Ninghu Factoring with guarantees for their application for comprehensive credit, with a maximum guarantee balance of RMB810,000,000. The guarantee method is joint liability guarantee, with a guarantee period of one year; as of 30 June 2020, the guarantee balance was approximately RMB110,000,000.

(6) Entrusted loans

As at 30 June 2020, the entrusted loans obtained by the Company and its subsidiaries were as follows:

Unit: Yuan Currency: RMB

Type	Source of funds	Amount incurred	Unexpired balance	Overdue outstanding amount
Entrusted loans	Internal funds	<u>110,000,000</u>	<u>1,407,000,000</u>	<u>0</u>

Note: As of the end of the Reporting Period, the Company's entrusted loan balance was RMB1,407,000,000. In particular, the entrusted loans to Zhendan Company, a controlling subsidiary were RMB21,000,000, and the entrusted loans to Hanwei Company and Ninghu Properties Company, the wholly-owned subsidiaries, were RMB436,000,000 and RMB950,000,000, respectively.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(III) Analysis of Assets and Liabilities (Continued)

3. Other explanations (Continued)

(7) Foreign exchange risks

The Group is currently operating its businesses principally in the PRC. There are no material foreign exchange risks as the Group's operating revenue and capital expenditure are all settled in Renminbi except for dividend payments for H Shares and the Group has no investment in foreign currency. The Group obtained a loan of USD9,800,000 from the Spanish Government in 1998 at the interest rate of 2% per annum which the Group will make annual payments in relation to the repayment of the principal and interests and it will become due on 18 July 2027. As at 30 June 2020, the balance of the loan was equivalent to approximately RMB14,909,000, against which no foreign exchange hedging arrangements were made by the Group. Fluctuation in exchange rates will have no material impact on the Group's results.

(IV) Analysis of investment

1. Overall analysis of external investment

Applicable N/A

During the Reporting Period, the total amount of external investment of the Group was approximately RMB3,191,397,000, representing a year-on-year increase of approximately 20.97%. The specific projects include investment in the construction of roads and bridges under construction, and investment in Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership).

(1) Material equity investments

Applicable N/A

① *Investment in Luode Parent Real Estate Fund*

On 24 April 2020, the twentieth meeting of the ninth session of the board of directors of the Company approved the participation by Ninghu Investment Company, a wholly-owned subsidiary of the Company, in the establishment of the Phase III Parent Real Estate Fund initiated by Luode Fund Company, with total size of the fund no more than RMB1.5 billion, in which Ninghu Investment Company will invest no more than RMB500 million; other partners and teams will invest no more than RMB1,000 million. For details of the above investment project, please refer to the announcements published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 25 April 2020 and on the website of the Stock Exchange (www.hkex.com.hk) on 24 April 2020, respectively.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Analysis of investment (Continued)

1. Overall analysis of external investment (Continued)

(1) Material equity investments (Continued)

① *Investment in Luode Parent Real Estate Fund (Continued)*

As of the date of this report, the relevant investment agreement has been signed on 24 July 2020. For details of the investment agreement, please refer to the relevant announcements published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 25 July 2020 and on the website of the Stock Exchange (www.hkex.com.hk) on 24 July 2020, respectively.

(2) Material non-equity investments

Applicable N/A

① *Accelerating the progress of road and bridge projects under construction*

During the Reporting Period, the Group accelerated the progress of road and bridge projects under construction, of which, RMB1,037,518,000, RMB435,634,000, RMB738,647,000 and RMB945,329,000 were invested in the construction of the Wufengshan Toll Bridge project, Changyi Expressway, Yichang Expressway and Longtan Bridge Project, respectively.

② *Subscription for CDB Kai Yuan Phase II Fund*

Upon approval by the board of directors of the Company, Ninghu Investment Company has subscribed for a total of RMB1.2 billion units in CDB Kai Yuan Phase II Fund. During the Reporting Period, Ninghu Investment Company made a capital contribution of approximately RMB34,269,000. As at the end of the Reporting Period, Ninghu Investment Company has made an aggregate capital contribution of RMB953,800,000.



SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Analysis of investment (Continued)

1. Overall analysis of external investment (Continued)

(3) Financial assets measured at fair value

Applicable N/A

Unit: Yuan Currency: RMB

Item	Initial investment cost	Source of funds	Purchased/Sold	Investment income	Change in fair value
Fund investments	9,999,400.00	Internal funds	-	-	5,070,695.74
Wealth management products	1,732,700,000	Internal funds	-	5,374,015.76	-
Gold investments	10,473,492.09	Internal funds	-7,564,479.66	3,421,316.72	-1,745,020.34
Other non-current financial assets (CDB Kai Yuan Phase II)	919,531,171.55	Internal funds	34,269,230.68	-	47,094,108.45
Other non-current financial assets (Luode Dening)	150,000,000.00	Internal funds	-150,000,000.00	-	-27,890.68
Other non-current financial assets (Zhongbei Zhiyuan)	300,000,000.00	Internal funds	-	-	61,082.85
Other equity Instruments (Bank of Jiangsu)	1,947,506,804.71	Internal funds	-	93,130,000	-525,950,000
Other equity Instruments (Jiangsu Leasing Company)	270,898,456.89	Internal funds	-	56,160,000	-194,220,000
Fuanda Asset Management Scheme	2,000,000,000	Internal funds	-	-	-367,334,288.75
New shares	<u>206,442.80</u>	Internal funds	<u>-187,996.84</u>	<u>88,437.12</u>	<u>8,200.78</u>

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(IV) Analysis of investment (Continued)

1. Overall analysis of external investment (Continued)

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

During the Reporting Period, Ninghu Investment Company, a subsidiary of the Company, continued to hold Fuanda Advantageous Growth Fund purchased in 2011, in which approximately 10,000,000 units were available in total with a net value of approximately RMB22,891,000 at the beginning of the Reporting Period. Investment cost amounted to approximately RMB9,999,000. Its fair value increased by approximately RMB5,070,000 and its cumulative fair value increased by approximately RMB17,961,000 during the Reporting Period. During the Reporting Period, Ninghu Investment Company continued to engage in gold bullion investment commenced in 2014 at an investment cost of approximately RMB10,473,000 with a net value being approximately RMB13,694,000 at the beginning of the Reporting Period, and sold approximately RMB7,564,000 of the gold with an investment income of approximately RMB3,421,000 during the Reporting Period. At the end of the Reporting Period, its net value was approximately RMB4,385,000. Its fair value decreased by approximately RMB1,745,000 while its cumulative fair value increased by approximately RMB1,476,000 during the Reporting Period. During the Reporting Period, Ninghu Investment Company continued to hold Luode Parent Fund subscribed for in 2016, with a net value of approximately RMB38,414,000 at the beginning of the Reporting Period, and a net value of approximately RMB38,386,000 at the end of the Reporting Period. Its fair value decreased by approximately RMB28,000 and its cumulative fair value increased by approximately RMB38,386,000 during the Reporting Period. During the Reporting Period, Ninghu Investment Company continued to hold CDB Kai Yuan Phase II Fund subscribed for in 2016 at an investment cost of RMB919,531,000 with its net value of approximately RMB1,107,666,000 at the beginning of the Reporting Period, and it increased the principal amount of investment of RMB34,269,000 during the Reporting Period. At the end of the Reporting Period, its net value was approximately RMB1,189,029,000. Its fair value increased by approximately RMB47,094,000 while its cumulative fair value increased by approximately RMB235,229,000 during the Reporting Period. During the Reporting Period, Ninghu Investment Company participated in Real Estate Investment FOF Second Issue initiated and established by Luode Fund Company at an investment cost of RMB300,000,000. At the end of the Reporting Period, its net value was approximately RMB300,157,000. Its fair value increased by approximately RMB61,000 while its cumulative fair value increased by approximately RMB157,000 during the Reporting Period.

(V) Material disposal of assets and equity interest

Applicable N/A

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(VI) Analysis of major subsidiaries and investee companies

Applicable N/A

1. Operations of major subsidiaries

Unit: Yuan Currency: RMB

Name of company	Principal businesses	Investment cost	Equity interest attributable to the Company %	Total assets	Net assets	Net profit	Percentage of the Company's net profit %	Year-on-year increase/decrease in net profit %
Ningchang Zhenli Company	Expressway construction, management, maintenance and toll collection	5,029,236,884.47	100	6,733,460,015.85	6,652,574,218.91	-65,185,260.10	-	-129.03
Guangjing Xicheng Company	Expressway construction, management, maintenance and toll collection	2,125,000,000	85	12,750,116,443.10	6,651,712,145.04	65,887,527.32	13.61	-81.59
Zhendan Company	Expressway construction, management, maintenance and toll collection	423,910,000	70	1,677,724,493.31	501,350,673.18	-40,708,214.99	-	65.49
Wufengshan Toll Bridge Company	Expressway construction, management, maintenance and toll collection	3,112,980,000	64.5	10,318,143,324.72	4,829,024,960.27	215,994.57	0.04	-81.90
Ninghu Investment Company	Investments in various types of infrastructure, industries and assets	1,318,100,000	100	1,995,462,982.84	1,810,776,444.56	55,345,582.58	11.43	109.93
Ninghu Properties Company	Real estate development, operation and consultancy	500,000,000	100	2,581,085,959.65	1,175,218,751.88	54,619,874.66	11.28	-49.05
Hanwei Company	Real estate development and operation	184,499,800	100	1,820,771,752.03	-22,580,894.04	-21,903,613.83	-	-16.39
Yangtze River Management Company	Expressway construction, management and maintenance	50,000,000	100	59,483,961.01	50,136,478.35	124,563.56	0.03	-
Longtan Bridge Company	Expressway construction, management, maintenance and toll collection	785,090,000	53.6	1,363,937,347.56	1,233,735,497.56	-114,223.55	-	-

* During the Reporting Period, as affected by the COVID-19 and the policy on toll-free travel, the operating results of Ningchang Zhenli Company, Guangjing Xicheng Company and Zhendan Company, the subsidiaries of the Group in road and bridge sector, decreased significantly year-on-year.

* During the Reporting Period, Ninghu Investment Company recorded an increase in net profit by approximately 109.93% year-on-year due to an increase in fair value of its other non-current financial assets during the Reporting Period.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

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

1. Operations of major subsidiaries (Continued)

* Please refer to the section headed “Business of property development and sales” in this report for the operational performance and changes in the results of Ninghu Properties Company.

* Please refer to the section headed “Business of property development and sales” in this report for the operational performance of Hanwei Company.

2. Operations of key associates

During the Reporting Period, the investment income of the Group amounted to approximately RMB147,762,000, representing a decrease of approximately 69.10% year-on-year and approximately 30.52% of the Group’s net profit. Although the year-on-year increase in the bonus of Jiangsu Leasing and Bank of Jiangsu invested by the Group during the Reporting Period, the associates in road and bridge sector recorded an operating loss as affected by the COVID-19 and the policy on toll-free travel. A year-on-year decrease in investment income was recorded as a result of an investment income of approximately RMB-10,412,000 recognized by associates directly invested by the Group. Operating results of certain key associates are set out below:

Name of Company	Principal business	Investment cost RMB	Equity interest attributable to the Company %	Net profit attributable to the shareholders of the associates RMB	Contribution to investment income RMB	Percentage of the Company’s net profit %	Year-on-year increase/decrease %
Suzhou Expressway Company (the original Sujiahang Company)	Mainly responsible for the management and operation businesses of Sujiahang Expressway and Changjia Expressway	526,090,677	30.01	32,210,226.66	9,666,289.02	2.00	-91.47
Yangtze Bridge Company	Mainly responsible for the management and operation of Jiangyin Bridge	631,159,243	26.66	-56,000,003.00	-14,929,600	—	-111.84
Yanjiang Company	Mainly responsible for the management and operation of Yanjiang Expressway	1,466,200,000	25.15	-90,454,006.45	-24,965,305.78	—	-124.33

* As affected by the COVID-19 and the policy on toll-free travel, the Group’s associates in the road and bridge sector recorded operating losses, resulting in a year-on-year significant decrease in investment income contributed.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD (CONTINUED)

(VII) Structured entities controlled by the Company

Applicable N/A

III. OTHER DISCLOSURES

(I) Profit warning and explanation of projected accumulated net loss from the beginning of the year to the end of the next reporting period or material changes over the corresponding period of previous year

Applicable N/A

As affected by the COVID-19 and the policy on toll-free travel, it is expected that the accumulated net profit from the beginning of the year to the end of the next reporting period will decrease significantly over the corresponding period of previous year.

(II) Possible risks

Applicable N/A

With a view to optimizing the corporate governance system of the Group, strengthening risk management, and enhancing the Company's capability to deal with risks, the Group determined the basic principles for risk assessment, established the standards of risk assessment, and identified material risks of the Group after taking into account the in combination with the industry risks, thus establishing the risk management system. According to the macro environment and the Group's current business situation, the Group will pay keen attention to the following main risks and proactively take effective countermeasures:

1. Risks associated with industry policy

Risk analysis: The Group is primarily engaged in the investment, construction, operation and management of toll roads and bridges, and toll revenue are the major source of revenue for the Group. The business revenue of the Group is subject to the direct and indirect influence of adjustments and changes in the national macro-control policy and taxation policy. Due to the impact of COVID-19 and the policy on toll-free travel, the toll revenue of the Group will see significant decreases and the Group is exposed to operational risks arising from policies.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

III. OTHER DISCLOSURES (CONTINUED)

(II) Possible risks (Continued)

1. Risks associated with industry policy (Continued)

Counter-measures: The Group will follow closely with relevant policies and actively interpret policies in response to policy-related risks. It will establish a dynamic tracking and assessment mechanism and enhance the contact and communication with competent government authorities, especially transportation, financial, taxation and pricing departments, to make timely business decisions accordingly in a timely manner. It will strive for favorable policies and flexible and differentiated charging standards and develop new profit growth points to reduce downward pressures on toll revenue. Meanwhile, the Group will develop new profit growth points and proactively commence various business activities relating to the principal businesses aiming to reduce the risks associated with arising from relatively simple industrial structure.

2. Risks associated with competition pattern

Risk analysis: The traditional expressway industry faces severe competition with limited growth potential in market size. The opening of roads and bridges with substitution effects may reduce the market share and revenue growth of the Group. With the expansion of railway network in Jiangsu Province, the convenient high-speed railway has changed the way people travel, which has profound effects on the future development of the principal business of the Group.

Counter-measures: Facing the competition and the substitution effect in the industry, the Group will speed up in digitalized transformation. It will leverage on information technology to improve the capability on judging, releasing, sharing and controlling road information to consistently enhance operation management and improve service quality. It will focus on explore added value of traffic services and create more sources of revenue through multi-channels. Meanwhile, the Group will pay close attention to regional planning on road network and nodes in road and railway operation and establish tracking and appraisal mechanisms to enhance the response capacity. For diversion network with competition, it will adjust marketing strategies in a timely manner and adapt to market demands to stabilize sources of revenue.



SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

III. OTHER DISCLOSURES (CONTINUED)

(II) Possible risks (Continued)

3. Risks associated with project investment

Risk analysis: In the course of the Group's business, road and bridge projects newly constructed and new projects with investments are subject to the influence of regional economy and other related factors. In particular, with the deepening of development of the "going-out" strategy of the Group, more mergers and acquisitions projects may emerge in overseas markets. Thus there is a risk that future returns may fall short of expectations. In addition, investment in financial and similar financial products may involve risks of losses and return due to market fluctuations and systematic risks.

Counter-measures: For uncertainties in achieving revenue from projects, the Group, on one hand, improves the mechanism on the enrolment and cultivation of professional talents and boosts the capacity on preliminary researches on projects to fully and comprehensively analyze the feasibility on investment in projects; on the other hand, it establishes or appoints professional appraisal teams to provide professional views to fully keep abreast of the revenue and potential risks of investment projects. It will enhance forward-looking judgment in decision-making on investment, comprehensively analyze internal and external factors affecting decision-making on projects and establish scientific investment decision-making procedures to reduce chances of investment risks.

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

Risk analysis: Under the general background with current new norms of the economy and due to its long industry chain and cycle, the real estate sector is more susceptible to the changes in market environment and policies. The economic operating environment, changes in fiscal and monetary policies and the policies for taming the property market may affect the sales cycle and sales performance of the Group's real estate business, leading to an extension of the real estate sales cycle and affecting the progress of destocking.

Counter-measures: It will establish the risk management system and normalized risk appraisal mechanisms, stay up-to-date with policies concerning the industry and the development trend of the macro-economy and the industry and integrate risk management into real estate projects. It will reinforce specialized management of projects and strive for delicacy management in various stages from market and projects selection, planning and design to operation and execution. It will build its capability to gain insights into the policy and market trend, adopt effective prevention measures and step up efforts to accelerate the destocking rate and reduce risks to the largest extent.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

III. OTHER DISCLOSURES (CONTINUED)

(II) Possible risks (Continued)

5. Safety risks associated with road management

Risk analysis: The increasing traffic volume makes it more and more challenging to maintain road safety and manage road condition. In the operation and management of expressways, any failure to perform the responsibility of safety risk prevention may result in serious road safety accidents and incur liabilities relating to the safety management in service areas, which could in turn adversely affect the realization of the Group's business objectives, and even have a negative impact on the image of the Group's brand.

Counter-measures: The Group will strengthen trainings on operation safety, enhance employees' awareness of operation safety and optimize the accountability and assessment system to ensure that oversight responsibility is in place and duly performed by a particular person. The Group will strengthen its supervision over operation safety, and ensure that the maintenance of production safety equipment is conducted on a regular basis and overhaul is carried out according to a standardized procedure to improve its capacity to ensure production safety with a view to eliminating all potential operation safety risks. The Group will strengthen multi-party coordination and cooperation and properly manage the layout of on-site operating areas in order to minimize the impact on traffic and ensure that all potential risks are eliminated.

(III) Other Disclosures

Applicable N/A

1. Establishment of Ninghu International Company, a wholly-owned subsidiary

During the Reporting Period, the Company completed the registration procedures for Ninghu International Company and obtained the Certificate of Incorporation and the Business Registration Certificate issued by the Companies Registry and the Business Registration Office of the Island Revenue Department in Hong Kong, respectively.

2. Consolidation of Ningchang Zhenli Company, a wholly-owned subsidiary by merger

On 26 February 2020, the sixteenth meeting of the ninth session of the board of directors of the Company resolved that, the Company was approved to consolidate Ningchang Zhenli Company, a wholly-owned subsidiary by way of merger, and submitted the same to the general meeting for consideration. For details, please refer to the relevant announcements published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 27 February 2020 and on the website of the Stock Exchange (www.hkex.com.hk) on 26 February 2020, respectively. On 23 April 2020, the second extraordinary general meeting of the Company resolved that, the Company was approved to consolidate Ningchang Zhenli Company, a wholly-owned subsidiary by way of merger. For details, please refer to the relevant announcements published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on 24 April 2020 and on the website of the Stock Exchange (www.hkex.com.hk) on 23 April 2020, respectively.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

III. OTHER DISCLOSURES (CONTINUED)

(III) Other Disclosures (Continued)

3. Adjustment of the amortization method for road operation rights

On 24 April 2020, the twentieth meeting of the ninth session of the board of directors of the Company resolved that, the Company was approved to adjust the amortization method for road operation rights in 2020. The road operation rights are amortized at the standard passenger vehicle flow under the new toll rates. The adjustment resulted in a change of RMB-42,540,000 in the amortization of toll road operation rights within the consolidation scope of the Company in the first half of 2020.

4. Toll road and bridge projects in Turkey

As of the end of the Reporting Period, this overseas investment has obtained the Enterprise Overseas Investment Certificate (Enterprise Overseas Investment Certificate No. N1000202000216) issued by the Ministry of Commerce of the People's Republic of China and the Filing Notice of Overseas Investment Project (Fa Gai Ban Wai Zi Bei [2020] No. 303) issued by the National Development and Reform Commission of the People's Republic of China. Other approval procedures required for this overseas investment are being processed.

5. Receipt of an Approval for Registration of Public Issuance of Corporate Bonds

On 30 July 2020, the Company received the "Approval on the Public Issuance of Corporate Bonds to Professional Investors by Jiangsu Expressway Company Limited" (Zheng Jian Xu Ke [2020] No. 1635) issued by the CSRC, which approved the application for registration of the Company's public issuance of corporate bonds not exceeding RMB8 billion to professional investors. The issue of the first tranche shall be completed within 12 months from the date of approval; the issue of the remaining tranches shall be completed within 24 months from the date of approval.

6. Registration of Medium-term Notes

On 14 August 2020, the Company's medium-term notes issue with principal amount of not more than RMB2 billion has been registered by the National Association of Financial Market Institutional Investors, with a registration term of 2 years. On 21 August 2020, the Group completed the issue of the medium-term notes with principal amount of RMB2 billion.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

III. OTHER DISCLOSURES (CONTINUED)

(III) Other Disclosures (Continued)

7. Investment plan and financing arrangement

In the second half of 2020, the main capital expenditures of the Group are as follows:

Capital Expenditures	Amount (RMB Yuan)
Investment in the construction of Wufengshan Toll Bridge	2,005,942,411.16
Investment in the construction of Changyi Expressway	423,985,800.22
Investment in the construction of Yichang Expressway	1,111,353,450.68
Investment in the construction of Longtan Bridge	548,150,963.94
Equity investment in Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership)	65,730,769.32
Other capital expenditures of the Group	<u>1,330,845,300.00</u>
Total	<u><u>5,486,008,695.32</u></u>

Note: The information in the above table includes capital investment in the subsidiaries of the Group.

On the basis of fully leveraging its own capital, the Group timely adjusted its financing strategy based on the financing condition of the capital market so as to satisfy its own funding needs for operation and development, while further optimizing its debt structure and reducing capital risks. As at the date of the disclosure of this report, the Group has obtained a registered amount of RMB8 billion for corporate bonds and RMB2 billion for medium-term notes. The Group signed credit facilities contracts with banks but has not yet utilized the facilities. The loan amount of the credit facilities with a term of over one year were approximately RMB30,500 million. The credit line will be sufficient for supporting capital expenditure, debt roll-over and business development of the Group. Meanwhile, the Group is actively exploring various types of financing channels such as convertible bonds and overseas bonds. Selecting the right financing products for the Group will not only provide the Group with sufficient and efficient funds for its present stage of development, but also make prior arrangements for its future development strategies. If other capital expenditure is required under special cases, the Group will adjust its financing plan based on the size of expenditure and the actual cash flow condition.

SECTION V SIGNIFICANT MATTERS

I. OVERVIEW OF THE GENERAL MEETINGS

Session of the meeting	Convening date	Inquiry index of the designated website for publishing the resolutions	Disclosure date of publishing the resolutions
The 2020 First Extraordinary General Meeting	25 February 2020	www.sse.com.cn; www.hkexnews.hk; www.jsexpressway.com	26 February 2020
The 2020 Second Extraordinary General Meeting	23 April 2020	www.sse.com.cn; www.hkexnews.hk; www.jsexpressway.com	24 April 2020
The 2019 Annual General Meeting	23 June 2020	www.sse.com.cn; www.hkexnews.hk; www.jsexpressway.com	24 June 2020

Information on the general meetings

Applicable Not Applicable

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

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

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

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

Not Applicable

III. UNDERTAKINGS AND PERFORMANCE OF UNDERTAKINGS

(I) Undertakings of the de facto controller of the Company, Shareholders, related parties, offeror, the Company and other relevant parties during the Reporting Period or continuing up to the Reporting Period

Applicable Not Applicable

SECTION V SIGNIFICANT MATTERS

IV. APPOINTMENT AND REMOVAL OF ACCOUNTANT

Information on appointment and removal of accountant

Applicable Not Applicable

The reappointment of Deloitte as the domestic auditor of the Company for the year of 2020 was approved at the Company's 2019 Annual General Meeting. The audit fee amounted to RMB2,400,000 for the year. Deloitte, a firm of practising certified public accountants approved by the Ministry of Finance (MOF) and the CSRC to act as a reporting accountant and/or as auditor for Hong Kong listed companies incorporated in the Mainland, was engaged to audit the financial statements of the Company for the financial year ending 31 December 2020 prepared in accordance with the PRC Accounting Standards and to discharge the duties as an international auditor under the Hong Kong Listing Rules. Deloitte was also appointed as the internal control auditor of the Company for the year of 2020 at the meeting. The audit fee was RMB800,000.

Information on change of accountant during the auditing period

Applicable Not Applicable

Explanation from the Company on the "Non-Standard Audit Report" issued by the accountant

Applicable Not Applicable

Explanation by the Company on the certified public accountant's issuance of "Non-Standard Audit Report" in respect of the financial statements in the annual report for the preceding year

Applicable Not Applicable

V. MATTERS CONCERNING BANKRUPTCY AND RESTRUCTURING

Applicable Not Applicable

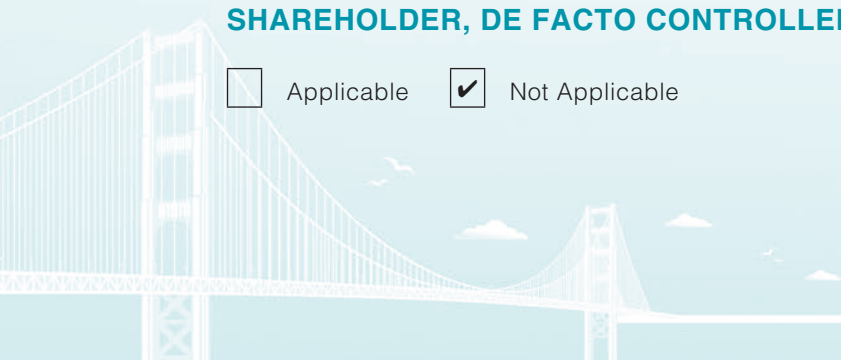
VI. MATERIAL LITIGATION AND ARBITRATION

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

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

VII. SANCTIONS AND RECTIFICATIONS ON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER AND OFFERER

Applicable Not Applicable



SECTION V SIGNIFICANT MATTERS

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

Applicable Not Applicable

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

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

Applicable Not Applicable

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

Equity Incentive Scheme

Applicable Not Applicable

Other information

Applicable Not Applicable

Employee Share Ownership Scheme

Applicable Not Applicable

Other Incentive Measures

Applicable Not Applicable

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION

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

1. Matters which were disclosed in an announcement but had no further progress or no changes after implementation

Applicable Not Applicable

Description of the Event

Enquiry Index

On 23 March 2018, Guangjing Xicheng Company, a controlled subsidiary of the Company entered into "Service Area Petrol Stations Leasing and Operation Agreement" with each of Expressway Petroleum Company and Taixing Oil Products Company respectively. The lease price is determined based on the refueling volume. The Agreements shall be valid from 1 April 2018 to 31 December 2020 and the lease amount for the year of 2020 will be not exceeding RMB12,000,000.

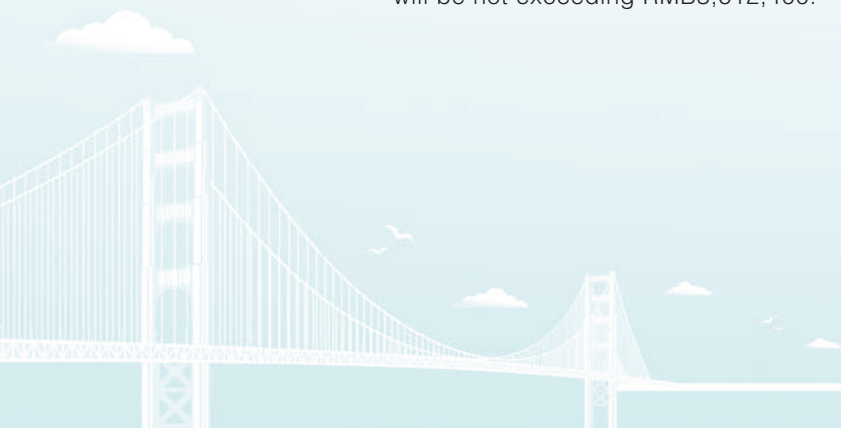
For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 26 March 2018 and on the website of the Stock Exchange at www.hkexnews.hk on 23 March 2018 respectively.

On 31 March 2020, due to the increase in the leasing pricing standard of Expressway Petroleum Company, Guangjing Xicheng Company entered into "Supplementary Agreement for Service Area Petrol Stations Leasing" with each of Expressway Petroleum Company and Taixing Oil Products Company respectively. The estimated annual rent for the year of 2020 will be not exceeding RMB13,200,000, based on the estimated refueling volume in 2020.

For details, please refer to the supplemental announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 1 April 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 21 April 2020 respectively.

On 23 March 2018, the Company and Railway Group Company entered into the property leasing agreement in respect of the office property located at No. 189 Maqun Avenue, Nanjing City, Jiangsu Province, with a term of lease commencing from 1 April 2018 to 31 December 2020. The annual rent for the year of 2020 will be not exceeding RMB3,612,400.

For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 26 March 2018 and on the website of the Stock Exchange at www.hkexnews.hk on 23 March 2018 respectively.



SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

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

1. Matters which were disclosed in an announcement but had no further progress or no changes after implementation (Continued)

Description of the Event	Enquiry Index
<p>On 27 April 2018, the Company entered into the property lease contract with Engineering Testing Company in relation to the property of the Company situated at 3-4/F, Office Building B in the Courtyard at No. 8 Xianlin Avenue, Nanjing, Jiangsu Province, for a term from 1 June 2018 to 31 December 2020 and the rent cap for the year of 2020 will be not exceeding RMB1,500,000.</p>	<p>For details, please refer to the Announcement on Resolutions of the Board published by the Company on the website of the SSE at www.sse.com.cn on 28 April 2018 and on the website of the Stock Exchange at www.hkexnews.hk on 27 April 2018 respectively.</p>
<p>On 26 October 2018, Ninghu Investment Company, Guangjing Xicheng Company and Ningchang Zhenli Company, which are the subsidiaries of the Company, entered into a Cooperation Agreement with Media Company on the Operation of the Existing Advertising Facilities and the Development and Operation of New Advertising Resources Along the Roads and Bridges for a valid term commencing from 1 January 2019 to 31 December 2021. The contract values for the year of 2020 will not exceed RMB50,000,000, RMB12,000,000 and RMB5,000,000, respectively.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 27 October 2018 and on the website of the Stock Exchange at www.hkexnews.hk on 26 October 2018 respectively.</p>
<p>On 22 March 2019, the Company, Guangjing Xicheng Company, Ningchang Zhenli Company and Zhendan Company respectively entered into the Technical Service Contract on Coordination, Command and Dispatch of the Cloud Platform with Tongxingbao Company with a term from 22 March 2019 to 31 December 2021. It is estimated that the annual cloud platform usage fee will not exceed RMB2,000,000, RMB900,000, RMB700,000 and RMB210,000, respectively.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 25 March 2019 respectively.</p>

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

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

1. Matters which were disclosed in an announcement but had no further progress or no changes after implementation (Continued)

Description of the Event	Enquiry Index
<p>On 22 March 2019, Ningchang Zhenli Company entered into the Service Area Petrol Stations Leasing Contract with Expressway Petroleum Company, with a term commencing from 1 April 2019 to 31 December 2021. It is expected that the total amount of contract in 2020 will not exceed RMB6,640,000.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 25 March 2019 respectively.</p>
<p>On 22 March 2019, the Company, Guangjing Xicheng Company and Ningchang Zhenli Company respectively entered into the contracts on maintenance of monitoring and communication systems and procurement of spare parts with Information Company for a term from 1 April 2019 to 31 March 2020. The amount of the contract for the period from 1 January 2020 to 31 March 2020 is expected to be not exceeding RMB1,000,000, RMB1,500,000 and RMB500,000 respectively.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 25 March 2019 respectively.</p>
<p>On 31 March 2020, the Company, Guangjing Xicheng Company respectively entered into the contracts involving maintenance of the three major systems, procurement of spare parts and related upgrade and transformation of such systems and maintenance of monitoring and communication systems and procurement of spare parts with Information Company for a term from 1 April 2020 to 31 March 2021. The amount of the contract for the period from 1 April 2020 to 31 December 2020 is expected to be not exceeding RMB31,500,000 and RMB13,500,000 respectively.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 respectively.</p>
<p>On 22 March 2019, the Company, Guangjing Xicheng Company and Ningchang Zhenli Company respectively entered into the ETC Customer Service Outlets Management Agreement with Tongxingbao Company for a term from 1 April 2019 to 31 March 2020. The fees include the rental, utility charge and sewage charge for the outlets. The total amount cap of three ETC Customer Service Outlets Management Agreements is expected to be no more than RMB200,000, RMB50,000 and RMB20,000, respectively from 1 January 2020 to 31 March 2020.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 25 March 2019 respectively.</p>

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

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

1. Matters which were disclosed in an announcement but had no further progress or no changes after implementation (Continued)

Description of the Event	Enquiry Index
<p>On 31 March 2020, each of the Company and Guangjing Xicheng Company (a controlled subsidiary of the Company) entered into ETC Customer Service Outlets Management Agreement with Tongxingbao Company, respectively. Both agreements have a term beginning from 1 April 2020 to 31 March 2021. The maximum amount of the agreements are expected to be not exceeding RMB600,000 and RMB150,000, respectively from 1 April 2020 to 31 December 2020.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 respectively.</p>
<p>On 21 June 2019, Yangtze River Management Company, a wholly-owned subsidiary of the Company, entered into the Entrusted Operation Management Agreement with Yangtze Bridge Company and its controlled subsidiary Hutong Bridge Company, and Guangjing Xicheng Company and its controlled subsidiaries Changyi Company and Yichang Company, for a term commencing from 1 July 2019 to 31 March 2020. The entrusted management fee payable by Yangtze Bridge Company and Hutong Bridge Company to Yangtze River Management Company shall not exceed RMB9,750,000, while the entrusted management fee payable by Guangjing Xicheng Company, Changyi Company and Yichang Company to Yangtze River Management Company shall not exceed RMB11,500,000 with total entrusted management fee not exceeding RMB21,250,000.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 22 June 2019 and on the website of the Stock Exchange at www.hkexnews.hk on 23 June 2019 respectively.</p>

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

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

1. Matters which were disclosed in an announcement but had no further progress or no changes after implementation (Continued)

Description of the Event	Enquiry Index
<p>On 31 March 2020, Yangtze River Management Company, a wholly-owned subsidiary of the Company, entered into the Entrusted Operation Management Agreement with Yangtze Bridge Company, Hutong Bridge Company, and Guangjing Xicheng Company (a controlled subsidiary of the Company), Yichang Company and Changyi Company, for a term commencing from 1 April 2020 to 31 March 2021. The maximum entrusted management fee will be RMB45 million, of which the estimated fees payable in the period from 1 April 2020 to 31 December 2020 will not exceed RMB17.85 million, RMB1.81 million, RMB19.73 million, RMB0 and RMB0 respectively. As Changyi Company and Yichang Company have not commenced their operations, it is estimated that the entrusted management fee payable to Yangtze River Management Company shall be RMB0.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 respectively.</p>
<p>On 23 August 2019, Zhendan Company and Media Company entered into the Management Cooperation Agreement on entrusting the overall advertising business to Media Company for management. The term of the agreement shall commence on 1 January 2020 and end on 31 December 2022. The contract sums for 2020 will be not more than RMB100,000.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 26 August 2019 and on the website of the Stock Exchange at www.hkexnews.hk on 23 August 2019 respectively.</p>
<p>On 31 March 2020, each of the Company, Guangjing Xicheng Company and Zhendan Company entered into Expressway Network Technical Services Framework Agreement with Tongxingbao Company, respectively, with the term of three years commencing from 1 January 2020 to 31 December 2022. The estimated amount under the three agreements are not exceeding RMB16 million, RMB3.5 million and RMB0.22 million, respectively in 2020.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 respectively.</p>

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

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

1. Matters which were disclosed in an announcement but had no further progress or no changes after implementation (Continued)

Description of the Event	Enquiry Index
<p>On 31 March 2020, each of the Company, Guangjing Xicheng Company and Zhendan Company entered into SDWAN Charge Backup Network Service Contract with Tongxingbao Company, respectively. All three contracts have a term beginning from 1 April 2020 to 31 December 2022. It is estimated that the amount under the contracts will not exceed RMB3.5 million, RMB1.3 million and RMB0.3 million, respectively from 1 April 2020 to 31 December 2020.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 respectively.</p>
<p>On 31 March 2020, the Company entered into the contract for renewal of the property lease with Xiandai R&B Company in respect of the office building. The term of lease was from 1 January 2020 to 31 December 2022 and the annual rent for 2020 was RMB1,690,000.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 respectively.</p>
<p>On 31 March 2020, the Company and Guangjing Xicheng Company (a controlled subsidiary of the Company) entered into the Expressway Maintenance Services Contracts with Xiandai R&B Company, respectively. The term of relevant contracts is from 1 April 2020 to 31 March 2021. It is estimated that the total amount under the contracts of this project for the period 1 April 2020 to 31 December 2020 will not exceed RMB305 million and RMB120 million, respectively.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 respectively.</p>
<p>On 31 March 2020, the Company, Guangjing Xicheng Company and Zhendan Company entered into the Expressway Network Management Services Framework Agreement with Network Operation Company, respectively, with the term of three years from 1 January 2020 to 31 December 2022, of which the amounts in 2020 are expected to be not exceeding RMB23 million, RMB5 million and RMB0.50 million, respectively.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 respectively.</p>

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

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

1. Matters which were disclosed in an announcement but had no further progress or no changes after implementation (Continued)

Description of the Event	Enquiry Index
<p>On 31 March 2020, each of the Company and its controlled subsidiaries Guangjing Xicheng Company and Zhendan Company entered into Maintenance Technology Research and Service Agreement with Maintenance Technology Company, respectively, and the annual maintenance technology research and services fees in 2020 are expected to be not exceeding RMB9.80 million, RMB1.60 million and RMB0.13 million, respectively.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 respectively.</p>
<p>On 31 March 2020, the Company and Guangjing Xicheng Company (a controlled subsidiary of the Company), Zhendan Company, Yangtze River Management Company and Micro Video Company have entered into contracts involving panoramic HD camera installation, SDWAN network construction in service areas, gantry snapshot and Cloudification, video surveillance platform upgrade and reconstruction, use of Cloud dispatch platform, Cloud services for Cloud check-in system, etc. The terms of the four contracts of the Company, Guangjing Xicheng Company, Zhendan Company, Yangtze River Management Company and Micro Video Company are from 1 April 2020 to 31 March 2021, and it is expected that the amount of contracts for the period from 1 April 2020 to 31 December 2020 will not exceed RMB8 million, RMB1.20 million, RMB1.10 million and RMB0.40 million, respectively.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 respectively.</p>

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

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

1. Matters which were disclosed in an announcement but had no further progress or no changes after implementation (Continued)

Description of the Event	Enquiry Index
<p>On 31 March 2020, Guangjing Xicheng Company (a controlled subsidiary of the Company) entered into the Bridge Inspection Agreement with Engineering Testing Company, in which the transaction amount estimated to be incurred for bridge inspection for the year of 2020 will not exceed RMB1.6 million.</p>	<p>For details, please refer to the announcement on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 and the announcement on resolution of the Board published by the Company on the website of the SSE at www.sse.com.cn on 29 June 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 24 June 2020.</p>
<p>On 24 June 2020, Guangjing Xicheng Company (a controlled subsidiary of the Company) entered into the Supplemental Agreement for Bridge Inspection with Engineering Testing Company, as an additional amount of RMB1.2 million is required due to the adjustment of sections of bridge for inspection and task details, it is expected that the aggregate of transaction amount to be incurred for the project of bridge inspection for the year 2020 between Guangjing Xicheng Company and Engineering Testing Company will not exceed RMB2.8 million.</p>	<p>For details, please refer to the announcement on resolution of the Board published by the Company on the website of the SSE at www.sse.com.cn on 29 June 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 24 June 2020.</p>
<p>On 24 June 2020, the Company and East Road & Bridge Company entered into the contract on new project of coating and renovation of steel box girders for a term from 1 July 2020 to 31 December 2020, with an expected aggregate contractual amount of no more than RMB1.5 million for the project.</p>	<p>For details, please refer to the announcement on resolution of the Board published by the Company on the website of the SSE at www.sse.com.cn on 29 June 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 24 June 2020.</p>
<p>On 24 June 2020, Guangjing Xicheng Company, a controlled subsidiary of the Company and Engineering Maintenance Company entered into the contract for bridge inspection, maintenance, reinforcement and design, with an aggregate contractual amount of no more than RMB1.65 million, for a term commencing from 1 July 2020 and ending on 30 October 2020.</p>	<p>For details, please refer to the announcement on resolution of the Board published by the Company on the website of the SSE at www.sse.com.cn on 29 June 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 24 June 2020.</p>

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

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

2. **Matters which were disclosed in an announcement but had further progress or changes after implementation**

Applicable Not Applicable

3. **Matters which were not disclosed in an announcement**

Applicable Not Applicable

(II) Related party/connected transaction as a result of acquisition of assets or acquisition of or disposal of equities

1. **Matters which were disclosed in an announcement but had no further progress or changes after implementation**

Applicable Not Applicable

2. **Matters which were disclosed in an announcement but had further progress or changes after implementation**

Applicable Not Applicable

3. **Matters which were not disclosed in an announcement**

Applicable Not Applicable

4. **Status of the realization of the agreed performance targets for the Reporting Period required to be disclosed**

Applicable Not Applicable



SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

(III) Major related party/connected transactions related to joint external investment

1. **Matters which were disclosed in an announcement but had no further progress or changes after implementation**

Applicable Not Applicable

2. **Matters which were disclosed in an announcement but had further progress or changes after implementation**

Applicable Not Applicable

3. **Matters which were not disclosed in an announcement**

Applicable Not Applicable

(IV) Related party/connected transactions involving creditors' rights and debts

1. **Matters which were disclosed in an announcement but had no further progress or changes after implementation**

Applicable Not Applicable

Description of the Event	Enquiry Index
<p>On 27 March 2017, the Company entered into a loan agreement with Guangjing Xicheng Company. The Company will lend up to RMB2 billion, in effect for three years from the date of approval by shareholders at the general meeting. Interest is calculated at the prevailing interest rate of the ultra-short-term notes to be issued by the Company. Repayment of the principal and the related interest expenses are to be borne by Guangjing Xicheng Company.</p>	<p>For details, please refer to the announcement and circular on the ordinary related party/connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 27 March 2017 and 4 May 2017.</p>
<p>On 22 March 2019, the Company entered into the Financial Services Agreement with Finance Company for a term of three years commencing on 1 April 2019. The maximum daily deposit balance (including interest accrued) should not exceed RMB500,000,000 and should be lower than 5% of the audited operating revenue, total assets or market value of the Company; meanwhile, Finance Company should grant the Company a comprehensive unsecured credit facility of no less than RMB2,000,000,000.</p>	<p>For details, please refer to the announcements on the ordinary related party/continuing connected transactions published by the Company on the website of the SSE at www.sse.com.cn on 25 March 2019 and on the website of the Stock Exchange at www.hkexnews.hk on 24 March 2019, respectively.</p>

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

(IV) Related party/connected transactions involving creditors' rights and debts (Continued)

1. Matters which were disclosed in an announcement but had no further progress or changes after implementation (Continued)

Description of the Event	Enquiry Index
<p>On 26 February 2020, the Company signed a loan agreement with Wufengshan Toll Bridge Company. The amount of loan that the Company provided to Wufengshan Toll Bridge Company was no more than RMB1.5 billion. The loans shall be valid for three years from the date of the approval at the general meeting, and the loans shall be applied towards road & bridge projects and shall be drawn in accordance with the progress of the projects with a term of three years commencing from the respective date of drawdown. Interest was calculated on the basis of the prevailing interest rates of the corporate bonds to be issued. The expenses in relation to the repayment of the principal and interest of the issued bonds shall be paid by Wufengshan Toll Bridge Company.</p>	<p>For details, please refer to the announcements on the related party/connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 27 February 2020 and the relevant circular published by the Company on the website of the SSE at www.sse.com.cn on 6 March 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 5 March 2020.</p>
<p>On 26 February 2020, the Company signed a loan agreement with Changyi Company and Yichang Company respectively. The amount of loans that the Company provided to Changyi Company and Yichang Company, indirect controlled subsidiaries of the Company, was no more than RMB0.3 billion and RMB0.7 billion, respectively. The above loans shall be valid for three years from the date of the approval at the general meeting, and the loans shall be applied towards road & bridge projects and shall be drawn in accordance with the progress of the projects with a term of three years commencing from the respective date of drawdown. Interest was calculated on the basis of the prevailing interest rates of the corporate bonds to be issued. The expenses in relation to the repayment of the principal and interest shall be paid by Changyi Company and Yichang Company.</p>	<p>For details, please refer to the announcements on the related party/connected transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 27 February 2020 and the relevant circular published by the Company on the website of the SSE at www.sse.com.cn on 6 March 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 5 March 2020.</p>

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

(IV) Related party/connected transactions involving creditors' rights and debts (Continued)

1. Matters which were disclosed in an announcement but had no further progress or changes after implementation (Continued)

Description of the Event	Enquiry Index
<p>On 31 March 2020, the Company signed a loan agreement with Guangjing Xicheng Company. The Company proposes to use proceeds raised from the issued medium-term notes and ultra-short term notes to provide loans to Guangjing Xicheng Company, a controlled subsidiary of the Company, with no more than RMB0.6 billion and RMB0.5 billion, respectively, which shall be applied towards the repayment of due loans of Guangjing Xicheng Company. The above loans shall be valid for two years from the date of the approval at the general meeting, with a term of three years. Interest of loans is calculated on the basis of the prevailing interest rates of the medium-term notes and ultra-short term notes to be issued. The expenses in relation to the repayment of the principal and interest shall be paid by Guangjing Xicheng Company.</p>	<p>For details, please refer to the announcements on the related party/connected transactions and discloseable transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 and the relevant circular published by the Company on the website of the SSE at www.sse.com.cn on 7 May 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 6 May 2020.</p>
<p>On 31 March 2020, the Company signed a loan agreement with Wufengshan Toll Bridge Company. The Company proposed to use proceeds raised from the issued medium-term notes to provide Wufengshan Toll Bridge Company, a controlled subsidiary of the Company, with loans of no more than RMB1.8 billion, which shall be applied towards road & bridge projects construction or the replacement of the late stage project loans. The above loans shall be valid for two years from the date of the approval at the general meeting, with a term of three years. Interest of loans is calculated on the basis of the prevailing interest rates of the medium-term notes to be issued. The expenses in relation to the repayment of the principal and interest shall be paid by Wufengshan Toll Bridge Company.</p>	<p>For details, please refer to the announcements on the related party/connected transactions and discloseable transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 and the relevant circular published by the Company on the website of the SSE at www.sse.com.cn on 7 May 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 6 May 2020.</p>

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

(IV) Related party/connected transactions involving creditors' rights and debts (Continued)

1. Matters which were disclosed in an announcement but had no further progress or changes after implementation (Continued)

Description of the Event	Enquiry Index
<p>On 31 March 2020, the Company signed a loan agreement with Yichang Company. The Company provided Yichang Company, an indirect controlled subsidiary of the Company, with loans of no more than RMB1 billion, which shall be applied towards road & bridge projects construction. The above loans shall be valid for two years from the date of the approval at the general meeting, with a term of three years. Interest of loans is calculated on the basis of the prevailing interest rates of the medium-term notes to be issued. The expenses in relation to the repayment of the principal and interest shall be paid by Yichang Company.</p>	<p>For details, please refer to the announcements on the related party/connected transactions and discloseable transactions published by the Company on the website of the SSE at www.sse.com.cn and on the website of the Stock Exchange at www.hkexnews.hk on 1 April 2020 and the relevant circular published by the Company on the website of the SSE at www.sse.com.cn on 7 May 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 6 May 2020.</p>
<p>On 24 June 2020, the Company signed an agreement for use of direct financing funds by way of unified borrowing and repayment with Jiangsu Communications Holding. Jiangsu Communications Holding will provide the proceeds it applied from the local government raised through special bond, with a funding balance of no more than RMB500 million. The funding cost shall be calculated based on the amount, interest rate, term of the bond and commission charges actually incurred and shall not exceed the lending rate of the People's Bank of China with the same term. The repayment of the principal and related interest and expenses shall be paid by the Company. No pledge or guarantee is required to be provided by the Company. Such borrowing shall be valid for a term of three years with effect from the signing date of the agreement. Interest is calculated on the basis of the prevailing interest rates of the local government special bond issued by Jiangsu Communications Holding. The expenses in relation to the repayment of the principal and interest shall be paid by the Company.</p>	<p>For details, please refer to the announcement on resolution of the Board published by the Company on the website of the SSE at www.sse.com.cn on 29 June 2020 and on the website of the Stock Exchange at www.hkexnews.hk on 24 June 2020.</p>

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

(IV) Related party/connected transactions involving creditors' rights and debts (Continued)

1. Matters which were disclosed in an announcement but had no further progress or changes after implementation (Continued)

Description of the Event

Enquiry Index

Wufengshan Toll Bridge Company, Changyi Company, Yichang Company, all being controlled subsidiaries of the Company signed an agreement for use of direct financing funds by way of unified borrowing and repayment with Jiangsu Communications Holding, pursuant to which Jiangsu Communications Holding will, as the principal, raise proceeds by way of issuance of short-term notes, ultra-short-term notes, medium-term notes, corporate bonds and insurance funds and other types of direct financing instrument for the aforesaid controlled subsidiaries of the Company. Each of the funding balance will not exceed RMB1,000 million. The funding cost shall be calculated based on the amount, interest rate, term of the financing product and commission charges actually incurred and shall not exceed the lending rate of the People's Bank of China with the same term. The repayment of the principal and related interest and expenses shall be born and paid by each of the subsidiaries. No pledge or guarantee is required to be provided by Wufengshan Toll Bridge Company, Changyi Company and Yichang Company. The term is three years. Interest is calculated on the basis of the prevailing interest rates of direct financing product issued by Jiangsu Communications Holding. The repayment of the principal and related interest and expenses shall be born and paid by Wufengshan Toll Bridge Company, Changyi Company and Yichang Company.

2. Matters which were disclosed in an announcement but had further progress or changes after implementation

Applicable Not Applicable

SECTION V SIGNIFICANT MATTERS

X. MAJOR RELATED PARTY/CONNECTED TRANSACTION (CONTINUED)

(IV) Related party/connected transactions involving creditors' rights and debts (Continued)

3. Matters which were not disclosed in an announcement

Applicable Not Applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	Funding provided to related parties			Funding provided by related parties to the listed Company		
		Opening balance	Amount incurred	Closing balance	Opening balance	Amount incurred	Closing balance
Communications Holding	Parent company	-	-	-	1,430,344,904.11	479,258,627.97	1,909,603,532.08
Group Finance Company	Subsidiary of the parent company	-	-	-	810,975,608.33	-175,285,045.84	635,690,562.49
Far East Shipping Company	Subsidiary of the parent company	-	-	-	60,079,750.00	-7,250.00	60,072,500.00
Sutong Bridge Company	Subsidiary of the parent company	-	-	-	100,119,625.00	-100,119,625.00	-
Total		-	-	-	2,401,519,887.44	203,846,707.13	2,605,366,594.57

Reasons for related creditor's rights and debts

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

Effect of related creditor's rights and debts on the Company's operation result and financial condition

The related creditor's rights and debts did not have material impact on the Company's operation result and financial condition.

(V) Other major related party/connected transactions

Applicable Not Applicable

(VI) Others

Applicable Not Applicable

1. Confirmation Opinion by Independent Non-executive Directors on Related Party/Connected Transactions

The independent non-executive Directors of the Company have reviewed all related party/connected transactions and confirmed that:

- (1) Such transactions were conducted in the ordinary and usual course of business of the Group;
- (2) Such transactions were conducted on normal commercial terms; and
- (3) Such transactions were conducted in accordance with the terms of the agreements governing the relevant transactions. The transaction terms were fair and reasonable and in the interests of the Company's shareholders as a whole.

SECTION V SIGNIFICANT MATTERS

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

1 Mandated, contracting and lease matters

Applicable Not Applicable

(1) Mandated matters

Applicable Not Applicable

(2) Contracting matters

Applicable Not Applicable

(3) Lease matters

Applicable Not Applicable

Unit: Yuan Currency: RMB

Name of lessor	Name of lessee	Status of leased assets	Amount of leased assets	Date of commencement of lease	Date of expiry of lease	Lease income	Basis of determination of lease income	Effect of lease income on the Company	Related party transaction	Related party relationship
Company	Jiaying Kaitong Investment Co., Ltd. (嘉興市凱通投資有限公司)	Meicun Service Area	12,955,904	10 January 2017	9 January 2023	280,000,000	A tender agency was engaged by the Company for open tendering at a price starting from RMB 200,000,000 and for selection of the bidder with the highest score based on its comprehensive review, which was considered and approved by the board of Directors of the Company.	During the Reporting Period, the profit derived from such service area increased by RMB1,059,000 year-on-year.	No	Other
Company	Jiaying Tonghui Expressway Service Zone Operation and Management Co., Ltd. (嘉興市同輝高速公路服務區經營管理有限公司)	Xianrenshan Service Area	17,805,392	16 June 2017	15 June 2023	143,510,346	A tender agency was engaged by the Company for open tendering at a price starting from RMB 100,300,000 and for selection of the bidder with the highest score based on its comprehensive review, which was considered and approved by the board of Directors of the Company.	During the Reporting Period, the profit derived from such service area decreased by RMB2,351,000 year-on-year.	No	Other
Company	Tongxiang Yintong Expressway Service Zone Operation and Management Co., Ltd. (桐鄉市銀通高速公路服務區經營管理有限公司)	Huanglishu Service Area	47,256,513	1 July 2017	30 June 2023	133,070,000	A tender agency was engaged by the Company for open tendering at a price starting from RMB 108,020,000 and for selection of the bidder with the highest score based on its comprehensive review, which was considered and approved by the board of Directors of the Company.	During the Reporting Period, the profit derived from such service area increased by RMB2,223,000 year-on-year.	No	Other

SECTION V SIGNIFICANT MATTERS

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE (CONTINUED)

1 Mandated, contracting and lease matters (Continued)

(3) Lease matters (Continued)

Name of lessor	Name of lessee	Status of leased assets	Amount of leased assets	Date of commencement of lease	Date of expiry of lease	Lease income	Basis of determination of lease income	Effect of lease income on the Company	Related party transaction	Related party relationship
Company	Jiaxing Kaitong Investment Co., Ltd. (嘉興市凱通投資有限公司)	Yangcheng Lake Service Area	60,930,582	15 May 2018	14 May 2027	185,000,000	A tender agency was engaged by the Company for open tendering at a price starting from RMB176,080,000 and for selection of the bidder with the highest score based on its comprehensive review, which was considered and approved by the board of Directors of the Company.	During the Reporting Period, the profit derived from such service area decreased by RMB6,089,000 year-on-year.	No	Other
Company	Dragon City Tourism Holding Group Co., Ltd. (龍城旅遊控股集團有限公司)	Fangmaoshan Service Area	20,919,070	11 May 2018	10 May 2026	185,260,000	A tender agency was engaged by the Company for open tendering at a price starting from RMB160,000,000 and for selection of the bidder with the highest score based on its comprehensive review, which was considered and approved by the board of Directors of the Company.	During the Reporting Period, the profit derived from such service area increased by RMB6,874,000 year-on-year.	No	Other
Company	Nanjing Baisheng Business Management Co., Ltd. (南京百盛商業管理有限公司)	Douzhuang Service Area	17,806,972	21 September 2018	20 September 2026	160,040,000	An agency was engaged by the Company to conduct open tendering with a minimum bid of RMB 160,000,000. The bidder with the highest overall score won the bid. The matter has been considered and approved by the board of directors of the Company.	During the Reporting Period, the profit derived from such service area increased by RMB7,607,000 year-on-year.	No	Other

Explanations on lease:

According to the plan for upgrading the business models of the service areas of the Company, the Company adopted the “outsourcing + supervision” and “platform expansion” models to outsource and upgrade all service areas in their entirety along Shanghai-Nanjing Expressway, further developing the geographic advantages and potential economic benefits of the road.

SECTION V SIGNIFICANT MATTERS

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE (CONTINUED)

2 Guarantees

Applicable Not Applicable

Unit: Yuan, Currency: RMB

Guarantees provided by the Company for its subsidiaries

Total amount of the guarantees for subsidiaries during the Reporting Period	110,000,000.00
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Balance of the total amount of the guarantees for subsidiaries at the end of the Reporting Period (B)	110,000,000.00
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Explanations on the joint settlement responsibilities in relation to premature guarantees Nil.

Explanations on the Guarantees

The Company has provided Ninghu Factoring, a subsidiary of the Company, with guarantees for their application for comprehensive credit, with a maximum guarantee balance of RMB810,000,000. The guarantee method is joint liability guarantee, with a guarantee period of one year; as of 30 June 2020, the guarantee balance was approximately RMB110,000,000.

3 Other material contracts

Applicable Not Applicable

XII. POVERTY ALLEVIATION WORK OF THE LISTED COMPANY

Applicable Not Applicable

XIII. CONVERTIBLE CORPORATE BONDS

Applicable Not Applicable

XIV. ENVIRONMENT-RELATED INFORMATION

(I) **Description on the environmental protection of the company and its key subsidiaries falling under key sewage emission entities announced by the environment protection authorities**

Applicable Not Applicable

SECTION V SIGNIFICANT MATTERS

XIV. ENVIRONMENT-RELATED INFORMATION (CONTINUED)

(II) Description on the environmental protection of companies not falling under key sewage emission entities

Applicable Not Applicable

Sound insulation and noise reduction work has been actively carried out. By the end of the first half year of 2020, sound barrier along Shanghai-Nanjing Expressway have been built for 56.64 km, and the repair of the sound barrier of 140.20 square meters was completed.

In response to the environmental protection requirements related to the “Outline of Expressway Maintenance, Management and Development under 13th Five-year Plan of Jiangsu Province (江蘇省高速公路“十三五”養護管理發展綱要)”, milling planer material used in major and medium repair project of asphalt pavement should be recycled. In the first half year of 2020, the volume of recycled milling planer material was 15,363 cubic meters, and the waste recovery rate reached 100%.

(III) Reason for failure to disclose environmental information by companies not falling under key sewage emission entities

Applicable Not Applicable

(IV) Explanations on subsequent progresses or changes in respect of environmental information disclosed during the Reporting Period

Applicable Not Applicable

XV. EXPLANATION ON OTHER SIGNIFICANT MATTERS

(I) Details, reasons and impact of the changes to the accounting policies, accounting estimates and audit methods compared with those in the last accounting period

Applicable Not Applicable

Due to changes in the road network charging model in 2020, in order to more objectively and fairly reflect the amortized cost of road and bridge assets, as approved by the twentieth meeting of the ninth session of the board of directors of the Company, the Company has taken the standard car flow translated by the new toll standard as the basis for the amortization of highway operation rights since 1 January 2020. In the first half of 2020, the impact on the amortization of highway operation rights within the scope of the Company’s consolidation amounted to RMB42.54 million, which reduced operating costs by RMB42.54 million. If this change in accounting estimates would be adopted in 2019, it is expected that the Company’s amortization of road operating rights in 2019 would be increased by RMB5.6532 million and its operating costs would be increased by RMB5.6532 million.

SECTION V SIGNIFICANT MATTERS

XV. EXPLANATION ON OTHER SIGNIFICANT MATTERS (CONTINUED)

(II) Particulars, correction amount, reasons and its impact of significant accounting errors which required to be amended by retrospective restatement during the Reporting Period

Applicable Not Applicable

(III) Others

Applicable Not Applicable

XVI. CORPORATE GOVERNANCE

For the period of six months ended 30 June 2020, other than the following code provisions, the Company has complied with all of the applicable code provisions of the Corporate Governance Code under Appendix 14 to the Hong Kong Listing Rules.

Code provision	Compliance	Corporate governance procedures
A2.7	No	During the Reporting Period, the Board has 13 members, of whom 3 are executive directors and the rest are non-executive directors. This ensures adequate independence of the board of directors and safeguards the decisions of the board of directors from being prejudiced by the opinions of executive directors.
A4.2	No	All directors were elected or replaced at general meetings. The Company has introduced the cumulative voting system for the election of directors. According to the Company Law and the Articles of Association, each session of the board of directors is for a term of three years, with each director appointed for a term of three years, and all directors should retire upon the expiry of the three-year term, instead of retirement by rotation. Any re-appointment is subject to reelection at a general meeting.

SECTION V SIGNIFICANT MATTERS

XVI. CORPORATE GOVERNANCE (CONTINUED)

Code provision		Compliance	Corporate governance procedures
A6.7	Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. In general, they should also attend general meetings to gain and develop a comprehensive and balanced understanding of the views of the shareholders	No	All independent non-executive directors and other non-executive directors have attended board meetings and meetings of various committees regularly and contributed their skills and expertise to the Company's decision-making process. During the Reporting Period, except for Mr. Ma Chung Lai, Lawrence, Mr. Wu Xinhua and Madam Hu Yu, non-executive directors, and Mr. Zhang Zhuting, independent non-executive director, who were unable to attend the second 2020 extraordinary general meeting and the annual general meeting for 2019, due to their business reasons, all independent non-executive directors and other non-executive directors have attended the general meetings of the Company held.

XVII. MATERIAL CHANGE

Save as disclosed in this report, there has been no material change in respect of (a) the development of business of the Group and its financial position; (b) important events affecting the Group; and (c) the likely future development in the business of the Group and prospects for the year, since the publication of the 2019 annual report of the Company.



SECTION VI CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

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

2. Explanation on the changes in shares

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

(II) Changes in shares subject to selling restrictions

Applicable Not Applicable

II. SHAREHOLDERS

(I) Total number of shareholders:

Total number of ordinary shareholders as of the end of the Reporting Period 29,392

Total number of preference shareholders with voting rights restored as at the end of the Reporting Period 0

Note: As at the end of June 2020, the Company had 28,971 A-share ordinary shareholders and 421 H Share shareholders, totaling 29,392 shareholders.

SECTION VI CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten shareholders of shares in circulation (or shareholders without being imposed on any sales restrictions) as at the end of the Reporting Period

Unit: Share

Name of shareholder (full name)	Change during the Reporting Period	Shareholdings of top ten shareholders		Number of shares with sales restrictions held	Pledged or frozen Status of shares	Type of shareholder
		Number of shares held as at the end of the Reporting Period	Percentage (%)			
Jiangsu Communications Holding Company Limited	-	2,742,578,825	54.44	-	Nil	State-owned legal person
China Merchants Expressway Network & Technology Holdings Co., Ltd.	-	589,059,077	11.69	-	Nil	State-owned legal person
BlackRock, Inc.	10,964,529	158,338,523	3.14	-	Unknown	Foreign legal person
Mitsubishi UFJ Financial Group Inc.	8,365,546	131,568,517	2.61	-	Unknown	Foreign legal person
JPMorgan Chase & Co.	13,270,055	119,807,927	2.38	-	Unknown	Foreign legal person
Huitianfu Fund Management Co., Ltd. Social Security Fund 1103 Portfolio (匯 添富基金管理股份有限公司-社保基金 1103組合)	23,999,974	70,000,000	1.39	-	Unknown	Others
Citigroup Inc.	1,897,922	63,343,239	1.26	-	Unknown	Foreign legal person
Jiantou Zhongxin Asset Management Co., Ltd.	-	21,410,000	0.42	-	Unknown	State-owned legal person
China Pacific Life Insurance Co., Ltd. - CPLI Stock Dividend Product (Shou Zi Ying) (中國太平洋人壽保險股份有限公 司-中國太平洋人壽股票紅利型產品(壽 自營))	-	12,500,000	0.25	-	Unknown	Others
National Social Security Fund 114 portfolio (全國社保基金一一四組合)	3,531,299	9,632,923	0.19	-	Unknown	Others

SECTION VI CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten shareholders of shares in circulation (or shareholders without being imposed on any sales restrictions) as at the end of the Reporting Period (Continued)

Shareholding of top ten shareholders without selling restrictions

Name of shareholder	Number of shares without selling restrictions in circulation	Class and number of shares	
		Class	Number
Jiangsu Communications Holding Company Limited	2,742,578,825	RMB ordinary shares	2,742,578,825
China Merchants Expressway Network & Technology Holdings Co., Ltd.	589,059,077	RMB ordinary shares	589,059,077
BlackRock, Inc.	158,338,523	Overseas listed foreign shares	158,338,523
Mitsubishi UFJ Financial Group Inc.	131,568,517	Overseas listed foreign shares	131,568,517
JPMorgan Chase & Co.	119,807,927	Overseas listed foreign shares	119,807,927
Huitianfu Fund Management Co., Ltd. – Social Security Fund 1103 Portfolio (匯添富基金管理股份有限公司 – 社保基金1103組合)	70,000,000	RMB ordinary shares	70,000,000
Citigroup Inc.	63,343,239	Overseas listed foreign shares	63,343,239
Jiantou Zhongxin Asset Management Co., Ltd.	21,410,000	RMB ordinary shares	21,410,000
China Pacific Life Insurance Co., Ltd. – CPLI Stock Dividend Product (Shou Zi Ying) Entrusted Investment (中國太平洋人壽保險股份有限公司 – 中國太平洋人壽股票紅利型產品(壽自營))	12,500,000	RMB ordinary shares	12,500,000
National Social Security Fund 114 portfolio (全國社保基金一一四組合)	9,632,923	RMB ordinary shares	9,632,923

Illustration on the related relationship or acting-in-concert

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

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

Nil

SECTION VI CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten shareholders of shares in circulation (or shareholders without being imposed on any sales restrictions) as at the end of the Reporting Period (Continued)

Interests and short positions

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



SECTION VI CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten shareholders of shares in circulation (or shareholders without being imposed on any sales restrictions) as at the end of the Reporting Period (Continued)

Interests and short positions (Continued)

Name of shareholder	Capacity	Number of H Shares		Percentage of H Shares (total shares)
		Directly interested	Number of H Shares	
BlackRock, Inc.	Interest of controlled corporation ⁽³⁾	No	158,338,523(L)	12.96%(3.14%)(L)
			178,000(S)	0.01%(0.00%)(S)
Mitsubishi UFJ Financial Group, Inc.	Interest of controlled corporation ⁽²⁾	No	131,568,517(L)	10.76%(2.61%)(L)
			119,807,927(L)	9.80%(2.38%)(L)
JPMorgan Chase & Co.	Interest of controlled corporation/ investment manager/custodian – corporation/ approved lending agent ⁽⁴⁾	No	4,370,647(S)	0.35%(0.09%)(S)
			74,435,686(P)	6.09%(1.48%)(P)
			63,343,239(L)	5.18%(1.26%)(L)
Citigroup Inc.	Interest of controlled corporation/ approved lending agent/custodian – corporation ⁽⁵⁾	No	2,000(S)	0.00%(0.00%)(S)
			62,315,448(P)	5.09%(1.24%)(P)

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

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

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

SECTION VI CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten shareholders of shares in circulation (or shareholders without being imposed on any sales restrictions) as at the end of the Reporting Period (Continued)

Interests and short positions (Continued)

- (3) BlackRock, Inc. was deemed to be interested in the long position of a total of 158,338,523 H Shares of the Company and in the short position of 178,000 H Shares by virtue of its control over a number of corporations, which were indirectly wholly-owned by BlackRock, Inc., except the following:
- (a) BlackRock Holdco 6, LLC was indirectly owned as to 90% by BlackRock, Inc. BlackRock Holdco 6, LLC held interests in the Company through its indirectly wholly-owned subsidiaries as follows:
- (i) BlackRock Institutional Trust Company, National Association held 32,303,058 (long position) and 178,000 H Shares (short position) of the Company.
 - (ii) BlackRock Fund Advisors held 59,340,000 H Shares (long position) of the Company.
- (b) BR Jersey International Holdings L.P. was indirectly owned as to 86% by BlackRock, Inc. BR Jersey International Holdings L.P. held interests in the Company through its indirectly wholly-owned subsidiaries as follows:
- (i) BlackRock Japan Co., Ltd. held 3,236,650 H Shares (long position) of the Company.
 - (ii) BlackRock Asset Management Canada Limited held 1,746,000 H Shares (long position) of the Company.
 - (iii) BlackRock Investment Management (Australia) Limited held 762,000 H Shares (long position) of the Company.
 - (iv) BlackRock Asset Management North Asia Limited held 683,129 H Shares (long position) of the Company.
 - (v) BlackRock Investment Management (Taiwan) Limited held 24,000 H Shares (long position) of the Company.
 - (vi) BlackRock (Singapore) Limited held 390,000 H Shares (long position) of the Company.
- (c) BlackRock Group Limited was indirectly owned as to 90% by BR Jersey International Holdings L.P. (see note 3(b) above). BlackRock Group Limited held interests in the Company through its directly or indirectly wholly-owned subsidiaries as follows:
- (i) BlackRock (Netherlands) B.V. held 906,000 H Shares (long position) of the Company.
 - (ii) BlackRock Advisors (UK) Limited held 278,000 H Shares (long position) of the Company.
 - (iii) BlackRock International Limited held 164,000 H Shares (long position) of the Company.
 - (iv) BlackRock Asset Management Ireland Limited held 11,047,865 H Shares (long position) of the Company.
 - (v) BLACKROCK (Luxembourg) S.A. held 18,856,000 H Shares (long position) of the Company.

SECTION VI CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten shareholders of shares in circulation (or shareholders without being imposed on any sales restrictions) as at the end of the Reporting Period (Continued)

Interests and short positions (Continued)

- (vi) BlackRock Investment Management (UK) Limited held 8,633,185 H Shares (long position) of the Company.
- (vii) BlackRock Fund Managers Limited held 2,974,959 H Shares (long position) of the Company.
- (viii) BlackRock Asset Management (Schweiz) AG held 10,000 H Shares (long position) of the Company.
- (ix) BlackRock Life Limited held 2,495,677 H Shares (long position) of the Company.
- (4) JPMorgan Chase & Co. was deemed to be interested in the long position of a total of 119,807,927 H Shares of the Company (of which 5,294,230 H Shares were held through cash settled (off exchange) derivatives) and the short position of 4,370,647 H Shares (of which 4,268,073 H Shares were held through cash settled (off exchange) derivatives). JPMorgan Chase & Co. held interests in the following capacities:

Capacity	Number of shares (long position)	Number of shares (short position)	Number of shares (lending pool)
Interest of controlled corporation	10,371,294	4,370,647	
Investment manager	33,709,440		
Person having a security interest in shares	1,291,507		
Approved lending agent			74,435,686

- (5) Citigroup Inc. was deemed to be interested in the long position of a total of 63,343,239 H Shares of the Company (of which 84,000 H Shares were held through cash settled (off exchange) derivatives) and the short position of 2,000 H Shares (of which 2,000 H Shares were held through cash settled (off exchange) derivatives). Citigroup Inc. held interests in the following capacities:

Capacity	Number of shares (long position)	Number of shares (short position)	Number of shares (lending pool)
Interest of controlled corporation	1,027,791	2,000	
Approved lending agent			62,315,448

Save as disclosed above, to the best of the Company's knowledge, there was no other person required to make disclosure under the Securities and Futures Ordinance of Hong Kong as at the latest practicable date.

SECTION VI CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

II. SHAREHOLDERS (CONTINUED)

(II) Table of shareholdings of top ten shareholders and top ten shareholders of shares in circulation (or shareholders without being imposed on any sales restrictions) as at the end of the Reporting Period (Continued)

Interests and short positions (Continued)

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

Applicable Not Applicable

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

Applicable Not Applicable

III. CHANGE OF CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

Applicable Not Applicable

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

As at 30 June 2020, none of the Directors and chief executives of the Company had any interests, long positions or short positions in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) that was required to be recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange pursuant to the provisions under the Model Code for Securities Transactions by the Directors.

V. REPURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Reporting Period, there was no repurchase, sale or redemption of any of its listed securities by the Company and/or any of its subsidiaries; and the Company and its subsidiaries have not issued or grant any convertible securities, options, warrants or other similar rights at any time.

VI. PUBLIC FLOAT

According to public information and as far as the Directors know, the board of Directors is of the view that the public float of the shares of the Company as at 28 August 2020 (being the latest practicable date prior to the publication of this Report) complied with the requirements of the Hong Kong Listing Rules.

SECTION VI CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

VII. DIVIDEND ARRANGEMENT WAIVED OR AGREED BY THE SHAREHOLDERS

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

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

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



SECTION VII INFORMATION ON PREFERRED SHARES

Applicable Not Applicable



SECTION VIII PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. CHANGES IN SHAREHOLDINGS

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

Applicable Not Applicable

Other Information

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

Name	Position Held	Change
Dai Qian (戴倩)	Chief Financial Officer	Appointed
Ren Zhuohuo (任卓華)	Chief Financial Officer	Resigned
Kong Yuanyi (孔元翌)	Staff Representative Supervisor	Elected
Shao Li (邵莉)	Staff Representative Supervisor	Resigned

Explanation on the changes of directors, supervisors and senior management officers of the Company

Applicable Not Applicable

(I) Biographical details of a new senior management:

Dai Qian, male, born in 1978, is a post-graduate with a master degree and also senior accountant. Mr. Dai served successively as the head of the financial audit department, assistant to director of financial management department and deputy director of the financial management department of Jiangsu Communications Holding Company Limited. (江蘇交通控股有限公司) from 2014 to 2020. He is the Chief Financial Officer and Party Committee Member of Jiangsu Expressway Company Limited since June 2020. Mr. Dai has been engaged in financial management for a long time and has extensive theoretical and practical experience.

(II) Biographical details of a new staff representative supervisor:

Kong Yuanyi, female, born in February 1976, graduated from Nanjing University as a postgraduate with master's degree, and is an economist and national secondary enterprise human resource manager. Ms. Kong has successively served as the head of the office, assistant to the director of the Party and Mass Work Department of the Company, and is currently the deputy director (in charge of work) of the Party and Mass Work Department of the Company.

SECTION VIII PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

III. OTHER EXPLANATIONS

Applicable Not Applicable

(I) Independent Non-executive Directors

The Company has appointed a sufficient number of independent non-executive Directors. Zhang Zhuting, Chen Liang, Lin Hui, Zhou Shudong and Liu Xiaoxing were appointed as independent non-executive Directors of ninth session of the board of Directors of the Company, accounting for more than one-third of the members of the board of Directors. Five independent non-executive Directors are currently serving at renowned universities in the PRC, and are senior experts in the academic fields of economic management, industry policies and regulations, financial accounting and online finance respectively and are well-versed with academic theories and management experience. Independent Directors respectively serve as members of various committees of the board of Directors. Independent non-executive directors represent a majority in the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, and an independent non-executive Director acts as the Chairman at each of these committees.

(II) Staff Remuneration and Training

As at 30 June 2020, the Group (including its controlled subsidiaries) had 5,517 staff members in total, comprising 801 managerial and technical staff members and 4,716 manufacturing staff members. During the Reporting Period, total amount of staff remuneration reached RMB435,066,000. The Company gave full play to the incentive and restrictive role of the position-based salary system in the first half of 2020. The Company continued to optimize staff remuneration composition, intensified the relationship between performance wages and dose-effect, comprising basic wages to provide reasonable protection, performance-based remuneration acting as an incentive for their potential driving force as well as welfare and insurance to secure their livelihood and rights and interests. Based on the principle of “fixing salary based on position, remuneration is gained based on performance”, remuneration and benefits are paid reasonably with reference to the scientific assessment of an employee’s performance at work. In the meantime, the Company makes contributions to “five social insurances and the housing provident fund” for the employees in accordance with law, and provides a number of tailor-made welfare benefits schemes such as supplemental medical treatment and enterprise annuity.

In terms of training, we comprehensively checked the existing staff team, formulated personnel training plan base on the enterprise development needs and team structure, implemented policy separately, conducted multi-level training and improved job matching by organically combining professionalism with comprehensiveness. The Company arranged an online training at Shanghai Stock Exchange Academy for middle and senior management to effectively cultivate a group of professional talents who is familiar with the market and have expertise in business operation. The young reserve talents were provided 100 online courses covering three modules including self-management, management of others, and business management for learning. At the same time, the Company carried out offline Python language learning activities to provide technical support for operating, maintenance and inspection of “intelligent high-speed”. With the learning activities platforms such as of “Young Employees’ Classroom”, “Micro-lesson Competition” and “Friday Classroom”, the Company practically improved the training pertinence and effectiveness.

SECTION IX INFORMATION ON CORPORATE BONDS

Applicable Not Applicable



CONSOLIDATED BALANCE SHEET

For the period ended 30 June 2020

Unit: RMB

Item	Note	30 June 2020	31 December 2019	Item	Note	30 June 2020	31 December 2019
Current Assets:				Current Liabilities:			
Cash and bank balances	VI 1	396,394,765.02	503,443,740.45	Short-term borrowings	VI 20	1,380,880,336.29	1,972,708,495.84
Held-for-trading financial assets	VI 2	1,765,073,027.10	676,935,184.62	Notes payable	VI 21	895,000,000.00	-
Notes receivable	VI 3	1,997,100.00	-	Accounts payable	VI 22	1,043,858,654.62	1,262,414,819.54
Accounts receivable	VI 4	412,901,378.17	224,285,157.62	Receipts in advance	VI 23	7,832,692.14	10,698,899.04
Prepayments	VI 5	57,315,472.23	26,865,058.19	Contract liabilities	VI 24	1,068,685,183.35	1,134,150,940.01
Other receivables	VI 6	118,522,734.38	51,199,899.50	Employee benefits payable	VI 25	714,309.08	1,563,119.99
Inventories	VI 7	4,205,525,438.16	4,164,567,305.10	Taxes payable	VI 26	182,671,042.18	225,458,836.37
Other current assets	VI 8	514,936,839.58	379,340,961.34	Other payables	VI 27	2,591,604,474.14	261,048,444.02
				Non-current liabilities due within one year	VI 28	4,164,076,736.49	3,161,145,193.63
Total Current Assets		7,472,666,754.64	6,026,637,306.82	Other current liabilities	VI 29	6,357,724,161.56	5,092,083,748.87
Non-current Assets:				Total Current Liabilities		17,693,047,589.85	13,121,272,497.31
Investments in other equity instruments	VI 9	4,567,964,324.49	5,655,468,613.24	Non-current Liabilities:			
Other non-current financial assets	VI 10	1,527,572,276.51	1,446,175,745.21	Long-term borrowings	VI 30	10,055,235,181.77	8,335,475,444.12
Long-term equity investments	VI 11	6,854,005,331.89	6,939,251,518.62	Bonds payable	VI 31	-	997,460,933.93
Investment properties	VI 12	17,943,058.91	18,394,459.79	Lease liabilities	VI 32	1,094,340.47	-
Fixed assets	VI 13	1,876,221,904.35	1,907,362,713.72	Deferred income	VI 33	128,703,380.91	41,177,151.42
Construction in progress	VI 14	17,618,050,406.77	14,501,734,494.95	Provisions	VI 34	28,798,736.77	30,211,590.82
Right-of-use assets	VI 16	2,022,347.44	637,434.33	Deferred tax liabilities	VI 18	157,788,364.52	416,613,871.66
Intangible assets	VI 15	18,246,503,188.58	18,927,999,470.50	Total Non-current Liabilities		10,371,620,004.44	9,820,938,991.95
Long-term prepaid expenses	VI 17	9,087,093.25	11,418,643.58	TOTAL LIABILITIES		28,064,667,594.29	22,942,211,489.26
Deferred tax assets	VI 18	171,925,471.65	175,012,653.99	Shareholders' Equity:			
Other non-current assets	VI 19	14,955,570.00	14,955,570.00	Share capital	VI 35	5,037,747,500.00	5,037,747,500.00
				Capital reserve	VI 36	10,501,913,183.87	10,501,913,183.87
				Other comprehensive income	VI 37	504,015,493.00	1,291,748,071.42
				Surplus reserve	VI 38	3,551,167,000.42	3,551,167,000.42
				General risk reserve	VI 39	2,001,131.77	141,891.32
				Retained profits	VI 40	6,330,680,316.11	8,164,265,960.12
				Total shareholders' equity attributable to equity holders of the Company		25,927,524,625.17	28,546,983,607.15
				Minority interests		4,386,725,509.02	4,135,853,528.34
Total Non-current Assets		50,906,250,973.84	49,598,411,317.93	TOTAL SHAREHOLDERS' EQUITY		30,314,250,134.19	32,682,837,135.49
TOTAL ASSETS		58,378,917,728.48	55,625,048,624.75	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		58,378,917,728.48	55,625,048,624.75

The accompanying notes form part of the financial statements

The financial statements on pages 84 to 231 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

BALANCE SHEET OF THE COMPANY

For the period ended 30 June 2020

Unit: RMB

Item	Note	30 June 2020	31 December 2019	Item	Note	30 June 2020	31 December 2019
Current Assets:				Current Liabilities:			
Cash and bank balances		52,958,672.42	72,993,232.97	Short-term borrowings		883,563,416.67	2,022,320,888.89
Held-for-trading financial assets		1,631,004,410.66	370,000,000.00	Accounts payable		435,994,055.49	589,591,720.53
Accounts receivable	XIV 1	185,004,319.14	158,693,671.56	Receipts in advance		2,329,430.76	4,679,590.76
Prepayments		32,125,304.69	5,983,721.61	Employee benefits payable		707,454.17	1,023,753.28
Other receivables	XIV 2	169,820,075.10	13,182,864.41	Taxes payable		66,974,759.39	26,068,004.78
Inventories		12,319,904.89	12,961,862.11	Other payables		3,485,874,589.17	154,434,539.62
Non-current assets due within one year		986,238,867.23	30,284,152.78	Non-current liabilities due within one year		4,100,228,833.18	3,055,176,013.26
Other current assets		988,640,746.32	404,998,605.25	Other current liabilities		6,271,391,789.00	4,998,884,246.00
Total Current Assets		4,058,112,300.45	1,069,098,110.69	Total Current Liabilities		15,247,064,327.83	10,852,178,757.12
Non-current Assets:				Non-current Liabilities:			
Investments in other equity instruments		3,374,688,524.49	4,188,311,013.24	Long-term borrowings		513,155,181.77	13,827,444.12
Long-term equity investments	XIV 3	17,920,542,727.08	17,437,162,898.62	Bonds payable		-	997,460,933.93
Fixed assets		969,409,032.54	1,010,379,375.99	Deferred income		50,849,120.00	-
Construction in progress		69,593,578.03	78,110,869.95	Deferred tax liabilities		-	144,200,424.02
Intangible assets		9,074,806,268.17	9,394,393,034.42	Total Non-current Liabilities		564,004,301.77	1,155,488,802.07
Long-term prepaid expenses		4,245,282.92	5,660,377.22	TOTAL LIABILITIES		15,811,068,629.60	12,007,667,559.19
Deferred tax assets		59,205,198.16	-	Shareholders' Equity:			
Other non-current assets		964,955,570.00	1,901,079,653.58	Share capital		5,037,747,500.00	5,037,747,500.00
Total Non-current Assets		32,437,446,181.39	34,015,097,223.02	Capital reserve		7,401,175,276.67	7,401,175,276.67
				Other comprehensive income		125,924,779.15	730,095,757.57
				Surplus reserve		2,518,873,750.00	2,518,873,750.00
				Retained profits		5,600,768,546.42	7,388,635,490.28
				TOTAL SHAREHOLDERS' EQUITY		20,684,489,852.24	23,076,527,774.52
TOTAL ASSETS		36,495,558,481.84	35,084,195,333.71	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		36,495,558,481.84	35,084,195,333.71

The accompanying notes form part of the financial statements

The financial statements on pages 84 to 231 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2020

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Total operating income	VI 41	2,668,351,072.50	4,835,457,868.83
Including: Operating income		2,668,351,072.50	4,835,457,868.83
Less: Total operating costs		2,237,744,544.95	2,341,869,205.41
Including: Operating costs	VI 41	1,859,290,222.19	1,955,644,387.14
Taxes and levies	VI 42	39,258,353.21	55,403,316.19
Selling expenses	VI 43	8,977,337.47	18,630,332.26
Administrative expenses	VI 44	73,831,410.68	85,673,931.47
Financial expenses	VI 45	256,387,221.40	226,517,238.35
Including: Interest expenses		243,777,161.13	227,654,018.44
Interest income		2,833,886.76	3,577,594.21
Add: Other income	VI 46	9,387,442.24	2,612,095.39
Investment income	VI 47	147,761,973.92	478,199,640.69
Including: Income from investments in associates and joint ventures		-10,411,795.68	355,157,835.85
Gains from changes in fair values	VI 48	50,461,176.80	21,207,890.81
Impairment reversals (losses) of credit	VI 49	—	-130,000.00
Losses from disposal of assets	VI 50	—	-295,936.53
II. Operating profit		638,217,120.51	2,995,182,353.78
Add: Non-operating income	VI 51	29,557,223.53	1,608,479.04
Less: Non-operating expenses	VI 52	9,752,929.55	11,041,962.04
III. Total profit		658,021,414.49	2,985,748,870.78
Less: Income tax expenses	VI 53	173,933,369.86	651,267,942.06
IV. Net profit		484,088,044.63	2,334,480,928.72
(I) Categorized by the nature of continuing operation:			
1. Net profit from continuing operations		484,088,044.63	2,334,480,928.72
2. Net profit from discontinued operations		—	—
(II) Categorized by ownership:			
1. Net profit attributable to owners of the Company		485,637,446.44	2,281,609,028.13
2. Profit or loss attributable to minority interests		-1,549,401.81	52,871,900.59

CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2020

Item	Note	Amount for the current period	Amount for the prior period
V. Other comprehensive income, net of tax		-809,582,328.42	531,287,650.30
Other comprehensive income attributable to owners of the Company, net of tax		-787,732,578.42	527,602,150.30
(I) Other comprehensive income that cannot be reclassified to profit or loss		-787,732,578.42	527,602,150.30
1. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		6,045,888.15	124,907,965.20
2. Changes in fair value of investments in other equity instruments		-793,778,466.57	402,694,185.10
(II) Other comprehensive income that will be reclassified to profit or loss			-
Other comprehensive income attributable to minority interests, net of tax		-21,849,750.00	3,685,500.00
VI. Total comprehensive income		-325,494,283.79	2,865,768,579.02
Total comprehensive income attributable to owners of the Company		-302,095,131.98	2,809,211,178.43
Total comprehensive income attributable to minority interests		-23,399,151.81	56,557,400.59
VII. Earnings per share			
(I) Basic earnings per share		0.0964	0.4529
(II) Diluted earnings per share		N/A	N/A

The accompanying notes form part of the financial statements

The financial statements on pages 84 to 231 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

INCOME STATEMENT OF THE COMPANY

For the period ended 30 June 2020

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Operating income	XIV 4	1,775,522,114.91	3,122,046,925.72
Less: Operating costs	XIV 4	1,124,158,133.09	1,115,103,028.87
Taxes and levies		7,726,056.87	20,996,091.91
Administrative expenses		56,827,028.35	57,722,948.33
Financial expenses		169,796,077.56	138,513,026.65
Including: Interest expenses		156,421,990.58	137,115,213.12
Interest income		667,955.82	919,916.26
Add: Other income		7,447,135.54	1,627,822.84
Investment income	XIV 5	212,845,681.02	361,285,280.94
Including: Income from investments in associates and joint ventures		11,214,219.51	245,926,085.00
Impairment reversals (losses) of credit		—	—
Gains from disposal of assets		—	67,583.94
II. Operating profit		637,307,635.60	2,152,692,517.68
Add: Non-operating income		28,042,899.71	1,436,015.48
Less: Non-operating expenses		8,219,236.53	7,678,462.89
III. Total profit		657,131,298.78	2,146,450,070.27
Less: Income tax expenses		127,634,392.64	466,863,503.40
IV. Net profit		529,496,906.14	1,679,586,566.87
(I) Net profit from continuing operations		529,496,906.14	1,679,586,566.87
(II) Net profit from discontinued operations		—	—

INCOME STATEMENT OF THE COMPANY

For the period ended 30 June 2020

Item	Note	Amount for the current period	Amount for the prior period
V. Other comprehensive income, net of tax		-604,170,978.42	506,717,650.30
(I) Other comprehensive income that cannot be reclassified into profit or loss		-604,170,978.42	506,717,650.30
1. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		6,045,888.15	124,907,965.20
2. Changes in fair value of investments in other equity instruments		-610,216,866.57	381,809,685.10
(II) Other comprehensive income that will be reclassified into profit or loss		-	-
VI. Total comprehensive income		<u>-74,674,072.28</u>	<u>2,186,304,217.17</u>

The accompanying notes form part of the financial statements

The financial statements on pages 84 to 231 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2020

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		2,724,400,874.76	5,240,391,028.41
Other cash receipts relating to operating activities	VI 55 (1)	125,996,536.84	98,154,643.84
Sub-total of cash inflows from operating activities		2,850,397,411.60	5,338,545,672.25
Cash payments for goods purchased and services received		934,531,215.93	991,054,370.10
Net increase in loans to customers and advances		—	500,004.00
Cash payments to and on behalf of employees		414,329,720.82	424,438,938.38
Payments of various types of taxes		348,231,442.18	898,469,530.85
Other cash payments relating to operating activities	VI 55 (2)	257,975,882.19	96,586,438.02
Sub-total of cash outflows from operating activities		1,955,068,261.12	2,411,049,281.35
Net Cash Flow from Operating Activities	VI 56 (1)	895,329,150.48	2,927,496,390.90
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		2,113,389,861.59	3,804,205,807.87
Cash receipts from investment income		171,131,564.26	63,582,954.06
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		17,903.54	117,486.66
Other cash receipts relating to investing activities	VI 55 (3)	—	—
Sub-total of cash inflows from investing activities		2,284,539,329.39	3,867,906,248.59
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		2,343,360,064.33	1,477,781,578.00
Cash payments to acquire investments		3,232,375,673.48	5,593,771,864.38
Net cash payments for acquisitions of subsidiaries and other business units		—	—
Other cash payments relating to investing activities	VI 55 (4)	—	—
Sub-total of cash outflows from investing activities		5,575,735,737.81	7,071,553,442.38
Net Cash Flow from Investing Activities		-3,291,196,408.42	-3,203,647,193.79

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2020

Item	Note	Amount for the current period	Amount for the prior period
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		289,710,000.00	479,200,555.00
Including: cash receipts from capital contributions from minority owners of subsidiaries		289,710,000.00	479,200,555.00
Cash receipts from borrowings		2,243,690,000.00	1,402,400,000.00
Cash receipts from issue of bonds		8,110,000,000.00	2,200,000,000.00
Sub-total of cash inflows from financing activities		10,643,400,000.00	4,081,600,555.00
Cash repayments of borrowings		7,983,069,130.59	3,604,177,864.07
Cash payments for distribution of dividends or profits or settlement of interest expenses		366,506,631.30	185,038,115.49
Including: payments for distribution of dividends or profits to minority owners of subsidiaries			
Other cash payments relating to financing activities	VI 55 (5)	18,540,629.97	2,248,810.55
Sub-total of cash outflows from financing activities		8,368,116,391.86	3,791,464,790.11
Net Cash Flow from Financing Activities		2,275,283,608.14	290,135,764.89
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
V. Net Increase (Decrease) in Cash and Cash Equivalents			
Net Increase (Decrease) in Cash and Cash Equivalents	VI 56 (1)	-120,583,649.80	13,984,962.00
Add: Opening balance of Cash and Cash Equivalents	VI 56 (2)	449,410,135.63	515,126,921.66
VI. Closing balance of Cash and Cash Equivalents	VI 56 (2)	328,826,485.83	529,111,883.66

The accompanying notes form part of the financial statements

The financial statements on pages 84 to 231 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

CASH FLOW STATEMENT OF THE COMPANY

For the period ended 30 June 2020

Unit: RMB

Item	Note	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		1,845,349,180.10	3,234,856,552.12
Other cash receipts relating to operating activities		299,749,044.26	13,448,956.02
Sub-total of cash inflows from operating activities		2,145,098,224.36	3,248,305,508.14
Cash payments for goods purchased and services received		618,208,661.70	663,165,218.95
Cash payments to and on behalf of employees		292,475,237.16	275,249,186.63
Payments of various types of taxes		158,875,403.33	648,620,931.41
Other cash payments relating to operating activities		27,008,854.24	21,532,011.57
Sub-total of cash outflows from operating activities		1,096,568,156.43	1,608,567,348.56
Net Cash Flow from Operating Activities		1,048,530,067.93	1,639,738,159.58
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		994,067,790.92	2,322,000,000.00
Cash receipts from investment income		119,099,618.38	53,169,304.50
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		16,855.00	83,000.00
Other cash receipts relating to investing activities		11,000,000.00	461,000,000.00
Sub-total of cash inflows from investing activities		1,124,184,264.30	2,836,252,304.50
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		48,293,691.18	43,729,073.78
Cash payments to acquire investments		2,802,072,201.58	4,462,000,000.00
Net cash payments for acquisitions of subsidiaries and other business units		—	—
Other cash payments relating to investing activities		821,000,000.00	11,000,000.00
Sub-total of cash outflows from investing activities		3,671,365,892.76	4,516,729,073.78
Net Cash Flow from Investing Activities		-2,547,181,628.46	-1,680,476,769.28

CASH FLOW STATEMENT OF THE COMPANY

For the period ended 30 June 2020

Item	Note	Amount for the current period	Amount for the prior period
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		850,000,000.00	1,025,000,000.00
Cash receipts from issue of bonds		8,110,000,000.00	2,200,000,000.00
Sub-total of cash inflows from financing activities		8,960,000,000.00	3,225,000,000.00
Cash repayments of borrowings		7,318,861,130.59	3,070,927,864.07
Cash payments for distribution of dividends or profits or settlement of interest expenses		145,778,116.27	105,699,493.12
Other cash payments relating to financing activities		16,743,753.16	3,123,810.55
Sub-total of cash outflows from financing activities		7,481,383,000.02	3,179,751,167.74
Net Cash Flow from Financing Activities		1,478,616,999.98	45,248,832.26
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		-	-
V. Net Decrease in Cash and Cash Equivalents		-20,034,560.55	4,510,222.56
Add: Opening balance of Cash and Cash Equivalents		72,993,232.97	100,931,394.05
VI. Closing balance of Cash and Cash Equivalents		<u>52,958,672.42</u>	<u>105,441,616.61</u>

The accompanying notes form part of the financial statements

The financial statements on pages 84 to 231 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 30 June 2020

Unit: RMB

Item	Amount for the current period										Total shareholders' equity		
	Attributable to owners of the Company			Other comprehensive income				Less: Treasury shares				Capital reserve	
	Share capital	Preferred shares	Perpetual debts	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General Risk Provision	Retained profits		Minority interests
I. Closing balance as at 31 December 2019	5,037,747,500.00	-	-	-	10,301,913,163.87	-	1,291,746,071.42	-	3,551,167,000.42	141,891.32	8,164,265,960.12	4,135,833,523.34	32,282,837,135.49
II. Changes for the period	-	-	-	-	-	-	-787,732,578.42	-	-	1,839,240.45	-1,833,535,644.01	250,871,980.68	-2,368,337,001.30
(i) Total comprehensive income	-	-	-	-	-	-	-787,732,578.42	-	-	-	485,637,446.44	-23,339,151.81	-325,494,283.79
(ii) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	289,710,000.00	289,710,000.00
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-	289,710,000.00	289,710,000.00
2. Capital reserve of investee under equity method	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	1,839,240.45	-2,319,223,090.45	-15,438,367.51	-2,332,802,717.51
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer to general risk reserve	-	-	-	-	-	-	-	-	-	1,839,240.45	-1,839,240.45	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-2,317,363,830.00	-15,438,367.51	-2,332,802,717.51
III. Closing balance as at 30 June 2020	5,037,747,500.00	-	-	-	10,301,913,163.87	-	504,013,493.00	-	3,551,167,000.42	2,001,131.77	6,330,800,316.11	4,386,725,509.02	30,314,250,134.19

The accompanying notes form part of the financial statements.

The financial statements on pages 84 to 231 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 30 June 2020

Unit: RMB

Item	Amount for the prior period											
	Attributable to owners of the Company						Other					Total shareholders' equity
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General Risk Provision	Retained profits	Minority interests	
I. Closing balance as at 31 December 2018	5,037,747,500.00	-	-	10,428,388,234.50	-	637,627,867.06	-	3,411,194,284.79	-	6,422,040,046.25	3,276,659,219.60	29,333,856,941.22
II. Changes for the period	-	-	-	-	-	527,602,160.30	-	-	-	635,754,821.87	535,757,955.59	1,027,605,284.02
(i) Total comprehensive income	-	-	-	-	-	527,602,160.30	-	-	-	2,281,600,028.13	56,557,400.59	2,865,763,579.02
(ii) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	479,200,555.00	479,200,555.00
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-	-	479,200,555.00	479,200,555.00
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-2,317,363,850.00	-	-2,317,363,850.00
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-2,317,363,850.00	-	-2,317,363,850.00
III. Closing balance as at 30 June 2019	5,037,747,500.00	-	-	10,428,388,234.50	-	1,365,429,817.36	-	3,411,194,284.79	-	6,886,285,223.38	3,762,417,165.19	30,381,462,252.24

The accompanying notes form part of the financial statements.

The financial statements on pages 84 to 231 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the period ended 30 June 2020

Unit: RMB

Item	Amount for the current period										Total owner's equity	
	Share capita	Preferred shares	Perpetual debts	Others	Capital reserve	Treasury shares	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve		General Risk Provision
I. Closing balance as at 31 December 2019	5,037,747,500.00	-	-	-	7,401,175,276.67	-	730,095,757.57	-	2,518,873,750.00	-	7,388,635,490.28	23,075,527,774.52
II. Changes for the period	-	-	-	-	-	-	-604,170,978.42	-	-	-	-1,787,866,943.86	-2,392,037,922.28
(i) Total comprehensive income	-	-	-	-	-	-	-604,170,978.42	-	-	-	529,496,906.14	-74,674,072.28
(ii) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserve of investee under equity method	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-
1. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
III. Closing balance as at 30 June 2020	5,037,747,500.00	-	-	-	7,401,175,276.67	-	125,924,779.15	-	2,518,873,750.00	-	5,600,788,546.42	20,684,489,852.24

The accompanying notes form part of the financial statements.

The financial statements on pages 84 to 231 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the period ended 30 June 2020

Unit: RMB

Item	Amount for the prior period										
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General Risk Provision	Retained profits	Total owner's equity
			Perpetual debts								
I. Closing balance as at 31 December 2018	5,037,747,500.00	-	-	7,327,650,327.30	-	289,485,951.71	-	2,518,873,750.00	-	6,602,016,006.52	21,775,773,535.53
II. Changes for the period	-	-	-	-	-	506,717,650.30	-	-	-	-637,777,283.13	-131,059,632.83
(i) Total comprehensive income	-	-	-	-	-	506,717,650.30	-	-	-	1,679,586,566.87	2,186,304,217.17
(ii) Profit distribution	-	-	-	-	-	-	-	-	-	-2,317,363,850.00	-2,317,363,850.00
1. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-2,317,363,850.00	-2,317,363,850.00
III. Closing balance as at 30 June 2019	5,037,747,500.00	-	-	7,327,650,327.30	-	796,203,602.01	-	2,518,873,750.00	-	5,964,238,723.39	21,644,713,927.70

The accompanying notes form part of the financial statements.

The financial statements on pages 84 to 231 were signed by the following:

Legal Representative:
Sun Xibin

Person in Charge of the Accounting Body:
Dai Qian

Chief Accountant:
Yao Qunfang

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

I. BASIC INFORMATION ABOUT THE COMPANY

1. General

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

The Company issued 1,222,000,000 shares on the Stock Exchange of Hong Kong Limited (“H shares”) and 150,000,000 shares on the Shanghai Stock Exchange (“A shares”) with par value of RMB1 in June 1997 and December 2000 respectively.

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

2. Scope of consolidated financial statements

The Company and the consolidated financial are approved by the Board of Directors on 28 August 2020.

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

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

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

Going concern

As at 30 June 2020, the Group had total current liabilities in excess of total current assets of RMB10,220,380,835.21. As at 30 June 2020, the Group has available unutilized bank loan facilities with a time limit over one year of approximately RMB30,484,023,000.00 and authorized but not issued super short-term bonds with a time limit over one year of approximately RMB750,000,000.00. The Group’s management believes the facilities above are to provide all necessary financial support to the Group in the foreseeable future so as to maintain the Group’s ability to continue as a going concern, the financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

Basis of accounting and principle of measurement

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group are principally engaged in toll road operation. The Group determines the specific accounting policies according to the toll road industry characteristics, shown mainly on the provision for credit impairment, depreciation for fixed assets, amortization for toll road operation rights and recognition timing of revenue. Refer to Note III 9, 13, 16 and 22 for detail specific accounting policies. For description of significant accounting judgments, estimation and assumption made by management, see Note IV.

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 30 June 2020, changes in equity of the Company and consolidated shareholders and the Company's and consolidated results of operations and cash flows for the period ended 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

2. Accounting period

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

3. Business Cycle

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

4. Functional currency

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

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

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

5.1 Business combinations involving enterprises under common control

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

5.2 Business combinations not involving enterprises under common control and goodwill

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements (Continued)

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

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

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

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

7. Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Translation of transactions denominated in foreign currencies

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

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

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

9. Financial instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

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

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

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

9.1 Classification, recognition and measurement of financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

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

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

- The purpose of acquiring the financial assets is to sell the assets in the near future.
- The relevant financial assets are, on initial recognition, a part of the centrally-managed identifiable financial instrument portfolio, and the objective evidence indicates that short-term profit model exists in the near future.

Financial assets at FVTPL include financial assets at FVTPL and those designated as at FVTPL is presented in held-for-trading financial assets.

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

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

9.1.1 Financial assets classified as at amortized cost

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

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

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

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

9.1.2 Financial assets at FVTPL

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.1.3 Financial assets at FVTOCI

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

For equity instrument investments not held for trading and designated as financial assets at FVTOCI, the fair value changes are recognized in other comprehensive income. Upon derecognition of the financial assets, accumulated gains or losses previously recognized in other comprehensive income are transferred to retained profits. During the period in which the Group holds the equity instrument investments not held for trading, the Group recognizes dividends income in profit or loss for the period when (1) the Group's rights to receive the dividends has been established; (2) it is probable that the economic benefits associated with the dividends will flow to the Group; and (3) the amount of the dividends can be reliably measured.

9.2 Impairment of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

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

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

9.2.1. Significant increase in credit risk

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



NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

9.2.1. Significant increase in credit risk (Continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

9.2.2. Credit-impaired financial assets

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

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

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

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

9.2.3. Recognition of expected credit losses

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.2 Impairment of financial assets (Continued)

9.2.3. Recognition of expected credit losses (Continued)

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

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

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

9.2.4. Written-off of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.3 Transfer of financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

9.3 Transfer of financial assets (Continued)

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

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

9.4 Classification and measurement of financial liabilities and equity instrument

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

9.4.1 Classification, recognition and measurement of financial liabilities

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

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

9.4.1.1 Other financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

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

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

9.4.1.1 Other financial liabilities (Continued)

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

9.4.1.2 Financial guarantee contracts

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

9.4.2 Derecognition of financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

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

9.4.3 Equity instruments

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

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

9.5 Offsetting a financial asset and a financial liability

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

10. Inventories

10.1. Categories of inventories

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

10.2 Valuation method of inventories upon delivery

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Inventories (Continued)

10.3 Basis for determining net realizable value of inventories

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

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

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

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

10.4 Inventory count system

The perpetual inventory system is maintained for stock system.

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

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



NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments

11.1 Basis for determining joint control and significant influence over investee

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

11.2. Determination of initial investment cost

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

11.2. Determination of initial investment cost (Continued)

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

11.3. Subsequent measurement and recognition of profit or loss

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

11.4 Disposal of long-term equity investments

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

12. Investment Properties

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets

13.1. Recognition criteria for fixed assets

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

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

13.2 Depreciation of each category of fixed assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets (Continued)

13.2 Depreciation of each category of fixed assets (Continued)

13.2.1. Other explanations

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

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

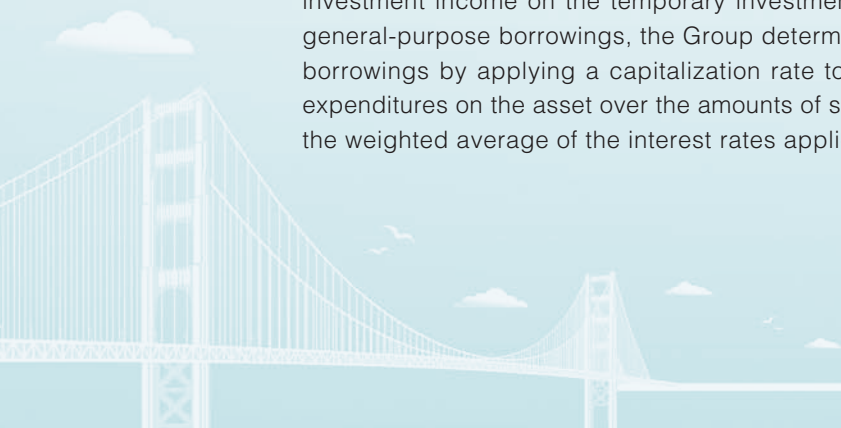
14. Construction in progress

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

15. Borrowing costs

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

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



NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Intangible assets

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

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

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

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

17. Impairment of long-term assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Impairment of long-term assets (Continued)

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

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

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

18. Long-term prepaid expenses

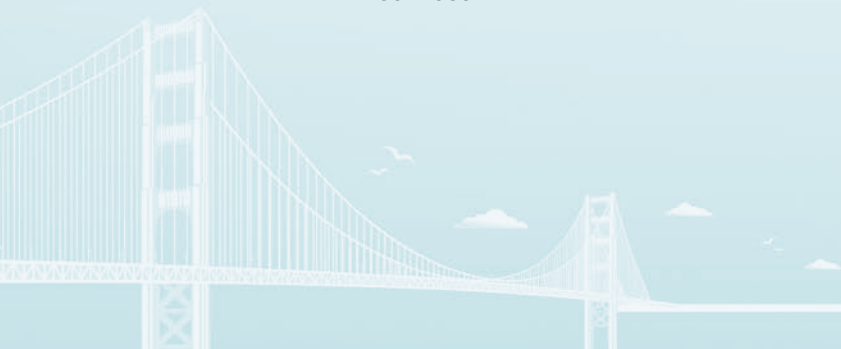
Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortized over the expected periods in which benefits are derived.

19. Employee benefits

19.1 Accounting method for short-term employee benefits

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

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



NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Employee benefits (Continued)

19.2. Accounting method for post – employment benefits

Post-employment benefits are all defined contribution plans.

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

19.3 Accounting method for termination benefits

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

20. Provisions

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

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

21. Contract liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Revenue

Revenue of the Group is mainly from the following business:

(1) Toll road income

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

(2) Ancillary service income

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

(3) Income from other business, such as trouble shooting and advertisement

Income from other business such as trouble shooting and advertisement is recognized when the service has been performed, the amount of the obligation can be measured reliably and it is probable that the associated economic benefits will flow to the enterprise.

(4) Income from real estate development

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Revenue (Continued)

For performance obligations satisfied during a period of time, the Group will recognize revenue according to progress of performance within such period. The Group adopts the output method to determine the progress of performance according to the value of products or services transferred to customers. When the performance progress cannot be reliably determined and the incurred cost can be expected to be made up, revenue is recognized according to incurred cost until the performance progress can be reasonably determined.

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

23. Types and accounting treatments of government grants

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

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

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

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

24. Deferred tax assets/deferred tax liabilities

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

24.1 Current income tax

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

24.2 Deferred tax assets and deferred tax liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

24.2 Deferred tax assets and deferred tax liabilities (Continued)

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

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

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

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

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

The Group recognizes the impact of income tax on the right-of-use assets and related lease liabilities incurred in relevant lease transactions, and does not recognize deferred income tax assets or liabilities for temporary differences related to initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

24.3. Offsetting of income taxes

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

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

25. Leases

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

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

25.1. The Group as a lessee

25.1.1. Separation of a lease

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



NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Leases (Continued)

25.1. The Group as a lessee (Continued)

25.1.2. Right-of-use assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Leases (Continued)

25.1. The Group as a lessee (Continued)

25.1.3. Lease liabilities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Leases (Continued)

25.1. The Group as a lessee (Continued)

25.1.4. Short-term leases

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

25.1.5. Lease modification

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

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

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

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

25.2. The Group as a lessor

25.2.1. Separating components of a lease

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Leases (Continued)

25.2.2. Classification of leases

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

25.2.2.1. The Group as lessor under operating leases

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

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

25.2.3. Lease modification

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

– Key assumptions and uncertainties in accounting estimates

Amortization of toll road operation rights

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

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

Estimated impairment of toll road operation rights

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

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

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

Deferred tax assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

– Key assumptions and uncertainties in accounting estimates (continued)

Measurement and valuation procedures of fair value

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

V. TAXES

Major categories of taxes and tax rates

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

V. TAXES (CONTINUED)

Major categories of taxes and tax rates (continued)

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

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

Note 3: According to the announcements of Su Cai Shui [2020] No.8 and [2020] No. 18 issued by the tax bureau of Jiangsu Province, companies of expressway industry are taxpayers who have suffered significant impact of the pandemic and thus will be exempted from payment of house property tax and urban land use tax during 2020.

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	30 June 2020			31 December 2019		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			<u>306,504.55</u>			<u>254,597.41</u>
Bank balances:						
RMB			<u>316,556,711.43</u>			<u>424,019,850.60</u>
USD	-		-	-		-
HKD	<u>840,163.83</u>	<u>0.9134</u>	<u>767,439.26</u>	840,163.83	0.8958	<u>752,601.96</u>
Other monetary funds:						
RMB			<u>78,764,109.78</u>			<u>78,416,690.48</u>
Total	<u>840,163.83</u>		<u>396,394,765.02</u>	840,163.83		<u>503,443,740.45</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

1. Cash and bank balances (continued)

Other explanations:

As at 30 June 2020, other monetary funds of the Group includes security deposits for certain mortgage loans to customers RMB2,359,744.84 and supervised advance from customers RMB65,208,534.35 (31 December 2019: security deposits for certain mortgage loans to customers RMB2,523,103.19, supervised advance from customers RMB51,510,501.63). According to the requirements of some local authorities (such as Nanjing, Suzhou, Jurong, Kunshan etc.) in China, real estate developers need to open supervised bank account when applying for pre-sale permit for new commercial properties. All the advances received from property customers should be transferred to such account which are supervised by regulator and all cash payment from such account should coincide with the construction progress in order to ensure the cash being used for property construction on a priority basis.

2. Held-for-trading financial assets

Unit: RMB

Item	30 June 2020	31 December 2019
Held-for-trading financial assets	32,346,380.36	36,585,184.62
Including: Fund investment (<i>Note 1</i>)	27,961,322.22	22,890,626.48
Gold investment (<i>Note 2</i>)	4,385,058.14	13,694,558.14
Financial products	1,732,700,000.00	640,350,000.00
Shares investment	26,646.74	–
Total	<u>1,765,073,027.10</u>	<u>676,935,184.62</u>

Other explanations:

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

Note 2: The market price of investments above at the end of the period and related information is originated from public data of net value of related gold.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

3. Notes receivable

(1) Disclosure of notes receivable by categories:

Unit: RMB

Category	30 June 2020	31 December 2019
Bank acceptances	<u>1,997,100.00</u>	<u>—</u>

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

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

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

4. Accounts receivable

(1) Disclosure of accounts receivable by aging:

Unit: RMB

Aging	Amount	30 June 2020		Book value
		Proportion (%)	Provision for credit impairment	
Within 1 year	407,754,782.92	98.31	159,723.23	407,595,059.69
More than 1 year but not exceeding 2 years	5,306,318.48	1.28	—	5,306,318.48
More than 2 year but not exceeding 3 years	—	—	—	—
More than 3 years	<u>1,699,980.00</u>	<u>0.41</u>	<u>1,699,980.00</u>	<u>—</u>
Total	<u>414,761,081.40</u>	<u>100.00</u>	<u>1,859,703.23</u>	<u>412,901,378.17</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

4. Accounts receivable (continued)

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

Unit: RMB

Category	Amount	Proportion (%)	30 June 2020		Book value
			Bad debt provision	Proportion (%)	
Accounts receivable formed by transactions regulated by standards for revenue	340,455,081.18	82.08	1,859,703.23	100.00	338,595,377.95
Lease receivable	74,306,000.22	17.92	–	–	74,306,000.22
Total	414,761,081.40	100.00	1,859,703.23	100.00	412,901,378.17

Category	Amount	Proportion (%)	31 December 2019		Book value
			Bad debt provision	Proportion (%)	
All accounts receivable formed by transactions regulated by standards for revenue	159,262,688.80	70.43	1,859,703.23	100.00	157,402,985.57
Lease receivable	66,882,172.05	29.57	–	–	66,882,172.05
Total	226,144,860.85	100.00	1,859,703.23	100.00	224,285,157.62

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

4. Accounts receivable (Continued)

(3) Provision for credit impairment

Unit: RMB

Provision for credit impairment	Not credit-impaired Lifetime expected credit loss	Credit-impaired Lifetime expected credit loss	Total
At 1 January 2020	159,723.23	1,699,980.00	1,859,703.23
Provisions			
Reversals			
Transfer-out upon derecognition of financial assets			
At 30 June 2020	159,723.23	1,699,980.00	1,859,703.23

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

Unit: RMB

Name of entity	Amount	Bad debt provision	Proportion of total accounts receivable (%)
Anjian Commercial Factoring Co., Ltd	107,500,000.00	–	25.92
Jiangsu Expressway Network Operation and Management Co., Ltd. ("Network Operation Company")	95,542,983.67	–	23.04
Anhui Water Resources Development Co., Ltd	50,000,000.00	–	12.06
Dinuo Fangmaoshan Business Management Co., Ltd.	24,100,220.24	–	5.81
Jiaxing City Kaitong Investment Limited	22,849,315.86	–	5.51
Total	299,992,519.77	–	72.34

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

4. Accounts receivable (Continued)

(5) Other explanations

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

5. Prepayments

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

Unit: RMB

Aging	30 June 2020		31 December 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	54,549,888.23	95.17	10,349,713.39	38.52
More than 1 year but not exceeding 2 years	25,984.00	0.05	13,775,744.80	51.28
More than 2 years but not exceeding 3 years	2,739,600.00	4.78	2,739,600.00	10.20
More than 3 years	—	—	—	—
Total	<u>57,315,472.23</u>	<u>100.00</u>	<u>26,865,058.19</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

5. Prepayments (continued)

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

Unit: RMB

Name of entity	Amount	Proportion of the amount to the total prepayments (%)
Nanjing CNPC Gaoli Petrochemical Co., Ltd	20,000,000.00	34.89
Changshu Kaisi Petrochemical Co., Ltd	8,000,000.00	13.96
State Grid Jiangsu Electric Power Co., Ltd. Kunshan Power Supply Company	5,010,755.00	8.74
Suzhou Water Supply Co., Ltd.	2,439,600.00	4.26
Jiangsu Hailing Intelligent System Technology Co., Ltd	1,219,974.00	2.13
Total	<u>36,670,329.00</u>	<u>63.98</u>

6. Other receivables

Unit: RMB

Item	Note	30 June 2020	31 December 2019
Dividends receivable	(1)	73,370,239.20	4,989,960.00
Others	(2)	45,152,495.18	46,209,939.50
Total		<u>118,522,734.38</u>	<u>51,199,899.50</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

6. Other receivables (Continued)

(1) Dividends receivable

Unit: RMB

Item	30 June 2020	31 December 2019
Jiangsu Kuailu Motor Transport Co., Ltd. ("Kuailu Company")	4,989,960.00	4,989,960.00
Jiangsu Yangtze Bridge Co., Ltd.	68,380,279.20	–
Total	73,370,239.20	4,989,960.00

(2) Others

<1> Disclosure of other receivables by aging:

Unit: RMB

Aging	Amount	30 June 2020		Book value
		Proportion (%)	Provision for credit impairment	
Within 1 year	24,286,208.44	39.76	46,892.82	24,239,315.62
More than 1 year but not exceeding 2 years	9,546,310.80	15.63	57,882.6	9,488,428.20
More than 2 years but not exceeding 3 years	1,670,016.78	2.73	11,121.08	1,658,895.70
More than 3 years	25,579,374.43	41.88	15,813,518.77	9,765,855.66
Total	61,081,910.45	100.00	15,929,415.27	45,152,495.18

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

6. Other receivables (continued)

(2) Others (Continued)

<2> Disclosure of other receivables by nature

Unit: RMB

Nature	30 June 2020	31 December 2019
Amounts of investment clearance	15,812,140.02	15,812,140.02
Landlord maintenance funds	11,646,215.25	12,637,931.05
Project funds borrowed in advance	11,308,425.90	11,528,425.90
Petty cash	4,190,000.00	4,968,493.24
Mortgage deposits for housing fund loan	3,950,000.00	3,950,000.00
Others	14,175,129.28	13,242,364.56
Total	61,081,910.45	64,139,354.77

<3> Analysis of provision for credit impairment

Unit: RMB

Provision for credit impairment	Stage I 12-month expected credit losses	Stage II Lifetime expected credit loss (Not credit impaired)	Stage III Lifetime expected credit loss (Credit impaired)	Total
At 1 January 2020	117,275.25	–	15,812,140.02	15,929,415.27
Provisions				
Reversal				
At 30 June 2020	117,275.25	–	15,812,140.02	15,929,415.27

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

6. Other receivables (Continued)

(2) Others (Continued)

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

Unit: RMB

Name of entity	Nature of other receivables	Amount	Aging	Proportion of the amount to total other receivables (%)	Provision for credit impairment
Jiangsu Yixing Highway Administration Department	Amount of investment clearance	15,812,140.02	Over 3 years	25.89	15,812,140.02
Suzhou Housing Property Guarantee Co., Ltd.	Deposit	2,842,000.00	Within 1 year	4.65	-
China Construction Eighth Engineering Division Corp. Ltd.	Project funds borrowed in advance	1,723,356.10	Over 3 years	2.82	-
Jiangsu Assets and Equity Exchange	Others	2,000,000.00	Within 2 years	3.27	-
Nanjing Jin Zhong Jian Curtain Decoration Co., Ltd.	Project funds borrowed in advance	1,723,356.10	1-2 years	2.82	-
Total		<u>24,100,852.22</u>		<u>39.45</u>	<u>15,812,140.02</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

7. Inventories

Categories of inventories

Unit: RMB

Item	30 June 2020			31 December 2019		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Properties under development	2,843,757,630.64	-	2,843,757,630.64	2,691,720,662.45	-	2,691,720,662.45
Properties for sale	1,348,532,632.05	-	1,348,532,632.05	1,458,769,418.10	-	1,458,769,418.10
Spare parts for repair and maintenance	7,348,785.25	-	7,348,785.25	7,262,826.01	-	7,262,826.01
Petrol	5,886,390.22	-	5,886,390.22	6,814,398.54	-	6,814,398.54
Total	<u>4,205,525,438.16</u>	<u>-</u>	<u>4,205,525,438.16</u>	<u>4,164,567,305.10</u>	<u>-</u>	<u>4,164,567,305.10</u>

Details of properties under development are as follows:

Unit: RMB

Project name	Estimated total investment	31 December 2019	30 June 2020
Baohua Hongyan Community A Project (Note 1)	2,455,800,000.00	324,211,226.67	331,623,654.38
Huaqiao Town Core Area Project (Note 2)	3,089,100,000.00	383,548,006.05	391,305,441.31
Suzhou Nanmen Road G25 Project (Note 3)	1,146,300,000.00	92,861,564.62	98,358,426.18
Hanrui Center	2,202,654,200.00	1,891,099,865.11	2,022,470,108.77
Total	<u>8,893,854,200.00</u>	<u>2,691,720,662.45</u>	<u>2,843,757,630.64</u>

Note 1: Baohua Hongyan Community Plot A Project comprises phase 1 and phase 2 of Tongchengshijia project which are expected to be completed in October 2023 and October 2024 respectively.

Note 2: Huaqiao Town Core Area Project includes Huaqiao Town Core Area C5 Yufuhao Project and Huaqiao Town Core Area B18 Project which are expected to be completed in October 2021 and July 2024 respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

7. Inventories (Continued)

Categories of inventories (Continued)

Details of properties for sale are as follows:

Unit: RMB

Project Name	Completion date	31 December 2019	Increase	Decrease	30 June 2020
Suzhou Qingyuan	December 2013	430,744,537.22	-	36,473,881.07	394,270,656.15
Baohua Hongyan Community B1 Tongchengshijia Project	April 2014	92,668,709.73	-	-	92,668,709.73
Baohua Hongyan Community B2 Tongchengshijia Project	November 2016	157,257,174.44	-	27,459,888.40	129,797,286.04
Huaqiao Urban Core C4 Tongcheng Hongqiao Mansion Project	August 2012	11,573,340.44	-	-	11,573,340.44
Huaqiao Urban Core C7 Pujiang Building Project	June 2014	335,665,436.91	-	-	335,665,436.91
Huaqiao Urban Core B4 Guangmingjiezuo Project	June 2015	38,825,005.38	-	-	38,825,005.38
Huaqiao Urban Core B19 Guangmingxinzuo Project	December 2016	17,602,818.91	-	-	17,602,818.91
Huaqiao Urban Core C3 Langqiaojiayuan	December 2019	231,511,140.70	-	14,290,625.05	217,220,515.65
Suzhou Nanmen Road G25 Project -Phase I	January 2018	142,921,254.37	-	32,012,391.54	110,908,862.83
Total		<u>1,458,769,418.10</u>	<u>-</u>	<u>110,236,786.05</u>	<u>1,348,532,632.05</u>

8. Other current assets

Unit: RMB

Item	30 June 2020	31 December 2019
Enterprise income tax in advance	2,754.26	31,061,822.17
Prepaid taxes and levies related to pre-sale of real estate	132,053,011.28	126,701,364.63
Input VAT to be deducted	381,957,472.83	219,804,084.27
Others	923,601.21	1,773,690.27
Total	<u>514,936,839.58</u>	<u>379,340,961.34</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

9. Investments in other equity instruments

(1) Investments in other equity instruments

Unit: RMB

Item	30 June 2020	31 December 2019
Investments in other equity instruments		
Measured at fair value	4,567,964,324.49	5,655,468,613.24
Measured at cost		
Total	4,567,964,324.49	5,655,468,613.24

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

Unit: RMB

Item	Dividend income recognized in the current period	Cumulative gain	Reasons for those designated as at FVTOCI
Listed Companies			
Bank of Jiangsu (Note 1)	93,130,000.00	(285,122,480.22)	Non-tradable equity instrument investment
Jiangsu Financial Leasing (Note 2)	56,160,000.00	634,681,543.11	Non-tradable equity instrument investment
Total	149,290,000.00	349,559,062.89	

Note 1: This represents the ordinary shares of A-share listed company Bank of Jiangsu Co., Ltd. held by the Group. Bank of Jiangsu was listed in 2016, with the measurement of such investment at cost changed to measurement at fair value. As at 2 August 2019, the shares of Bank of Jiangsu held by the Group were released from restrictions and were listed for circulation. The Group designated it as a financial asset measured at fair value through other comprehensive income ("FVTOCI"), and subsequent changes in fair values are included in other comprehensive income.

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

10. Other non-current financial assets

Unit: RMB

Item	30 June 2020	31 December 2019
Other non-current financial assets		
Measured at FVTPL	1,527,572,276.51	1,446,175,745.21
Including: Equity interest investment in partnerships (Note)		
Suzhou Industrial Park Guochuang Kaiyuan Phase II Investment Center LLP	1,189,029,344.60	1,107,666,005.47
Nanjing Luode Dening Real Estate Investment LLP	38,385,612.89	38,413,503.57
Nanjing Luode Zhongbei Zhiyuan Equity Investment LLP	<u>300,157,319.02</u>	<u>300,096,236.17</u>
Total	<u><u>1,527,572,276.51</u></u>	<u><u>1,446,175,745.21</u></u>

Note: The equity investment in the limited partnership invested by the Group. Under the limited partnership agreement, the Group participates as a limited partner and has no control, joint control and significant influence on the daily operation and decision-making of the related partnership. Therefore, equity investment in the Partnership is measured fair value. The subsequent changes in its fair value are included in the current profits and losses.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

11. Long-term equity investments

Unit: RMB

Investee (Note 1)	1 January 2020	Changes in the current year						Others	30 June 2020	Impairment provision at 30 June 2020
		Increase	Investment income (loss) under the equity method	Adjustment of other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses			
Associates										
Kuailu Company	55,370,197.85	-	(2,988,000.00)	-	-	-	-	52,382,197.85	-	
Jiangsu Yangtze Bridge Co., Ltd. ("Yangtze Bridge Company")	1,700,484,727.40	-	(14,929,600.00)	6,045,888.15	-	(68,380,279.20)	-	1,623,220,736.35	-	
Suzhou Expressway Management Co., Ltd.	1,955,145,243.61	-	9,666,289.02	-	-	-	-	1,964,811,532.63	-	
Jiangsu Xiexin Ninghu Gas Co., Ltd. ("Xiexin Ninghu Company")	10,781,980.54	-	712,421.57	-	-	-	-	11,494,402.11	-	
Suzhou Nanlin Hotel Co., Ltd. ("Nanlin Hotel")	170,603,764.99	-	(2,006,419.66)	-	-	-	-	168,597,345.33	-	
Jiangsu Yanjiang Expressway Co., Ltd. ("Yanjiang Company")	2,210,826,300.22	-	(24,965,305.78)	-	-	-	-	2,185,860,994.44	-	
Jiangsu Luode Equity Investment Fund Management Co., Ltd. ("Luode Fund Company")	21,639,786.73	-	(847,755.70)	-	-	-	-	20,792,031.03	-	
Xiandai R&B Company	75,800,955.03	-	7,144,811.62	-	-	-	-	82,945,766.65	-	
Network Operation Company	39,240,116.88	-	2,205,952.33	-	-	-	-	41,446,069.21	-	
Jiangsu Communication Culture and Media Co. Ltd. ("Media Company")	62,487,431.67	-	641,493.72	-	-	-	-	63,128,925.39	-	
Jiangsu Communications Holding Group Finance Co., Ltd. ("Group Finance Company")	636,871,013.70	-	14,954,317.20	-	-	(12,500,000.00)	-	639,325,330.90	-	
Total	6,939,251,518.62	-	(10,411,795.68)	6,045,888.15	-	(80,880,279.20)	-	6,854,005,331.89	-	

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

12. Investment properties

(1) Investment properties measured at cost

Unit: RMB

Item	Buildings
I. Total original carrying amount	
1. 31 December 2019 and 30 June 2020	25,079,440.37
II. Accumulated amortization	
1. 31 December 2019	6,684,980.58
2. Increase in the current period	451,400.88
(1) Amount accrued or amortized	451,400.88
3. 30 June 2020	7,136,381.46
III. Total book value of investment properties	
1. 30 June 2020	17,943,058.91
2. 31 December 2019	<u>18,394,459.79</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

13. Fixed assets

(1) Fixed assets

Unit: RMB

Item	Buildings	Safety equipment	Communication and surveillance equipment	Toll and ancillary equipment	Machinery and equipment	Electronic equipment	Motor vehicles	Furniture and others	Total
I. Total original carrying amount									
1. 31 December 2019	1,962,060,123.98	951,843,923.26	376,318,013.53	486,076,917.13	555,843,661.62	65,445,090.09	60,852,467.07	44,548,814.81	4,502,989,011.49
2. Increase in the current period	28,036,343.65	9,205,118.41	12,384,174.03	6,163,115.50	34,772,009.52	4,902,973.05	2,558,749.79	15,993,238.88	114,015,722.83
(1) Purchase	-	8,091,761.39	5,632,306.83	23,112.00	21,159,601.70	2,033,375.41	2,558,749.79	1,336,633.02	40,835,540.14
(2) Transferred from construction in progress	28,036,343.65	1,113,357.02	6,751,867.20	6,140,003.50	13,612,407.82	2,869,597.64	-	14,656,605.86	73,180,182.69
(3) Reclassification	-	-	-	-	-	-	-	-	-
3. Decrease in the current period	7,919,885.54	6,499,849.63	5,614,486.83	8,500.00	10,602,791.58	248,759.06	1,546,589.60	17,821.88	32,458,684.12
(1) Disposal or retirement	7,919,885.54	6,499,849.63	5,614,486.83	8,500.00	10,602,791.58	248,759.06	1,546,589.60	17,821.88	32,458,684.12
(2) Reclassification	-	-	-	-	-	-	-	-	-
4. 30 June 2020	1,982,176,582.09	954,549,192.04	383,087,700.73	492,231,532.63	580,012,879.56	70,099,304.08	61,864,627.26	60,524,231.81	4,584,546,050.20
II. Accumulated depreciation									
1. 31 December 2019	925,799,536.35	783,999,214.10	249,810,517.84	171,614,989.59	343,148,151.31	42,614,789.57	46,260,071.08	32,379,027.93	2,595,626,297.77
2. Increase in the current period	41,133,105.74	10,932,216.55	15,228,667.23	24,513,768.33	15,365,351.73	3,823,789.97	2,505,271.20	1,755,582.60	115,257,753.35
(1) Provision	41,133,105.74	10,932,216.55	15,228,667.23	24,513,768.33	15,365,351.73	3,823,789.97	2,505,271.20	1,755,582.60	115,257,753.35
(2) Reclassification	-	-	-	-	-	-	-	-	-
3. Decrease in the current period	640,251.74	191,948.56	-	8,500.00	433,640.55	153,403.36	1,107,053.88	25,107.18	2,559,905.27
(1) Disposal or retirement	640,251.74	191,948.56	-	8,500.00	433,640.55	153,403.36	1,107,053.88	25,107.18	2,559,905.27
(2) Reclassification	-	-	-	-	-	-	-	-	-
4. 30 June 2020	966,292,390.35	794,739,482.09	265,039,185.07	196,120,257.92	358,079,862.49	46,285,176.18	47,658,288.40	34,109,503.35	2,708,324,145.85
III. Provision for impairment									
1. 30 June 2020	-	-	-	-	-	-	-	-	-
2. 31 December 2019	-	-	-	-	-	-	-	-	-
IV. Total net book value of fixed assets									
1. 30 June 2020	1,015,884,191.74	159,809,709.95	118,048,515.66	296,111,274.71	221,933,017.07	23,814,127.90	14,206,338.86	26,414,728.46	1,876,221,904.35
2. 31 December 2019	1,036,260,587.63	167,844,709.16	126,507,495.69	314,461,927.54	212,695,510.31	22,830,300.52	14,592,395.99	12,169,786.88	1,907,362,713.72

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

13. Fixed assets (Continued)

(2) Fixed assets leased out under operating leases

Unit: RMB

Item	30 June 2020	31 December 2019
Buildings	135,941,896.57	140,064,242.93

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

Unit: RMB

Item	Book value	Reasons for not obtained certificates
Shanghai-Nanjing Expressway Lujia toll station	5,681,078.75	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Kunshan toll station	5,458,327.62	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Huaqiao toll station	7,020,452.37	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Xuejia toll station	7,110,113.10	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Suzhou management offices and maintenance center building	25,134,918.05	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Changzhou Luoshuwan buildings	2,917,703.60	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Changzhou roll station and maintenance center building	2,121,963.69	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Changzhou ETC customer service branch buildings	741,741.84	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Jingfa Service zone office buildings	38,860,775.30	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway South Network Centre and project management center houses	15,696,904.06	Incorporated into communication facilities and cannot obtain certification at present

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

13. Fixed assets (Continued)

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

Item	Book value	Reasons for not obtained certificates
Shanghai-Nanjing Expressway Buildings in Wuxi management areas and Xidong toll station	39,475,678.14	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Wuxi airport toll station	3,615,800.36	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Heyang roll station	6,162,490.43	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Zhenjiang toll station	7,654,093.94	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Danyang toll station	1,029,741.84	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Living buildings of Ningzhen management areas	9,668,349.88	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Nanjing toll station	9,005,049.21	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Tangshan toll station	6,747,928.71	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Danyang toll station	10,200,943.70	Incorporated into communication facilities and cannot obtain certification at present
Shanghai-Nanjing Expressway Jurong toll station	4,875,550.20	Incorporated into communication facilities and cannot obtain certification at present
Guangjing Expressway, Xicheng Expressway service zone houses	30,482,670.60	Incorporated into communication facilities and cannot obtain certification at present
Xiyi Expressway roll administration and service zone houses	21,290,119.57	Incorporated into communication facilities and cannot obtain certification at present
Ningchang Expressway and Zhenli Expressway roll administration and service zone houses	126,328,152.13	Incorporated into communication facilities and cannot obtain certification at present
Zhendan Expressway – buildings	53,652,579.06	Incorporated into communication facilities and cannot obtain certification at present
Total	<u>440,933,126.15</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

14. Construction in progress

(1) Details of construction in progress

Unit: RMB

Item	30 June 2020			31 December 2019		
	Carrying amount	Provision for impairment losses	Net book value	Carrying amount	Provision for impairment losses	Net book value
Connection Project for Southern and Northern Roads besides Wufengshan Bridges	7,294,044,979.05	-	7,294,044,979.05	6,296,640,554.20	-	6,296,640,554.20
Highway Project of Wufengshan Road & Railway Bridge	2,750,774,206.19	-	2,750,774,206.19	2,710,661,042.20	-	2,710,661,042.20
Construction Project of Changyi Expressway	3,331,192,890.78	-	3,331,192,890.78	2,895,558,691.00	-	2,895,558,691.00
Construction Project of Yichang Expressway	2,732,431,986.58	-	2,732,431,986.58	1,993,785,437.26	-	1,993,785,437.26
Longtan Yangtze River Bridge Project	1,316,406,121.95	-	1,316,406,121.95	371,077,085.89	-	371,077,085.89
Housing projects of Toll stations and service zones	48,665,010.55	-	48,665,010.55	82,046,656.46	-	82,046,656.46
Software renovation of provincial boundary toll station	44,914,851.62	-	44,914,851.62	26,564,059.04	-	26,564,059.04
Three big system construction project	16,817,873.68	-	16,817,873.68	24,200,760.88	-	24,200,760.88
Construction Project of acoustic barrier	3,078,624.89	-	3,078,624.89	9,374,503.56	-	9,374,503.56
Double tank renovation project	-	-	-	8,999,122.63	-	8,999,122.63
Information project	1,768,940.00	-	1,768,940.00	6,762,306.43	-	6,762,306.43
Others	77,954,921.48	-	77,954,921.48	76,064,275.40	-	76,064,275.40
Total	17,618,050,406.77	-	17,618,050,406.77	14,501,734,494.95	-	14,501,734,494.95

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

14. Construction in progress (Continued)

(2) Changes in significant construction in progress

Unit: RMB

Project	Budget amount	31 December 2019	Increase in current year	Transfer to fixed assets	Transfer to intangible assets	Transfer to others	30 June 2020	Amount injected as a proportion of budget amount (%)	Construction progress	Amount of accumulated capitalized interest	Including: capitalized interest for the year	Interest capitalization rate for the year (%)	Source of funds
Connection Project for Southern and Northern Roads besides Wufengshan Bridges	9,357,863,100.00	6,296,640,554.20	997,404,424.85	-	-	-	7,294,044,979.05	77.95	In progress	288,249,469.39	77,165,455.57	4.90	Own funds & Loans from financial institutions
Highway Project of Wufengshan Road & Railway Bridge	2,937,210,000.00	2,710,661,042.20	40,113,163.99	-	-	-	2,750,774,206.19	93.65	In progress	188,374,206.19	40,113,163.99	4.66	Own funds & Loans from financial institutions
Construction Project of Changyi Expressway	3,799,615,000.00	2,895,558,691.00	436,634,199.78	-	-	-	3,331,192,890.78	87.67	In progress	122,472,326.77	36,133,566.44	4.90	Own funds & Loans from financial institutions
Construction Project of Yichang Expressway	3,978,702,200.00	1,993,785,437.26	738,646,549.32	-	-	-	2,732,431,986.58	68.68	In progress	74,979,425.99	16,710,322.66	4.90	Own funds & Loans from financial institutions
Longtan Yangtze River Bridge Project	6,253,905,000.00	371,077,085.89	945,329,036.06	-	-	-	1,316,406,121.95	21.05	In progress	-	-	-	Own funds
Housing projects of Toll stations and service zones	159,652,966.48	82,046,656.46	16,103,092.99	35,573,653.05	13,911,085.85	-	48,665,010.55	61.48	In progress	-	-	-	Own funds
Software renovation of provincial boundary toll station	80,000,000.00	26,564,059.04	19,287,971.38	937,178.80	-	-	44,914,851.62	57.32	In progress	-	-	-	Own funds
Three big system construction project	31,410,604.93	24,200,760.88	(222,670.07)	7,160,217.13	-	-	16,817,873.68	76.34	In progress	-	-	-	Own funds
Construction Project of acoustic barrier	13,200,000.00	9,374,503.56	-	6,295,878.67	-	-	3,078,624.89	71.02	In progress	-	-	-	Own funds
Double tank renovation project	12,250,000.00	8,999,122.63	2,423,815.28	11,422,937.91	-	-	-	100.00	Completed	-	-	-	Own funds
Information project	7,079,900.00	6,762,306.43	(673,616.54)	-	4,319,749.89	-	1,768,940.00	86.00	In progress	-	-	-	Own funds
Others	145,408,834.65	76,064,275.40	13,680,963.21	11,790,317.13	-	-	77,954,921.48	61.72	In progress	-	-	-	Own funds
Total	26,776,297,606.06	14,501,734,494.95	3,207,726,930.25	73,180,182.69	18,230,835.74	-	17,618,050,406.77						

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

15. Intangible assets

Unit: RMB

Item	Toll road operation rights	Land use rights	Software	Total
I. Total original carrying amount				
1. 31 December 2019	31,227,268,392.46	1,744,161,676.21	62,712,880.54	33,034,142,949.21
2. Increase in the current period	13,911,085.85	–	4,319,749.89	18,230,835.74
(1) Purchase				
(2) Transferred from construction in progress	13,911,085.85	–	4,319,749.89	18,230,835.74
3. Decrease in the current period				
(1) Disposal				
4. 30 June 2020	31,241,179,478.31	1,744,161,676.21	67,032,630.43	33,052,373,784.95
II. Accumulated amortization				
1. 31 December 2019	12,773,619,377.85	1,283,160,423.01	49,363,677.85	14,106,143,478.71
2. Increase in the current period	662,408,540.30	32,329,111.32	4,989,466.04	699,727,117.66
(1) Provision	662,408,540.30	32,329,111.32	4,989,466.04	699,727,117.66
3. Decrease in the current period				
(1) Disposal				
4. 30 June 2020	13,436,027,918.15	1,315,489,534.33	54,353,143.89	14,805,870,596.37
III. Provision for impairment losses				
1. 31 December 2019	–	–	–	–
2. Decrease in the current period				
(1) Disposal				
3. 30 June 2020	–	–	–	–
IV. Total net book value of intangible assets				
30 June 2020	17,805,151,560.16	428,672,141.88	12,679,486.54	18,246,503,188.58
31 December 2019	<u>18,453,649,014.61</u>	<u>461,001,253.20</u>	<u>13,349,202.69</u>	<u>18,927,999,470.50</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

16. Right-of-use assets

Unit: RMB

Item	Buildings
I. Total original carrying amount	
1. 1 January 2020	5,061,567.18
2. Increase in the current period	2,206,197.21
3. Decrease in the current period (1) Disposal	–
4. 30 June 2020	7,267,764.39
II. Accumulated depreciation	
1. 1 January 2020	4,424,132.85
2. Increase in the current period (1) Provision	821,284.10
3. Decrease in the current period	821,284.10
4. 30 June 2020	5,245,416.95
III. Total net book value of right-of-use assets	
30 June 2020	2,022,347.44
1 January 2020	637,434.33

Other instructions:

The Group leased a building with the lease term of 2 years.

17. Long-term prepaid expenses

Unit: RMB

Item	31 December 2019	Increase in the period	Amortization for the period	30 June 2020
Decorations for buildings	11,418,643.58	2,353,844.03	4,685,394.36	9,087,093.25

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

18. Deferred tax assets/Deferred tax liabilities

(1) Deferred tax assets that are not offset

Unit: RMB

Item	30 June 2020		31 December 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment losses of assets	17,789,118.50	4,447,279.62	17,789,118.50	4,447,279.62
Unrealized profits through internal transactions	336,455,352.39	84,113,838.10	328,183,117.91	82,045,779.48
The profit of real estate pre-sale approved under the tax law	307,329,106.52	76,832,276.63	329,691,153.76	82,422,788.45
Accrued project management fee	11,964,753.44	2,991,188.36	11,964,753.44	2,991,188.36
Provisions	28,798,736.77	7,199,684.19	30,211,590.82	7,552,897.70
Total	<u>702,337,067.62</u>	<u>175,584,266.90</u>	<u>717,839,734.43</u>	<u>179,459,933.61</u>

Other explanations

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

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

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

(2) Deferred tax liabilities that are not offset

Unit: RMB

Item	30 June 2020		31 December 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair values for held-for-trading financial assets	19,446,168.71	4,861,542.17	16,112,292.53	4,028,073.13
Changes in fair values for other equity instruments investment	349,559,062.89	87,389,765.73	1,437,063,351.64	359,265,837.91
Changes in fair values for other non-current financial assets	273,771,874.28	68,442,968.57	226,644,573.66	56,661,143.42
Difference between tax policies and that under accounting policies for service zone lease income	3,011,533.22	752,883.31	4,424,387.27	1,106,096.82
Total	<u>645,788,639.11</u>	<u>161,447,159.78</u>	<u>1,684,244,605.10</u>	<u>421,061,151.28</u>

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

Unit: RMB

Item	Closing offset amount of deferred tax assets and deferred tax liabilities	Closing amount of deferred tax assets or liabilities after offset	Opening offset amount of deferred tax assets and deferred tax liabilities	Opening amount of deferred tax assets or liabilities after offset
	Deferred tax assets	3,658,795.25	171,925,471.65	4,447,279.62
Deferred tax liabilities	<u>3,658,795.25</u>	<u>157,788,364.52</u>	<u>4,447,279.62</u>	<u>416,613,871.66</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

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

(4) Detailed information of unrecognized deferred tax assets

Unit: RMB

Item	30 June 2020	31 December 2019
Deductible losses	<u>170,461,735.36</u>	<u>64,454,036.72</u>
Total	<u><u>170,461,735.36</u></u>	<u><u>64,454,036.72</u></u>

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

Unit: RMB

Item	30 June 2020	31 December 2019
2023	<u>20,333,192.00</u>	20,333,192.00
2024	<u>44,120,844.72</u>	44,120,844.72
2025	<u>106,007,698.64</u>	–
Total	<u><u>170,461,735.36</u></u>	<u><u>64,454,036.72</u></u>

19. Other non-current assets

Unit: RMB

Item	30 June 2020	31 December 2019
Apartment procurement for talents	<u>14,955,570.00</u>	<u>14,955,570.00</u>
Total	<u><u>14,955,570.00</u></u>	<u><u>14,955,570.00</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

20. Short-term borrowings

(1) Categories of short-term borrowings:

Unit: RMB

Item	30 June 2020	31 December 2019
Bank loans	745,000,000.00	1,060,000,000.00
Including: Unsecured loans	685,000,000.00	1,000,000,000.00
Entrusted loans (Note 1)	60,000,000.00	60,000,000.00
Non-bank financial institution loans	635,000,000.00	910,000,000.00
Including: Unsecured loans	635,000,000.00	810,000,000.00
Entrusted loans	—	100,000,000.00
Interest payable	<u>880,336.29</u>	<u>2,708,495.84</u>
Total	<u><u>1,380,880,336.29</u></u>	<u><u>1,972,708,495.84</u></u>

Note 1: Entrusted bank loans are provided by Jiangsu Far East Shipping Co., Ltd. ("Far East Shipping Company") through CITIC bank on 23 July 2019, for which the principal amount is RMB60,000,000.00, annual interest rate of 4.35%, and term of 1 year.

(2) There are no short-term borrowings overdue but not yet repaid.

21. Notes payable

(1) Details of notes payable are as follows

Unit: RMB

Item	30 June 2020	31 December 2019
Bank acceptances	<u>895,000,000.00</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

22. Accounts payable

(1) Details of accounts payable are as follows

Unit: RMB

Item	30 June 2020	31 December 2019
Construction payable	537,404,189.16	675,826,132.27
Construction payable for real estate project	470,193,821.19	495,168,721.84
Purchase of petroleum payable	2,008,191.30	7,591,687.90
Toll road fee payable	7,470,172.18	23,751,404.00
Others	26,782,280.79	60,076,873.53
Total	<u>1,043,858,654.62</u>	<u>1,262,414,819.54</u>

(2) The aging analysis of accounts payable according to invoice date (close to posting date):

Unit: RMB

Item	30 June 2020	31 December 2019
Within 1 year	825,793,476.81	956,748,644.72
More than 1 year but not exceeding 2 years	163,170,131.13	208,579,349.74
More than 2 years but not exceeding 3 years	16,482,719.96	25,156,000.45
More than 3 years	38,412,326.72	71,930,824.63
Total	<u>1,043,858,654.62</u>	<u>1,262,414,819.54</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

22. Accounts payable (continued)

(3) Significant accounts payable aging more than one year:

Unit: RMB

Item	30 June 2020	Reasons for outstanding or not carrying forward
Construction payable	82,380,355.05	Long settlement procedure of the project
Construction payable for real estate project	121,610,019.86	Long settlement procedure of the real estate project
Total	203,990,374.91	

23. Receipts in advance

(1) Receipts in advance are shown as follows:

Unit: RMB

Item	30 June 2020	31 December 2019
Rental deposit received in advance	4,900,373.76	9,088,946.35
Interest received in advance	415,618.44	–
Others	2,516,699.94	1,609,952.69
Total	7,832,692.14	10,698,899.04

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

23. Receipts in advance (continued)

(1) Receipts in advance are shown as follows: (Continued)

The aging analysis of receipts in advance is as follows:

Unit: RMB

Aging	30 June 2020		31 December 2019	
	RMB	%	RMB	%
Within 1 year	7,832,692.14	100.00	7,331,042.70	68.52
More than 1 year but not exceeding 2 years	—	—	3,367,856.34	31.48
Total	<u>7,832,692.14</u>	<u>100.00</u>	<u>10,698,899.04</u>	<u>100.00</u>

24. Contract liabilities

Unit: RMB

Item	30 June 2020	31 December 2019
Advertising release fee in advance	245,455.99	326,140.20
Sales of property in advance	<u>1,068,439,727.36</u>	<u>1,133,824,799.81</u>
Total	<u>1,068,685,183.35</u>	<u>1,134,150,940.01</u>

Note:

(1) Qualitative and quantitative analysis on contract liabilities

Revenue relative to advertising is recognized during a period, though customers have prepaid the advertising price in part or in whole. The Company recognizes the advertising payments initially received as a contractual liability and carries forward as revenue during the advertising period.

According to the contract, the income of real estate development can be confirmed until the relevant property procedures have been completed and transferred to the customers. The sales payment is recognized as contract liabilities at the time of the transaction and is converted into income when the relevant property procedures have been completed and transferred to the customer.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

25. Employee benefits payable

(1) Employee benefits payable are shown as follows:

Unit: RMB

Item	31 December 2019	Increase in the current period	Decrease in the current period	30 June 2020
1. Short term compensation	1,563,119.99	367,032,897.84	367,881,708.75	714,309.08
2. Post-employment benefits – Defined contribution plan	–	52,348,509.79	52,348,509.79	–
3. Termination benefits	–	15,685,452.19	15,685,452.19	–
Total	<u>1,563,119.99</u>	<u>435,066,859.82</u>	<u>435,915,670.73</u>	<u>714,309.08</u>

(2) Short term compensation

Unit: RMB

Item	31 December 2019	Increase in the current period	Decrease in the current period	30 June 2020
I. Wages or salaries, bonuses, allowances and subsidies	–	279,728,439.20	279,683,957.51	44,481.69
II. Staff welfare	–	7,020,447.17	7,020,447.17	–
III. Social security contributions	–	21,477,570.64	21,477,570.64	–
Including: Medical insurance	–	18,660,469.48	18,660,469.48	–
Work injury insurance	–	645,550.53	645,550.53	–
Maternity insurance	–	2,171,550.63	2,171,550.63	–
IV. Housing funds	–	34,160,964.12	34,160,964.12	–
V. Union running costs and employee education costs	1,563,119.99	6,968,839.52	7,862,132.12	669,827.39
VI. Non-monetary welfare	–	14,462,284.69	14,462,284.69	–
VII. Others	–	3,214,352.50	3,214,352.50	–
Total	<u>1,563,119.99</u>	<u>367,032,897.84</u>	<u>367,881,708.75</u>	<u>714,309.08</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

25. Employee benefits payable (continued)

(3) Defined contribution plan

Unit: RMB

Item	31 December 2019	Increase in the current period	Decrease in the current period	30 June 2020
1. Basic endowment insurance	–	26,281,107.60	26,281,107.60	–
2. Unemployment insurance	–	864,550.41	864,550.41	–
3. Enterprise annuity payment	–	25,202,851.78	25,202,851.78	–
Total	–	52,348,509.79	52,348,509.79	–

Note:

(1) Defined contribution plan

The Group participates in basic pension insurance, unemployment insurance plan established by government in accordance with the relevant requirements. According to the plan, the Group makes a monthly contribution equivalent to 19% – 20% and 0.5% – 1% of the employee's monthly basic wage based on last year's salary. The Group participates in annuity scheme which operated by an independent third party and makes a monthly contribution equivalent to 8.33% of the employee's monthly basic wage based on last year's salary. The Group no longer undertakes further payment obligation. The corresponding cost charges to the profit or loss for the current period or the cost of a relevant asset when occurs.

During the current period, the Group should contributes RMB26,281,107.60, RMB25,202,851.78 and RMB864,550.41 (First half of 2019: RMB53,927,594, RMB25,287,993 and RMB1,542,231) to basic pension insurance, annuity scheme, unemployment insurance plan respectively. The Group has paid up the contribution payable as at 30 June 2020.

(2) Non-monetary welfare

For the current period, the Group provided employees with non-monetary benefits of RMB14,462,284.69 (First half of 2019: RMB15,401,806), which represents purchased non-monetary welfare goods and holiday gifts that distributed to employees etc. The calculation basis is the actual purchasing cost.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

26. Taxes payable

Unit: RMB

Item	30 June 2020	31 December 2019
Enterprise income tax	67,657,164.00	121,064,597.99
Land appreciation tax	74,274,332.48	56,095,071.07
VAT	34,443,332.42	34,276,260.83
Property tax	858,230.62	3,290,667.33
Individual income tax	1,236,617.80	3,152,152.97
City construction and maintenance tax	1,924,727.41	2,130,511.35
Others	2,276,637.45	5,449,574.83
Total	<u>182,671,042.18</u>	<u>225,458,836.37</u>

27. Other payables

Unit: RMB

Item	Note	30 June 2020	31 December 2019
Dividends payable	(1)	2,424,642,363.88	97,197,529.87
Others	(2)	166,962,110.26	163,850,914.15
Total		<u>2,591,604,474.14</u>	<u>261,048,444.02</u>

(1) Dividends payable

Unit: RMB

Item	30 June 2020	31 December 2019
Ordinary shares dividends	2,424,642,363.88	97,197,529.87
Total	<u>2,424,642,363.88</u>	<u>97,197,529.87</u>

Note: the balance of dividends payable over 1 years is RMB88,979,103.17, which is not yet received by investors.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

27. Other payables (continued)

(2) Others

① Details of other payables are as follows:

Unit: RMB

Item	30 June 2020	31 December 2019
Payable of daily procurement in service area	5,011,055.10	4,582,251.27
Amount of ETC prepaid cards collected on behalf of the internetwork settlement center	–	698,115.00
Construction quality warrantee fee payable	17,524,599.41	17,318,102.41
Earnest money of acquisition of properties	67,483,146.38	68,230,696.38
Lease deposit of service zone	35,271,000.00	31,571,000.00
Others	41,672,309.37	41,450,749.09
Total	<u>166,962,110.26</u>	<u>163,850,914.15</u>

② No significant other payables aged more than one year.

28. Non-current liabilities due within one year

Unit: RMB

Item	30 June 2020	31 December 2019
Long-term borrowings due within one year (Note VI 30)	18,520,024.14	67,444,430.43
Bonds payable due within one year (Note VI 31)	3,996,331,654.70	2,993,675,802.12
Interest payable	149,225,057.65	100,024,961.08
Total	<u>4,164,076,736.49</u>	<u>3,161,145,193.63</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

29. Other current liabilities

Unit: RMB

Item	30 June 2020	31 December 2019
Super&short-term commercial papers	6,271,391,789.00	4,998,884,246.00
Output VAT to be transferred (<i>Note</i>)	86,332,372.56	93,199,502.87
Total	<u>6,357,724,161.56</u>	<u>5,092,083,748.87</u>

Note: Output VAT to be transferred mainly represents output VAT that has been collected together with the house payment in advance during real estate sales and will be transferred upon recognition of real estate sales.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

29. Other current liabilities (Continued)

Changes of short-term bonds payable

Unit: RMB

Name of bond	Par value	Issue date	Duration of the bond (days)	Issue amount	31 December 2019	Issue in the current period	Interest accrued according to par value	Repayment in the current period	30 June 2020
Super short term bonds payable									
19 Ninghu Gao SCP003	500,000,000.00	17 April 2019	270	500,000,000.00	510,998,630.00	-	435,796.23	511,434,426.23	-
19 Ninghu Gao SCP006	500,000,000.00	1 July 2019	193	500,000,000.00	506,805,478.00	-	313,374.46	507,118,852.46	-
19 Ninghu Gao SCP008	700,000,000.00	18 July 2019	180	700,000,000.00	708,967,673.00	-	671,671.26	709,639,344.26	-
19 Ninghu Gao SCP009	200,000,000.00	10 October 2019	176	200,000,000.00	201,177,917.00	-	1,313,011.96	202,490,928.96	-
19 Ninghu Gao SCP010	500,000,000.00	22 October 2019	178	500,000,000.00	502,382,876.00	-	3,574,774.27	505,957,650.27	-
19 Ninghu Gao SCP011	500,000,000.00	6 November 2019	198	500,000,000.00	501,802,740.00	-	4,553,817.38	506,356,557.38	-
19 Ninghu Gao SCP012	400,000,000.00	25 October 2019	203	400,000,000.00	401,825,753.00	-	3,609,766.13	405,435,519.13	-
19 Ninghu Gao SCP013	500,000,000.00	6 November 2019	184	500,000,000.00	501,841,096.00	-	4,191,690.89	506,032,786.89	-
19 Ninghu Gao SCP014	400,000,000.00	15 November 2019	190	400,000,000.00	401,184,658.00	-	3,591,298.28	404,775,956.28	-
19 Ninghu Gao SCP015	600,000,000.00	18 November 2019	179	600,000,000.00	601,772,055.00	-	5,417,289.26	607,189,344.26	-
19 Ninghu Gao SCP016	160,000,000.00	19 December 2019	27	160,000,000.00	160,125,370.00	-	134,302.13	160,259,672.13	-
20 Ninghu Gao SCP001	720,000,000.00	8 January 2020	93	720,000,000.00	-	720,000,000.00	4,024,918.03	724,024,918.03	-
20 Ninghu Gao SCP002	340,000,000.00	9 January 2020	92	340,000,000.00	-	340,000,000.00	1,880,218.58	341,880,218.58	-
20 Ninghu Gao SCP003	600,000,000.00	10 January 2020	97	600,000,000.00	-	600,000,000.00	3,641,475.41	603,641,475.41	-
20 Ninghu Gao SCP004	200,000,000.00	10 January 2020	98	200,000,000.00	-	200,000,000.00	1,178,142.08	201,178,142.08	-
20 Ninghu Gao SCP005	500,000,000.00	3 March 2020	227	500,000,000.00	-	500,000,000.00	3,442,623.00	-	503,442,623.00
20 Ninghu Gao SCP006	400,000,000.00	1 April 2020	198	400,000,000.00	-	400,000,000.00	2,187,977.00	-	402,187,977.00
20 Ninghu Gao SCP007	600,000,000.00	8 April 2020	190	600,000,000.00	-	600,000,000.00	2,451,148.00	-	602,451,148.00
20 Ninghu Gao SCP008	500,000,000.00	8 April 2020	190	500,000,000.00	-	500,000,000.00	2,031,148.00	-	502,031,148.00
20 Ninghu Gao SCP009	600,000,000.00	15 April 2020	191	600,000,000.00	-	600,000,000.00	2,209,016.00	-	602,209,016.00
20 Ninghu Gao SCP010	700,000,000.00	15 April 2020	191	700,000,000.00	-	700,000,000.00	2,562,459.00	-	702,562,459.00
20 Ninghu Gao SCP011	300,000,000.00	26 April 2020	187	300,000,000.00	-	300,000,000.00	908,852.00	-	300,908,852.00
20 Ninghu Gao SCP012	500,000,000.00	6 May 2020	184	500,000,000.00	-	500,000,000.00	1,277,595.00	-	501,277,595.00
20 Ninghu Gao SCP013	500,000,000.00	13 May 2020	184	500,000,000.00	-	500,000,000.00	1,104,509.00	-	501,104,509.00
20 Ninghu Gao SCP014	500,000,000.00	13 May 2020	184	500,000,000.00	-	500,000,000.00	1,117,896.00	-	501,117,896.00
20 Ninghu Gao SCP015	400,000,000.00	20 May 2020	184	400,000,000.00	-	400,000,000.00	757,377.00	-	400,757,377.00
20 Ninghu Gao SCP016	500,000,000.00	20 May 2020	184	500,000,000.00	-	500,000,000.00	946,722.00	-	500,946,722.00
20 Ninghu Gao SCP017	250,000,000.00	27 May 2020	142	250,000,000.00	-	250,000,000.00	394,467.00	-	250,394,467.00
Total	13,070,000,000.00	-	-	13,070,000,000.00	4,998,884,246.00	8,110,000,000.00	59,923,335.35	6,897,415,792.35	6,271,391,789.00

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

29. Other current liabilities (Continued)

Note: On 30 June 2020, details of the Group's short-term bonds payable include:

- (1) "20 Ninghu Gao SCP005" super short term bonds issued by the Company on 3 March 2020, with the par value of RMB500,000,000, duration period of 227 days, and annual interest rate of 2.10%;
- (2) "20 Ninghu Gao SCP006" super short term bonds issued by the Company on 1 April 2020, with the par value of RMB400,000,000, duration period of 198 days, and annual interest rate of 2.20%;
- (3) "20 Ninghu Gao SCP007" super short term bonds issued by the Company on 8 April 2020, with the par value of RMB600,000,000, duration period of 190 days, and annual interest rate of 1.78%;
- (4) "20 Ninghu Gao SCP008" super short term bonds issued by the Company on 8 April 2020, with the par value of RMB500,000,000, duration period of 190 days, and annual interest rate of 1.77%;
- (5) "20 Ninghu Gao SCP009" super short term bonds issued by the Company on 15 April 2020, with the par value of RMB600,000,000, duration period of 191 days, and annual interest rate of 1.75%;
- (6) "20 Ninghu Gao SCP010" super short term bonds issued by the Company on 15 April 2020, with the par value of RMB700,000,000, duration period of 191 days, and annual interest rate of 1.74%;
- (7) "20 Ninghu Gao SCP011" super short term bonds issued by the Company on 26 April 2020, with the par value of RMB300,000,000, duration period of 187 days, and annual interest rate of 1.68%;
- (8) "20 Ninghu Gao SCP012" super short term bonds issued by the Company on 6 May 2020, with the par value of RMB500,000,000, duration period of 184 days, and annual interest rate of 1.67%;
- (9) "20 Ninghu Gao SCP013" super short term bonds issued by the Company on 13 May 2020, with the par value of RMB500,000,000, duration period of 184 days, and annual interest rate of 1.65%;
- (10) "20 Ninghu Gao SCP014" super short term bonds issued by the Company on 13 May 2020, with the par value of RMB500,000,000, duration period of 184 days, and annual interest rate of 1.67%;
- (11) "20 Ninghu Gao SCP015" super short term bonds issued by the Company on 20 May 2020, with the par value of RMB400,000,000, duration period of 184 days, and annual interest rate of 1.65%;
- (12) "20 Ninghu Gao SCP016" super short term bonds issued by the Company on 20 May 2020, with the par value of RMB500,000,000, duration period of 184 days, and annual interest rate of 1.65%;
- (13) "20 Ninghu Gao SCP017" super short term bonds issued by the Company on 27 May 2020, with the par value of RMB250,000,000, duration period of 142 days, and annual interest rate of 1.65%;

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

30. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	30 June 2020	31 December 2019
Bank Loans	8,173,755,205.91	7,002,919,874.55
Including: Unsecured loans	6,844,640,000.00	5,665,300,000.00
Pledged loans (Note 1)	1,314,206,000.00	1,322,064,000.00
Guaranteed loan (Note 2)	14,909,205.91	15,555,874.55
Loans from a related party	1,900,000,000.00	1,400,000,000.00
Including: Medium Term Notes (Note 3)	500,000,000.00	500,000,000.00
Corporate bond (Note 4)	1,400,000,000.00	900,000,000.00
Interest payable	47,170,944.31	40,342,221.37
Subtotal	<u>10,120,926,150.22</u>	<u>8,443,262,095.92</u>
Less: long-term borrowings due within one year	18,520,024.14	67,444,430.43
Interest payable due within one year	47,170,944.31	40,342,221.37
Long-term borrowings due after one year	<u>10,055,235,181.77</u>	<u>8,335,475,444.12</u>

(2) Explanations of categories of long-term borrowings

Note 1: The pledged loans include: (1) loans obtained by the Group from Industrial and Commercial Bank of China ("ICBC"), Wuxi Branch on 28 June 2018. The total contractual amount is RMB1,200,000,000.00 with a term of 8 years, being used for repaying borrowings which falls due, complementing current funds and adjusting debt structure. RMB581,000,000.00 was withdrawn in 2018. The above loan is pledged with the operation right of Guangjing Expressway and calculated at a floating interest rate based on the benchmark interest rate published by the People's Bank of China. The interest rate is 4.90% for the current period. The loan is not repaid upon maturity during the current period. The closing balance of the loan for the period is RMB581,000,000.00. (2) Special borrowings obtained by the Group from Bank of Communications Jiangsu Branch, China Construction Bank Zhongshan South Road Sub-branch and Postal Savings Bank of China Gulou Sub-branch for construction of expressway. In 2016, RMB139,650,000.00 was withdrawn from Bank of Communications Jiangsu Branch, of which RMB4,200,000.00 was repaid, with borrowing balance of RMB135,450,000.00 at the end of the period. From 2016 to 2018, RMB600,000,000.00 was withdrawn from China Construction Bank Zhongshan South Road Sub-branch, of which RMB100,000,000.00 was repaid, with borrowing balance of RMB500,000,000.00 at the end of the period. From 2016 to 2019, RMB230,000,000.00 was withdrawn from Postal Savings Bank of China Gulou Sub-branch, of which RMB132,244,000.00 was repaid, with borrowing balance of RMB97,756,000.00 at the end of the period. The above borrowings are collateralized with the toll operation right of Zhendian Expressway and bear interest at a floating interest rate based on the benchmark interest rate published by the People's Bank of China. The interest rate for the current period is 4.90%.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

30. Long-term borrowings (continued)

(2) Explanations of categories of long-term borrowings (Continued)

Note 2: Guaranteed loans include: (1) The Group obtained bank credit limit of USD9,800,000.00 from Jiangsu branch of Bank of China in 1998. The credit limit was used to import machinery and technology and guaranteed by Communications Holding. The credit limits include buyer's credit loan of USD4,900,000.00 and Spanish government loan of USD4,900,000.00. The buyer's credit loan has been paid up in 2006. The Spanish government loan is paid up every half year since January 2009 in 40 allotments with interest rate per annum of 2.00%. The outstanding balance at the end of this period is USD2,105,968.77.

Note 3: Medium term notes represent medium term notes issued by Communications Holding and allocated to the Group according to the fund use term of the bond prospectus. The group paid the corresponding interest and principal to Communications Holding, including: (1) Communications Holding issued "12 Su Communications MTN2" on 5 December 2012 and allocated RMB250,000,000.00 to the Group, duration period is 10 years, annual interest rate is 5.50% and annual fee rate is 0.30%. (2) Communication Holding issued "13 Su Communications MTN2" on 17 May 2013 and allocated RMB250,000,000.00 to the Group, duration period is 10 years, annual interest rate is 5.30% and annual fee rate is 0.30%.

Note 4: Corporate bond borrowings are funds raised by corporate bonds issued by Communications Holding. A part of the funds is allocated to the Group for the purpose of funds specified in the bond prospectus. The Group pays the corresponding interests and principals to Communications Holding. The corporate bonds include: (1) Bonds of "18 Sujiao 01" issued by Communications Holding on 20 November 2018. The principals allocated to the Group is RMB500,000,000.00, with a term of 5 years, an annual interest rate of 4.43%; (2) Bonds of "18 Sujiao 01" issued by Communications Holding on 20 November 2018. The principals allocated to the Group is RMB300,000,000.00, with a term of 5 years and annual interest rate of 4.43%; (3) Bonds of "19 Sujiao 01" issued by Communications Holding on 8 November 2019. The principals allocated to the Group is RMB100,000,000.00, with a term of 5 years and annual interest rate of 3.82%. (4) The fifth tranche of local bonds issued by Communications Holding on 21 June 2020. The principals allocated to the Group is RMB500,000,000.00, with a term of 15 years and annual interest rate of 3.45%

(3) Analysis of maturity for long-term borrowings over one year is as follows:

Unit: RMB

Item	30 June 2020	31 December 2019
1-2 years	21,055,983.14	19,544,430.43
2-5 years	995,091,072.42	1,602,861,291.28
Over 5 years	9,039,088,126.21	6,713,069,722.41
Total	10,055,235,181.77	8,335,475,444.12

(4) Other explanations

Interest rate of the loans above between 2.00%-5.80%.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

31. Bonds payable

(1) Bonds payable

Unit: RMB

Item	30 June 2020	31 December 2019
Medium term notes	3,996,331,654.70	3,991,136,736.05
Interest payable on medium-term notes	102,054,113.34	59,682,739.71
Less: Bonds payable due within one year	3,996,331,654.70	2,993,675,802.12
Interest payable due within one year	102,054,113.34	59,682,739.71
Total	—	997,460,933.93

(2) Changes of bond payable

Unit: RMB

Name of bond	Par value	Issue date	Term of the bond	Issue amount	31 December 2019	Interest accrued according to par value	Premium and discount amortization	Repayment in the current year	30 June 2020
15 Ninghu Gao MTN1	100.00	25 August 2015	5 years	2,000,000,000.00	1,996,407,707.07	42,681,982.20	2,757,393.39	42,681,982.20	1,999,165,100.46
15 Ninghu Gao MTN2	100.00	4 December 2015	5 years	1,000,000,000.00	997,268,095.05	18,341,446.21	1,470,739.55	18,341,446.21	998,738,834.60
16 Ninghu Gao MTN1	100.00	15 April 2016	5 years	1,000,000,000.00	997,460,933.93	18,347,945.22	966,785.71	18,347,945.22	998,427,719.64
Total				4,000,000,000.00	3,991,136,736.05	79,371,373.63	5,194,918.65	79,371,373.63	3,996,331,654.70

(3) Other explanations

On 30 June 2020, the detail of the Group's bonds payable include:

- (1) The Company issued "15 Ninghu Gao MTN1" with the par value of RMB2,000,000,000.00 on 25 August 2015, bond duration is 5 years, annual interest rate is 4.30%, the interest is paid by year and principal paid on maturity.
- (2) The Company issued "15 Ninghu Gao MTN2" with the par value of RMB1,000,000,000.00 on 4 December 2015, the bond duration is 5 years, annual interest rate is 3.69%, the interest is paid by year and principal paid on maturity.
- (3) The Company issued "16 Ninghu Gao MTN1" with the par value of RMB1,000,000,000.00 on 15 April 2016, the bond duration is 5 years, annual interest rate is 3.70%, the interest is paid by year and principal paid on maturity.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

32. Lease liabilities

Unit: RMB

Item	30 June 2020	31 December 2019
Lease liabilities	<u>1,094,340.47</u>	<u>-</u>

33. Deferred income

Unit: RMB

Item	31 December 2019	Increase in the current period	Decrease in the current period	30 June 2020	Reason
Government grants	27,581,885.69	88,683,840.00	1,157,610.51	115,108,115.18	Construction grants of Ningchang expressway and subsidy for the cancellation of province boundary expressway toll station construction project
Others	<u>13,595,265.73</u>	<u>-</u>	<u>-</u>	<u>13,595,265.73</u>	Others
Total	<u>41,177,151.42</u>	<u>88,683,840.00</u>	<u>1,157,610.51</u>	<u>128,703,380.91</u>	

Government grants

Unit: RMB

Item	31 December 2019	Increase in the current year	Transfer to other income for the year	30 June 2020	Related to asset/ Related to income
Expressway Construction Compensation subsidy for the cancellation of province boundary expressway toll station construction project	<u>27,581,885.69</u>	<u>88,683,840.00</u>	<u>1,157,610.51</u>	<u>115,108,115.18</u>	Related to asset

Other explanations:

The deferred income related to government grants is appropriated by People's Government of Wujin District, Changzhou City for construction of Ningchang expressway road, due to the extra cost of construction of Wujin Development Zone viaduct project. The project construction subsidy is RMB40,000,000.00, the Group recognizes the project construction subsidy as a compensation of the construction cost of Ningchang expressway which is recorded in deferred income, and the Group included the subsidy of RMB88,683,840 received from the Department of Finance of Jiangsu Province for the cancellation of province boundary expressway toll station construction project in deferred income.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

34. Provisions

Unit: RMB

Item	31 December 2019	30 June 2020	Reason
Penalty for delayed delivery of buildings	30,211,590.82	28,798,736.77	Delayed delivery of Hanrui Center
Total	<u>30,211,590.82</u>	<u>28,798,736.77</u>	

35. Share capital

Unit: RMB

	Opening balance	New issue of shares	Changes for the period			Subtotal	Closing balance
			Bonus issue	Capitalization of surplus reserves	Others		
2020:							
Total shares	<u>5,037,747,500.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,037,747,500.00</u>
2019:							
Total shares	<u>5,037,747,500.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,037,747,500.00</u>

In accordance with the Company's state share reform proposal adopted by the Company's shareholders' meeting on 24 April 2006 (the "Share Reform Proposal"), the shareholders of the non-tradable shares, which comprised the state shares, state legal person shares and legal person shares, offered a transfer of 3.2 non-tradable shares to the then shareholders of A-shares for every 10 "A" shares held by the then shares holders of A-shares in exchange for the approval by the shareholders of A-shares to convert all remaining non-tradable shares into restricted tradable shares. As a result, in 2006, 48,000,000 non-tradable shares were transferred to the shareholders of A-shares as consideration as approved by the non-tradable shareholders, and these 48,000,000 non-tradable shares were granted trading status as shares on 16 May 2006. After the transfer of the consideration 48,000,000 non-tradable shares, part of them have been transferred to the category of tradable A share upon the granting of trading status on 16 May 2007, 14 June 2007, 27 July 2007, 28 February 2008, 10 October 2008, 8 June 2009, 10 March 2010, 17 December 2010, 20 May 2011, 29 July 2011, 17 August 2012, 6 November 2013 and 15 January 2015 separately.

The Group did not purchase, sell or redeem listed shares of the Company for the current period.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

36. Capital reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
2020:				
Capital premium	7,765,271,453.53	-	-	7,765,271,453.53
Including: Capital contributed by investors	4,800,576,953.53	-	-	4,800,576,953.53
Differences arising from business combination involving enterprises under common control	2,964,694,500.00	-	-	2,964,694,500.00
Other capital reserve	2,736,641,730.34	-	-	2,736,641,730.34
Including: Share of capital reserve of the investee under the equity method	(19,860,454.03)	-	-	(19,860,454.03)
Transfer from capital reserve under the previous accounting system	2,682,977,235.00	-	-	2,682,977,235.00
Difference arising from merging associates <i>(Note)</i>	73,524,949.37	-	-	73,524,949.37
Total	<u>10,501,913,183.87</u>	<u>-</u>	<u>-</u>	<u>10,501,913,183.87</u>
2019:				
Capital premium	7,765,271,453.53	-	-	7,765,271,453.53
Including: Capital contributed by investors	4,800,576,953.53	-	-	4,800,576,953.53
Differences arising from business combination involving enterprises under common control	2,964,694,500.00	-	-	2,964,694,500.00
Other capital reserve	2,663,116,780.97	73,524,949.37	-	2,736,641,730.34
Including: Share of capital reserve of the investee under the equity method	(19,860,454.03)	-	-	(19,860,454.03)
Transfer from capital reserve under the previous accounting system	2,682,977,235.00	-	-	2,682,977,235.00
Difference arising from merging associates <i>(Note)</i>	-	73,524,949.37	-	73,524,949.37
Total	<u>10,428,388,234.50</u>	<u>73,524,949.37</u>	<u>-</u>	<u>10,501,913,183.87</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

37. Other comprehensive income

Unit: RMB

Item	1 January 2020	Change for the period					30 June 2020
		Before-tax amount for the current period	Less: amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Income tax expense	Attributable to owners of the Company after tax	Post-tax net amount attribute to minority shareholders	
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	1,291,748,071.42	(1,051,974,400.60)	-	(264,592,822.18)	(787,732,578.42)	(21,849,750.00)	504,015,493.00
Including: Other comprehensive income that cannot be subsequently reclassified to profit or loss under the equity method (<i>Note 1</i>)	288,776,749.65	6,045,888.15	-	-	6,045,888.15	-	294,822,637.80
Changes in the fair value of investment in other equity instruments (<i>Note 2</i>)	1,002,971,321.77	(1,058,020,288.75)	-	(264,592,822.18)	(793,778,466.57)	(21,849,750.00)	209,192,855.20

Note 1: The changes in the share of other comprehensive income under the equity method of the Group are the fair value adjustments of financial assets designated as at FVTOCI held by the joint venture Yangtze Bridge Company of the Group. The Group adjusts other comprehensive income according to the shareholding ratio.

Note 2: Other investments in equity instrument are the fair value adjustment of the ordinary shares of A-share listed company Bank of Jiangsu Co., Ltd and restricted shares of A-share listed company Jiangsu Financial Leasing Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

38. Surplus reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
2020:				
Statutory surplus reserve	3,271,634,956.69	–	–	3,271,634,956.69
Discretionary surplus reserve	279,532,043.73	–	–	279,532,043.73
Total	<u>3,551,167,000.42</u>	<u>–</u>	<u>–</u>	<u>3,551,167,000.42</u>
2019:				
Statutory surplus reserve	3,186,341,563.48	85,293,393.21	–	3,271,634,956.69
Discretionary surplus reserve	224,852,721.31	54,679,322.42	–	279,532,043.73
Total	<u>3,411,194,284.79</u>	<u>139,972,715.63</u>	<u>–</u>	<u>3,551,167,000.42</u>

Note: According to “Company Law of the People’s Republic of China” and the Articles of the company, the Company and its subsidiaries are required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company’s registered capital. Statutory surplus reserve can be used for making up losses, or to increase the capital after approval.

39. General risk reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
General risk reserve (<i>Note</i>)	<u>141,891.32</u>	<u>1,859,240.45</u>	<u>–</u>	<u>2,001,131.77</u>

Note: Increase in general risk reserve for the current period represents the provision of risk reserve as per requirement of “Notice of the General Office of the China Banking and Insurance Regulatory Commission on Strengthening the Supervision and Administration of Commercial Factoring Enterprises” (Yin Bao Jian Ban Fa (2019) No. 205).

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

40. Retained profits

Unit: RMB

Item	30 June 2020	31 December 2019
Closing retained profits (before adjustment)	8,164,265,960.12	6,422,040,045.25
Opening retained profits (adjusted)	8,164,265,960.12	6,422,040,045.25
Add: Net profit attributable to owners of the Company for the year	485,637,446.44	4,199,704,371.82
Less: Appropriation to statutory surplus reserve	–	85,293,393.21
Appropriation to discretionary surplus reserve	–	54,679,322.42
Appropriation to general risk reserve	1,859,240.45	141,891.32
Declaration of dividends on ordinary shares (<i>Note</i>)	<u>2,317,363,850.00</u>	<u>2,317,363,850.00</u>
Closing retained profits	<u><u>6,330,680,316.11</u></u>	<u><u>8,164,265,960.12</u></u>

Note: Profit distribution decided after the balance sheet date: According to a proposal of the board of directors on 24 April 2020, on the basis of 5,037,747,500 issued shares (with the par value of RMB1 per share) in 2019, cash dividends of RMB0.46 per share will be distributed to all the shareholders. The above proposal regarding dividends distribution is yet to be approved by the general meeting of shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

41. Operating income and operating costs

(1) Operating income and operating costs

Unit: RMB

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	2,389,472,334.49	1,722,037,586.05	4,390,526,461.00	1,737,367,901.01
Including: Shanghai-Nanjing Expressway	1,176,273,277.15	643,622,193.65	2,542,648,099.56	628,196,265.30
Guangjing Expressway and Xicheng Expressway	238,218,656.79	111,470,130.86	438,214,711.02	168,532,599.72
Ningchang Expressway and Zhenli Expressway	249,559,632.44	317,048,082.41	590,423,717.20	267,394,538.92
Xiyi Expressway	93,898,635.01	101,726,699.57	173,625,237.28	96,648,641.02
Zhendan Expressway	19,650,511.35	23,168,281.86	34,633,462.81	25,523,891.02
Ancillary services	611,871,621.75	525,002,197.70	610,981,233.13	551,071,965.03
Real estate development	239,598,650.73	110,236,786.05	411,802,770.41	205,590,031.45
Advertising and others	39,280,087.28	27,015,850.09	33,128,637.42	12,686,454.68
Total	<u>2,668,351,072.50</u>	<u>1,859,290,222.19</u>	<u>4,835,457,868.83</u>	<u>1,955,644,387.14</u>

(2) Description of the performance obligation

Road toll and supporting services

The toll income is divided after the vehicle passes, and is recognized when the amount is received and receivable. The income from road supporting services is mainly oil income. Income from roll supporting services shall be recognized when refueling service is provided.

Real estate development

As for the real estate development contract concluded with the client, the relevant property stipulated in the contract is based on the client's requirements and has no other alternative use. Taking into account the relevant contract terms, legal environment and relevant legal precedents, the Group believes that the Group has no enforceable right to receive payment prior to the transfer of the relevant property to the customer. Therefore, the proceeds from the sale of the property are recognized at the point in time when the completed property is transferred to the client, i.e. the client gains control of the completed property and the Group has the current right to receive payment and the time point when the payment may be received.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

41. Operating income and operating costs (Continued)

(3) A statement of the apportionment to the remaining performance obligations

At the end of the period of this report, the amount of income corresponding to the performance obligations which have been signed but have not been performed or have not been completed is RMB1,150,352,019.01, including: RMB973,044,652.36 will be recognized as revenue in the year of 2020.

42. Taxes and levies

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
City maintenance and construction tax	5,297,119.10	10,250,239.62
Education surcharge	3,698,752.77	7,406,552.66
Land appreciation tax	23,783,518.44	20,423,299.58
Property tax	3,293,341.34	8,689,289.91
Land use tax	1,310,757.65	5,604,863.94
Others	1,874,863.91	3,029,070.48
Total	<u>39,258,353.21</u>	<u>55,403,316.19</u>

43. Selling expenses

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Depreciation	827,537.09	904,903.91
Commission fee for agent of real estate sales	3,678,433.44	9,639,026.63
Advertisement and promotion fee	1,974,648.15	3,736,184.58
Production and planning fee	962,639.08	1,137,145.76
Others	1,534,079.71	3,213,071.38
Total	<u>8,977,337.47</u>	<u>18,630,332.26</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

44. Administrative expenses

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Salaries and additional remuneration	33,027,795.08	39,622,894.71
Depreciation and amortization	38,774,450.74	40,175,421.69
Audit fee	—	—
Consulting and intermediary service fee	182,796.20	351,539.58
Entertainment fee	165,129.51	522,289.09
Maintenance and repair costs	100,852.06	109,495.03
Office expenses	307,191.88	356,566.50
Travelling expenses	210,075.28	678,575.22
Vehicle related expenses	547,250.85	887,544.99
Others	515,869.08	2,969,604.66
Total	<u>73,831,410.68</u>	<u>85,673,931.47</u>

45. Financial expenses

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Interest expenses (<i>Note</i>)	243,777,161.13	227,654,018.44
Less: Interest income	2,833,886.76	3,577,594.21
Exchange differences	199,624.65	101,811.35
Bond issuance fee and commission charges for other loans	11,899,606.27	1,500,605.97
Others	3,344,716.11	838,396.80
Total	<u>256,387,221.40</u>	<u>226,517,238.35</u>

Note: Interest expenses include financing component in the contract liabilities and interest expenses on lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

46. Other income

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Government grants (Note VI. 51)	9,387,442.24	982,612.55
Others	—	1,629,482.89
Total	<u>9,387,442.24</u>	<u>2,612,095.39</u>

47. Investment income

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Income from long-term equity investments under equity method	(10,411,795.68)	355,157,835.85
Investment income from other equity instruments in the holding period	149,290,000.00	114,800,000.00
Investment income from held-for-trading financial assets	4,686,758.48	8,118,371.68
Investment income (losses) from disposal of financial assets measured at FVTPL	<u>4,197,011.12</u>	<u>123,433.16</u>
Total	<u>147,761,973.92</u>	<u>478,199,640.69</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

48. Gains from changes in fair values

Unit: RMB

Sources of generating gains from changes in fair value	Amount recognized in the current period	Amount recognized in the prior period
Gains (losses) from changes in fair values of held-for-trading financial assets	3,333,876.18	6,033,632.85
Gains from changes in fair values of other non-current financial assets	47,127,300.62	15,174,257.96
Total	50,461,176.80	21,207,890.81

49. Impairment reversals (losses) of credit

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Reversals (losses) from credit impairment of accounts receivable	—	(130,000.00)
Reversals (losses) from credit impairment of other receivables	—	—
Total	—	(130,000.00)

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

50. Losses from disposal of assets

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Gains from disposal of assets	–	112,045.59
Losses from disposal of assets	–	(407,982.12)
Total	<u>–</u>	<u>(295,936.53)</u>

51. Non-operating income

(1) Details of non-operating income are as follows:

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Income from highway property compensation	1,488,600.00	–
Government grants	–	–
Others (Note)	<u>28,068,623.53</u>	<u>1,608,479.04</u>
Total	<u>29,557,223.53</u>	<u><u>1,608,479.04</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

51. Non-operating income (Continued)

(2) Government grants recognized in profit or loss for the current period:

Unit: RMB

Government grants	Related to assets/income	Presented item	Amount recognized in the current period	Amount recognized in the prior period
Additional deduction of VAT Ningchang Expressway	Related to income	Other income	7,210,995.13	–
Construction Compensations	Related to assets	Other income	1,157,610.51	982,612.55
Subsidies for working steadily	Related to income	Other income	1,018,836.60	–
Total			<u>9,387,442.24</u>	<u>982,612.55</u>

52. Non-operating expenses

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Expenditure for repair of damaged highway property	9,208,128.52	6,928,119.67
Non-profit donations	–	1,246,000.00
Various funds	79,900.52	2,315,567.69
Others	464,900.51	552,274.68
Total	<u>9,752,929.55</u>	<u>11,041,962.04</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

53. Income tax expenses

(1) Income tax expenses

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Current tax expenses	157,144,512.52	632,712,224.27
Deferred tax expenses	16,137,747.38	18,555,717.79
Differences in annual filing for the prior years	651,109.96	—
Total	173,933,369.86	651,267,942.06

No provision for Hong Kong Profits tax has been made as the income neither arises, nor is derived from Hong Kong.

(2) Reconciliation of income tax expenses to the accounting profit is as follows

Unit: RMB

Item	Amount recognized in the current period
Accounting profit	658,021,414.49
Income tax expenses calculated at 25% (prior year: 25%)	164,505,353.62
Effect of cost, expenses and loss that are not deductible for tax purposes	16,994,532.70
Effect of non-taxable income	(34,719,551.08)
Effect of using deductible losses of previously unrecognized deferred tax assets	—
Effect of deductible temporary differences and deductible losses of unrecognized deferred tax assets for the current period	26,501,924.66
Adjustment to provision of prior years' tax	651,109.96
Allocation of income tax for investments in joint ventures	—
Total	173,933,369.86

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

54. Supplementary information of income statement

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Employee benefits	431,367,185.58	424,411,769.38
Depreciation and amortization	820,942,950.35	795,900,884.46
Toll related expenses	48,350,275.51	83,907,385.03
Road maintenance expenses	90,000,499.83	77,416,312.41
System maintenance expenses	4,238,044.31	2,918,172.57
Real estate development land and construction cost	110,236,786.05	205,590,031.45
Petroleum in the service zone	396,397,425.11	421,612,796.41
Retail goods in the service zone	-	-
Catering cost in the service zone	1,944,904.89	6,421,145.93
Audit fee	-	-
Consulting and intermediary service fee	182,796.20	351,539.58
Commission fee for agent of real estate sales	3,678,433.44	9,639,026.63
Advertisement and promotion fee	1,974,648.15	3,736,184.58
Others	32,785,020.92	28,043,402.44
Total	<u>1,942,098,970.34</u>	<u>2,059,948,650.87</u>

55. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities:

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Changes in restricted cash and bank balances	-	70,597,190.08
Receipts from compensation of damaged road and non-operating income and etc.	123,162,650.08	23,979,859.55
Receipts from interest income of bank deposit	2,833,886.76	3,577,594.21
Total	<u>125,996,536.84</u>	<u>98,154,643.84</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

55. Notes to items in the cash flow statement (Continued)

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Changes of restricted monetary funds	13,534,674.37	–
Payment of non-salary and other expenditure	59,301,675.69	96,586,438.02
Net increase in factoring receivables	185,139,532.13	–
Total	257,975,882.19	96,586,438.02

(3) Other cash receipts relating to investing activities: Nil

(4) Other cash payments relating to investing activities: Nil

(5) Other cash payments relating to financing activities:

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Bond issue fee and other charges of loans	18,540,629.97	2,248,810.55

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

56. Supplementary information of the cash flow statement

(1) Supplementary information of the cash flow statement

Unit: RMB

Supplementary information	Current period	Prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	484,088,044.63	2,334,480,928.72
Add: Impairment losses of credit	-	130,000.00
Depreciation of fixed assets	115,257,753.35	105,547,564.87
Depreciation of right-of-use assets	821,284.10	2,234,531.25
Amortization of intangible assets	699,727,117.66	687,470,239.13
Amortization of long-term prepaid expenses	4,685,394.36	197,150.28
Amortization of deferred income	-1,157,610.51	-982,612.55
Amortization of investment properties	451,400.88	451,400.39
Losses on disposal of fixed assets, intangible assets and other long-term assets	-	295,936.53
Gains from changes in fair values	-50,461,176.80	-21,207,890.81
Financial expenses	255,876,392.05	229,256,435.76
Investment income	-147,761,973.92	-478,199,640.69
Decrease in deferred tax assets	3,522,453.19	61,325,370.28
Increase in deferred tax liabilities	12,615,294.19	95,656,699.71
Decrease in inventories (increase is indicated by "-")	-40,958,133.06	60,384,694.12
Decrease in receivables from operating activities (increase is indicated by "-")	-179,678,829.63	-170,400,218.95
Increase in payables from operating activities	-248,163,585.64	-49,741,387.22
Decrease in restricted monetary funds (increase is indicated by "-")	-13,534,674.37	70,597,190.08
Net cash flow from operating activities	895,329,150.48	2,927,496,390.90
2. Net changes in cash and cash equivalents:		
Closing balances of cash	328,826,485.83	529,111,883.66
Less: Opening balances of cash	449,410,135.63	515,126,921.66
Net increase (decrease) in cash and cash equivalents	-120,583,649.80	13,984,962.00

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

56. Supplementary information of the cash flow statement (Continued)

(2) Composition of cash and cash equivalents

Unit: RMB

Item	30 June 2020	31 December 2019
I. Cash	328,826,485.83	449,410,135.63
Including: Cash on hand	306,504.55	254,597.41
Bank deposit that can be readily withdrawn on demand	317,324,150.69	424,772,452.56
Other monetary funds that can be readily withdrawn on demand	11,195,830.59	24,383,085.66
II. Cash equivalents	–	–
III. Closing balance of cash and cash equivalents	<u>328,826,485.83</u>	<u>449,410,135.63</u>

57. Assets with restricted ownership or use rights

Unit: RMB

Item	Closing carrying amount	Reasons for restriction
Bank deposits	2,359,744.84	Customer mortgage deposit
Bank deposits	65,208,534.35	Regulations of pre-sale properties
Intangible assets	<u>1,813,651,978.68</u>	Pledge of toll road right
Total	<u>1,881,220,257.87</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

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

58. Monetary item dominated in foreign currency

Unit: RMB

Item	30 June 2020 (foreign currency)	Exchange rate	30 June 2020 (equivalent to RMB)
Cash and bank balances			
Including: HKD	840,163.83	0.9134	767,439.26
Long-term borrowings			
Including: USD	2,105,968.77	7.0795	14,909,205.91

VII. EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

(1) Group composition

Name of subsidiary (Note)	Type of subsidiaries	Registered Capital	Business premise	Registered place	Business nature	Proportion of holding equity (%)		Acquired method
						Direct	Indirect	
Jiangsu Guangjing Xicheng Expressway Co., Ltd. ("Guangjing Xicheng Company")	Limited liability company	2,500,000,000.00	Wuxi	Nanjing	Construction and operation of expressway	85.00	-	Set-up
Wuxi Jingcheng Advertising Co., Ltd.	Limited liability company	1,000,000.00	Wuxi	Wuxi	Service	-	100.00	Set-up
Jiangsu Ninghu Investment Development Co., Ltd. ("Ninghu Investment")	Limited liability company	1,308,000,000.00	Nanjing	Nanjing	Investment and Service	100.00	-	Set-up
Jiangsu Ninghu Properties Co., Ltd. ("Ninghu Properties")	Limited liability company	500,000,000.00	Nanjing, Zhenjiang	Nanjing	Real estate development	100.00	-	Set-up
Kunshan Feng Yuan Real Estate Development Co., Ltd. ("Kunshan Fengyuan")	Limited liability company	9,000,000.00	Kunshan	Kunshan	Real estate development	-	100.00	Set-up
Ninghu Properties (Kunshan) Co., Ltd. ("Kunshan Properties")	Limited liability company	200,000,000.00	Kunshan	Kunshan	Real estate development	-	100.00	Set-up

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1) Group composition (Continued)

Name of subsidiary (Note)	Type of subsidiaries	Registered Capital	Business premise	Registered place	Business nature	Proportion of holding equity (%)		Acquired method
						Direct	Indirect	
Ninghu Properties (Suzhou) Co., Ltd. ("Suzhou Properties")	Limited liability company	100,000,000.00	Suzhou	Suzhou	Real estate development	-	100.00	Set-up
Jiangsu Tongcheng Times Property Management Co., Ltd.	Limited liability company	3,000,000.00	Kunshan	Kunshan	Property management	-	100.00	Set-up
Jiangsu Zhendan Expressway Co., Ltd. ("Zhendan Company")	Limited liability company	605,590,000.00	Zhenjiang	Nanjing	Construction and operation of expressway	70.00	-	Set-up
Jiangsu Nanchang Zhenli Expressway Co., Ltd. ("Ningchang Zhenli Company")	Limited liability company	8,000,000,000.00	Changzhou, Zhenjiang	Nanjing	Construction and operation of expressway	100.00	-	Business combination under the common control
Jiangsu Wufengshan Bridge Co., Ltd. ("Wufengshan Bridge")	Limited liability company	4,826,350,000.00	Zhenjiang, Yangzhou	Zhenjiang	Construction and operation of expressway	64.50	-	Set-up
Jiangsu Changyi Expressway Co., Ltd. ("Changyi Company")	Limited liability company	1,519,846,000.00	Changzhou, Yixing	Wuxi	Construction and operation of expressway	-	60.00	Set-up
Jiangsu Yichang Expressway Co., Ltd. ("Yichang Company")	Limited liability company	1,591,480,880.00	Yixing, Changxing	Yixing	Construction and operation of expressway	-	60.00	Set-up
Nanjing Hanwei Real Estate Development Co., Ltd. ("Hanwei Company")	Limited liability company	100,000,000.00	Nanjing	Nanjing	Real estate development	100.00	-	Business combination not under the common control
Ninghu Commercial Factoring (Guangzhou) Co., Ltd. ("Factoring Company")	Limited liability company	90,000,000.00	Guangzhou	Guangzhou	Business services	-	100.00	Set-up
Jiangsu Yangtze River Expressway Management Co., Ltd. ("Yangtze River Management")	Limited liability company	50,000,000.00	Wuxi	Nanjing	Construction and operation of expressway	100.00	-	Set-up
Jiangsu Longtan Bridge Co., Ltd. ("Longtan Bridge")	Limited liability company	2,318,000,000.00	Nanjing	Nanjing	Construction and operation of expressway	53.62	-	Set-up



NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(2) Significant non-wholly owned subsidiaries

Unit: RMB

Name of subsidiaries	Minorities proportion of shareholding (%)	30 June 2020/Amount recognized in the current period		
		Profit or loss attributable to minority shareholders	Dividend announcement to minority shareholders	30 June 2020 of minority interest
Guangjing Xicheng Company	15.00	9,749,676.71	15,438,867.51	804,709,635.32
Zhendan Company	30.00	-12,212,464.50	-	150,408,201.95
Wufengshan Bridge	35.50	76,678.07	-	1,714,319,635.47
Changyi Company	40.00	41,273.41	-	615,459,341.00
Yichang Company	40.00	848,411.38	-	653,096,672.44
Longtan Bridge	46.38	-52,976.88	-	448,732,022.84

(3) Financial information of significant non-wholly owned subsidiaries

Unit: RMB

Name of subsidiaries	30 June 2020						31 December 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Guangjing Xicheng Company	345,797,258.14	12,404,319,184.96	12,750,116,443.10	2,169,668,152.28	3,928,736,145.78	6,098,404,298.06	527,199,571.13	11,596,586,554.92	12,123,786,126.05	1,878,253,964.34	3,411,116,760.62	5,289,370,724.96
Zhendan Company	8,169,008.34	1,669,555,484.97	1,677,724,493.31	459,933,820.13	716,440,000.00	1,176,373,820.13	10,890,462.33	1,691,623,028.40	1,702,513,490.73	435,106,602.56	725,348,000.00	1,160,454,602.56
Wufengshan Bridge	273,324,139.48	10,044,819,185.24	10,318,143,324.72	416,718,364.45	5,072,400,000.00	5,489,118,364.45	221,058,780.76	9,007,301,596.40	9,228,360,377.16	7,151,411.46	4,392,400,000.00	4,399,551,411.46
Changyi Company	94,314,630.40	3,331,192,890.78	3,425,507,521.18	118,870,258.96	1,767,900,000.00	1,886,770,258.96	67,213,848.74	2,895,558,691.00	2,962,772,539.74	6,238,455.69	1,417,900,000.00	1,424,138,455.69
Yichang Company	69,640,763.44	2,732,431,986.58	2,802,072,750.02	265,079,984.04	904,340,000.00	1,169,419,984.04	346,507,866.75	1,993,785,437.26	2,340,293,304.01	4,761,566.42	705,000,000.00	709,761,566.42
Longtan Bridge	47,531,225.61	1,316,406,121.95	1,363,937,347.56	130,201,850.00	-	130,201,850.00	56,169,430.22	371,077,085.89	427,246,516.11	106,795.00	-	106,795.00

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(3) Financial information of significant non-wholly owned subsidiaries (Continued)

Unit: RMB

Name of subsidiaries	Amount recognized in the current period				Amount recognized in the prior period			
	Operating income	Net profit attributable to the parent company	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit attributable to the parent company	Total comprehensive income	Cash flow from operating activities
		to the parent company	comprehensive income	from operating activities		to the parent company	comprehensive income	from operating activities
Guangjing Xicheng Company	347,569,732.84	64,997,844.70	-58,817,405.30	213,345,047.86	633,175,059.36	350,643,313.74	371,527,813.28	361,946,056.12
Zhendan Company	20,584,688.73	-40,708,214.99	-40,708,214.99	17,501,606.92	35,509,381.55	-24,598,818.91	-24,598,818.91	31,636,215.73
Wufengshan Bridge	-	215,994.57	215,994.57	-267,057.12	-	1,193,062.62	1,193,062.62	-581,863.88
Changyi Company	-	103,178.17	103,178.17	-203,849.88	-	6,078,631.85	6,078,631.85	-1,878,986.41
Yichang Company	-	2,121,028.39	2,121,028.39	-2,093,182.23	-	12,000,119.73	12,000,119.73	-4,249,111.96
Longtan Bridge	-	-114,223.55	-114,223.55	-21,293.60	-	-	-	-

2. Equity in associates

(1) Significant associates

Name of joint ventures or associates	Business premise	Registered place	Business nature	Proportion of shareholding (%)		Accounting method
				Direct	Indirect	
Yangtze Bridge Company	Nanjing	Nanjing	Construction and operation of expressway	26.66	-	Equity method
Suzhou Expressway Management (Note)	Suzhou	Suzhou	Construction and operation of expressway	30.01	-	Equity method
Yanjiang Expressway	Suzhou	Suzhou	Construction and operation of expressway	-	25.15	Equity method

Note: refer to Note VI.11 for details.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in associates (Continued)

(2) Financial information of significant associates

Unit: RMB

	30 June 2020/Amount recognized in the current period				31 December 2019/Amount recognized in the prior period		
	Suzhou				Suzhou		
	Yangtze Bridge Company	Expressway Management	Yanjiang Expressway	Yangtze Bridge Company	Suzhou Expressway Management (Sujiayang Company)	Sujiangong Company	Yanjiang Expressway
Current asset	426,903,230.87	2,032,310,056.05	1,295,938,639.97	239,003,234.16	2,100,857,616.17	-	1,821,964,212.05
Non-current asset	20,505,771,969.23	6,351,585,668.45	10,064,789,784.15	20,548,743,769.61	6,489,664,440.35	-	10,385,798,051.04
Total asset	<u>20,932,675,200.10</u>	<u>8,383,895,724.50</u>	<u>11,360,728,424.12</u>	<u>20,787,747,003.77</u>	<u>8,590,522,056.52</u>	<u>-</u>	<u>12,207,762,263.09</u>
Current liabilities	2,416,352,331.40	148,998,248.11	1,127,727,896.28	2,199,147,735.15	379,053,240.73	-	1,874,291,174.23
Non-current liabilities	10,940,107,963.17	1,753,223,526.39	2,122,146,480.00	10,674,899,009.47	1,774,793,526.39	-	2,077,800,000.00
Total liabilities	<u>13,356,460,294.57</u>	<u>1,902,221,774.50</u>	<u>3,249,874,376.28</u>	<u>12,874,046,744.62</u>	<u>2,153,846,767.12</u>	<u>-</u>	<u>3,952,091,174.23</u>
Minority interests	1,687,068,985.25	25,158,490.99	238,796,390.45	1,734,741,919.32	12,155,977.77	-	293,159,425.03
Shareholders' equity attributable to shareholders of the parent company	5,889,145,920.28	6,456,515,459.01	7,872,057,657.39	6,178,958,339.83	6,424,519,311.63	-	7,962,511,663.83
Net assets share calculated according to proportion of shareholding	1,570,046,302.35	1,937,600,289.25	2,172,687,913.44	1,647,310,293.40	1,927,934,000.23	-	2,197,653,219.22
Adjustments							
Goodwill	53,174,434.00	27,211,243.38	13,173,081.00	53,174,434.00	27,211,243.38	-	13,173,081.00
Net book value of the equity investment in associates	1,623,220,736.35	1,964,811,532.63	2,185,860,994.44	1,700,484,727.40	1,955,145,243.61	-	2,210,826,300.22
Operating income	376,793,641.60	562,389,643.76	509,809,187.48	696,244,499.03	869,868,058.34	75,528,693.46	1,034,379,480.72
Net income (Net loss) attributable to the parent company	-56,000,003.00	32,210,226.66	-90,454,006.45	473,154,186.28	372,190,758.91	-17,981,212.35	371,707,651.43
Other comprehensive income attributable to the parent company	22,677,750.00	-	-	468,522,000.00	-	-	-
Total comprehensive income attributable to the parent company	<u>-33,322,253.00</u>	<u>32,210,226.66</u>	<u>-90,454,006.45</u>	<u>941,676,186.28</u>	<u>372,190,758.91</u>	<u>-17,981,212.35</u>	<u>371,707,651.43</u>
Dividends received from associates in the current period	<u>68,380,279.20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,353,500.00</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

2. Equity in associates (Continued)

(2) Financial information of significant associates (Continued)

Other explanations:

The shareholders' equity and the net profit attributable to Yanjiang Company are the net amount which has deducted the 40% of the equity of Zhangjiagang Port Expressway owned by Zhangjiagang Municipal Public Assets Management Co., Ltd. and 30% of the equity of Taicang Port Expressway owned by Suzhou Taicang Port Shugang Expressway Co., Ltd. The Group still owns 27.6 % of shareholders equity and enjoy the net income of the shareholders' equity accordingly.

(3) Financial information of non-significant associates

Unit: RMB

	30 June 2020/ Amount recognized in the current period	31 December 2019/ Amount recognized in the prior period
Associates:		
Total net book value of the investment	1,080,112,068.47	1,072,795,247.40
Total amount of the following items calculated according to the proportion of shareholding		-
Net profit	19,816,821.08	13,091,756.23
Other comprehensive income	-	-
Total comprehensive income	<u>19,816,821.08</u>	<u>13,091,756.23</u>

(4) Explanations on significant restrictions to the ability of transferring funds to the Group from associates

There is no significant restrictions to the ability of transferring funds to the Group from associates.

(5) Contingent liabilities related to associates

There is no contingent liabilities related to associates.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and bank balances, held-for-trading financial assets, other non-current financial assets, other equity instruments, notes receivables, accounts receivable, other receivables, borrowings, bonds payable, accounts payable, other payables (excluding dividends payable) etc. Details of these financial instruments are disclosed in note VI. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

Unit: RMB

	30 June 2020	31 December 2019
Financial assets		
Financial assets measured at fair value through profit or loss		
Held-for-trading financial assets	1,765,073,027.10	676,935,184.62
Other non-current financial assets	1,527,572,276.51	1,446,175,745.21
Financial assets measured at fair value through other comprehensive income		
Investments in other equity instruments	4,567,964,324.49	5,655,468,613.24
Financial assets measured at amortized costs		
Notes receivable	1,997,100.00	–
Accounts receivable	412,901,378.17	224,285,157.62
Other receivables	45,152,495.18	46,209,939.50
Financial liabilities		
Financial liabilities measured at amortized costs		
Short-term borrowings	1,380,880,336.29	1,972,708,495.84
Accounts payable	1,043,858,654.62	1,262,414,819.54
Other payables	166,962,110.26	163,850,914.15
Non-current liabilities due within one year and etc.	4,164,076,736.49	3,161,145,193.63
Other current liabilities	6,271,391,789.00	4,998,884,246.00
Long-term borrowings	10,055,235,181.77	8,335,475,444.12
Bonds payable	–	997,460,933.93

The Group adopts sensitivity analysis technique to analyze how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyses the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, and implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1 Market risk

1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with borrowings and bank deposits denominated in USD or HKD while the Group's other principal activities are denominated and settled in RMB. As at 30 June 2020, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below are denominated in USD and HKD. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's performance.

As at balances sheet date, the balance of the Group's assets and liabilities in foreign currency are set out below:

Unit: RMB

	30 June 2020	31 December 2019
Cash and bank balances	767,439.26	752,601.96
Non-current liabilities due within one year	1,754,024.14	1,728,430.43
Long-term borrowings	<u>13,155,181.77</u>	<u>13,827,444.12</u>

1.1.2. Interest rate risk – risk of changes in cash flows

The Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate long-term bank borrowings of RMB8,158,846,000.00 as at 30 June 2020 (31 December 2019: RMB6,937,364,000.00). It is the Group's policy to keep its borrowings at floating rate of interests so as to eliminate the fair value interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk management objectives and policies (Continued)

1.1. Market risk (Continued)

1.1.3. Other price risk

The Group's financial assets at fair value through profit or loss are measured at fair value on the balanced sheet date. Therefore, the Group is exposed to market price risk. The Group established an internal investment division and a designated team are assigned to monitor closely the price movement of its investment. In this regard, the directors of the Group consider that the Group's price risk is mitigated.

1.2. Credit risk

As at 30 June 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees (does not consider the available collaterals and other credit enhancements) issued by the Group which arising from the carrying amount of the respective recognized financial assets as stated in the Group's consolidated balance sheet and the amount of financial guarantees contract related to real estate sales disclosed in Note XI "Contingencies".

In order to minimize the credit risk, the Group has determined credit limits, made credit approvals and took other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of financial assets at each balance sheet date to ensure that adequate provision for expected credit losses are made for financial assets. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

In addition, the credit risk on liquid funds is limited because they are deposited with banks with high credit ratings.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

1.3. Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

1. Risk management objectives and policies (continued)

1.3. Liquidity risk (Continued)

Loans are main source of funding for the Group. As at 30 June 2020, the Group has available unutilized bank loan facilities of approximately RMB43,018,023,000.00 (31 December 2019: RMB30,580,560,000.00). Meanwhile, medium term notes, super short-term bonds and etc. are important source of funding for the Group. As at 30 June 2020, the limit of super short-term bonds registered in National Association of Financial Market Institutional Investors (“NAFII”) but not issued by the Group is approximately RMB2,750,000,000.00 (31 December 2019: RMB4,040,000,000.00).

As at 30 June 2020, the Group had net current liabilities of RMB10,220,380,835.21 (31 December 2019: RMB7,094,635,190.49), the Group has taken the following measures to reduce liquidity risk.

- The Group has available unutilized bank loan facilities of approximately RMB30,484,023,000.00 with a credit time limit over one year.
- The Group has NAFMII-registered but not issued super short-term bonds of approximately RMB750,000,000.00 with a registration time limit over one year.

To sum up, the management considers that the liquidity risk of the Group is greatly reduced. The financial statements have been prepared on a going concern basis.

IX. DISCLOSURE ON FAIR VALUE

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

Unit: RMB

Item	30 June 2020			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Continuous fair value measurement				
(I) Financial assets at FVTPL	32,373,027.10	1,732,700,000.00	1,527,572,276.51	3,292,645,303.61
1. Held-for-trading financial assets	32,373,027.10	1,732,700,000.00	–	1,765,073,027.10
(1) Investments in fund and gold	32,346,380.36	–	–	32,346,380.36
(2) Financial products	–	1,732,700,000.00	–	1,732,700,000.00
(3) New shares	26,646.74	–	–	26,646.74
2. Other non-current financial assets	–	–	1,527,572,276.51	1,527,572,276.51
(II) Investment in other equity instruments	1,899,450,000.00	–	2,668,514,324.49	4,567,964,324.49
Total assets continuously measured at fair value	<u>1,931,823,027.10</u>	<u>1,732,700,000.00</u>	<u>4,196,086,601.00</u>	<u>7,860,609,628.10</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

Unit: RMB

Name of the parent	Place of incorporation	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)
Communications Holding	Nanjing, Jiangsu Province	Investment, construction, operation and management of traffic infrastructure, transportation and other relevant industry	16,800,000,000.00	54.44	54.44

The ultimate control party of the Company is the Company's parent company.

2. Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in Note VII.

3. Associates of the entity

Details of the significant associates of the Company are set out in Note VII.

Other associates that have closing balance with the Group due to related party transactions in the current or prior year are as follows:

Name of associates	Related party relationship
Kuailu Company	Associate
Xiexin Ninghu Company	Associate
Nanlin Hotel	Associate
Xiandai R&B Company*	Associate
Network Operation Company.*	Associate
Yanjiang Company	Associate
Suzhou Expressway Management	Associate
Yangtze Bridge Company*	Associate
Luode Fund Company	Associate
Media Company*	Associate
Group Finance Company*	Associate

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Other related parties of the Company

<u>Name of other related party</u>	<u>Relationship between other related parties and the Company</u>
Tongxingbao Smart Transportation Science & Technology Co., Ltd. ("Tongxingbao Company") *	Same ultimate shareholder
Jiangsu Petroleum Company*	Same ultimate shareholder
Jiangsu Financial Leasing Company	Same ultimate shareholder
Far East Shipping Company	Same ultimate shareholder
Runyang Bridge Company	Same ultimate shareholder
Sutong Bridge Company	Same ultimate shareholder
Jiangsu Taizhou Bridge Co., Ltd. ("Taizhou Bridge Company")	Same ultimate shareholder
Jiangsu Expressway Information Engineering Co., Ltd. ("Information Company") *	Same ultimate shareholder
Jiangsu Expressway Engineering Maintenance Technology Co., Ltd. ("Maintenance Technology Company") *	Same ultimate shareholder
Jiangsu Suihuaiyan Expressway Management Co., Ltd. ("Suihuaiyan Company")	Same ultimate shareholder
Jiangsu Huatong Engineering Testing Co., Ltd. ("Huatong Company") *	Same ultimate shareholder
Taicang Container Lines Company Limited ("Taicang Container Lines")	Same ultimate shareholder
Jiangsu Fenguan Expressway Management Co. Ltd. ("Fenguan Company")	Same ultimate shareholder
Jiangsu Jinghu Expressway Co., Ltd. ("Jinghu Company")	Same ultimate shareholder
Jiangsu Railway Group Co., Ltd (Railway Group Company) *	Same ultimate shareholder
Jiangsu Ninghang Expressway Co., Ltd. ("Ninghang Company")	Same ultimate shareholder
Nantong Tongsha Port Co., Ltd. ("Tongsha Port Company")	Same ultimate shareholder
Jiangsu Ocean Shipping Co., Ltd. ("Ocean Shipping Company")	Same ultimate shareholder
Sundian Engineering Testing Co., Ltd. (Engineering Testing Company) *	Same ultimate shareholder
Suzhou Circular Expressway Co., Ltd. ("Suzhou Circular Company")	Same ultimate shareholder
Jiangsu Tongchang Real Estate Investment Co., Ltd. ("Tongchang Real Estate Company")	Same ultimate shareholder
Nanjing Micro Video Co.,Ltd ("Micro Video Company")*	Same ultimate shareholder
Taixing Hechang Petroleum Sales Co., Ltd. ("Taixing Hechang Petroleum Company")*	Same ultimate shareholder
Jiangsu Highway Engineering Maintenance Co., Ltd. ("Engineering Maintenance Company")	Same ultimate shareholder

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions

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

Purchase of goods, receipt of services and interest expense of loans with related parties:

Unit: RMB

Related party	Type of related party transactions	Amount recognized in the current period	Amount recognized in the prior period
Xiandai R&B Company*	Road maintenance fee	107,755,443.34	63,757,887.86
Network Operation Company*	Maintenance and operating administration fees for toll collection system	12,105,411.00	15,510,877.00
Tongxingbao Company*	Maintenance and operating administration fees for toll collection system	8,196,411.03	10,646,432.05
Maintenance Technology Company*	Road maintenance fee	2,467,000.00	5,842,800.00
Information Company*	Communication system maintenance fee	9,228,780.57	7,446,747.42
Kuailu Co., Ltd.	Lease fee of transportation service	560,731.00	2,195,661.00
Micro Video Company*	Renovation fee for machine room and offices	458,430.00	–
Communications Holding	Interest expenses of loans from a related party	33,004,843.17	36,549,445.21
Group Finance Company*	Interest expenses of working capital loan	14,555,945.83	17,508,025.33
Far East Shipping Company	Interest expenses of entrusted loan	1,319,500.00	1,312,250.00
Sutong Bridge Company	Interest expenses of entrusted loan	1,903,125.00	–

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

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

Pricing and decision-making procedures of related party transactions: For significant related party transactions, the price is settled by public tender bid price, or for reference of quote from independent, qualified construction provider after arm's length negotiation in principle that less than relevant market price. The Board Meeting should review and approve the quote and the related director should abstain from voting. The independent directors should then express an independent opinion. For all related party transactions, the price is settled by signed contracts.

Sales, rendering of services and interest income of borrowings/loans with related parties:

Unit: RMB

Related party	Type of related party transactions	Amount recognized in the current period	Amount recognized in the prior period
Group Finance Company*	Interest income from deposits	1,379,796.08	1,394,367.02
Kuailu Co., Ltd.	Toll road income	95,029.12	496,403.00
Tongxingbao Company*	ETC customer-service network management income	279,660.96	47,998.00
Media Company*	Advertising income	21,513,202.29	14,290,000.00
Yangtze Bridge Company*	Entrusted management income	5,935,566.04	–
Hutong Bridge Company	Entrusted management income	674,528.30	–
Xiandai R&B Company*	Fuel income	562,255.36	257,941.15
Luode Fund Company	Fuel income	340.38	1,316.01
		21,513,202.29	14,290,000.00

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Leases with related parties

The Group as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognized in the 2020	Lease income recognized in 2019
Jiangsu Petroleum Company*	Fixed assets	8,697,558.03	5,897,403.20
Taixing Hechang Petroleum Company*	Fixed assets	1,979,714.43	–
Railway Group Company*	Fixed assets	1,806,200.00	1,806,200.00
Xiandai R&B Company*	Fixed assets	845,000.00	845,000.00
Engineering Testing Company*	Fixed assets	231,746.01	–
Media Company*	Fixed assets	3,205,871.56	1,615,700.25

(3) Guarantees with related parties

The Group as the guaranteed party:

Guarantor	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Communications Holding	USD2,105,968.77	15 October 1998	18 July 2027	Not completed

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Borrowings/loans with related parties

In the current year:

Unit: RMB

Related party	Amount of borrowing/loan (Note)	Inception date	Maturity date	Balance at 30 June 2020	Remarks
Borrowed from (repaid to) Far East Shipping Company	60,000,000.00	23 July 2019	22 July 2020	60,000,000.00	Entrusted loan with annual interest rate of 4.35%
Group Finance Company*	(60,000,000.00)	18 October 2019	28 May 2020	-	Borrowings from a related party with annual interest rate of 3.915%
Group Finance Company*	(100,000,000.00)	8 May 2019	9 March 2020	-	Borrowings from a related party with annual interest rate of 4.1325%
Group Finance Company*	(15,000,000.00)	20 November 2019	19 November 2020	85,000,000.00	Borrowings from a related party with annual interest rate of 3.915%
Group Finance Company*	250,000,000.00	3 December 2019	2 December 2020	250,000,000.00	Borrowings from a related party with annual interest rate of 3.915%
Group Finance Company*	300,000,000.00	23 July 2019	22 July 2020	300,000,000.00	Entrusted loan with annual interest rate of 3.92%
Sutong Bridge Company	(100,000,000.00)	18 December 2019	24 June 2020	-	Entrusted loan with annual interest rate of 3.90%
Communications Holding	-	5 December 2012	5 December 2022	250,000,000.00	Entrusted loan with annual interest rate of 5.80%
Communications Holding	-	17 May 2013	17 May 2023	250,000,000.00	Entrusted loan with annual interest rate of 5.60%
Communications Holding	-	20 November 2018	24 October 2023	800,000,000.00	Entrusted loan with annual interest rate of 4.43%
Communications Holding	-	8 November 2019	29 August 2024	100,000,000.00	Entrusted loan with annual interest rate of 3.82%
Communications Holding	500,000,000.00	21 June 2020	20 February 2035	500,000,000.00	Entrusted loan with annual interest rate of 3.45%

Note: When the Group is the borrower, the positive amount represents borrowing from a related party while the negative amount represents repayment to a related party; When the Group is the lender, positive amount represents lending to a related party while the negative amount represents collecting the money from a related party.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(5) Compensation for key management personnel

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Compensation for key management personnel	2,445,398	1,286,892

(6) Other explanations

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

6. Amounts due from/to related parties

(1) Amounts due from related parties

Unit: RMB

Account	Related party	30 June 2020 Carrying amount	31 December 2019 Carrying amount
Bank deposits (Note 1)	Group Finance Company*	219,299,047.65	247,936,363.39
Accounts receivable (Note 2)	Jiangsu Petroleum Company* (Note 3)	5,352,727.75	11,387,692.48
	Suzhou Expressway Company	303,302.4	4,239,368.00
	Yanjiang Company	606,505.86	729,764.00
	Yangtze Bridge Company*	6,688,542.85	7,624,368.00
	Kuailu Co., Ltd.	90,000.00	54,716.45
	Luode Fund Company	1,051.74	1,366.41
	Xiandai R&B Company *	252,638.67	106,496.20
	Media Company*	14,206,352.71	3,444,150.00
	Taixing Hechang Petroleum Company* (Note 3)	1,210,645.42	2,511,436.45
	Engineering Testing Company*	18,091.91	5,960.00
	Hutong Bridge Company	715,000.00	-
	Tongxingbao Company	1,304,650.00	-
	Sub-total	30,749,509.31	30,105,317.99

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

(1) Amounts due from related parties (Continued)

Account	Related party	30 June 2020 Carrying amount	31 December 2019 Carrying amount
Prepayments	Information Company*	800,000.00	3,550,000.00
	Tongxingbao Company *	-	126,918.30
	Kuailu Company	-	69,000.00
Suab-total		<u>800,000.00</u>	<u>3,745,918.30</u>
Dividends receivable	Kuailu Company	4,989,960.00	4,989,960.00
	Yangtze Bridge Company	<u>68,380,279.20</u>	<u>-</u>

Note 1: In current period, a financial service agreement was signed and concluded between the Group and Group Finance Company, in which Group Finance Company would provide financial service to the Group such as deposit, credit and so on. The Company's subsidiaries, Guangjing Xicheng Company, Ningchang Zhenli Company, Changyi Company and Yichang Company have also participated in this agreement. As at 30 June 2020, the Group has deposited RMB219,299,047.65 (31 December 2019: RMB247,936,363.39) in Group Finance Company in accordance with the financial service agreement.

Note 2: As at 30 June 2020, besides the accounts receivable from related party stated above, there are split toll road fee receivables from Suzhou Circular Company, Nanjing Fourth Yangtze River Bridge Company Limited and other expressway companies within the toll road network companies ("Toll Road Network Companies") which amounted to RMB136,234,722.28 (31 December 2019: RMB110,499,585.71). The ultimate shareholder of those Toll Road Network Companies is Communications Holding, except for which the Company has no other control, joint control or significant influence relationship with them.

Note 3: As at 30 June 2020, the book balances with Jiangsu Petroleum Company and Taixing Hechang Petroleum Company are lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Related party relationships and transactions (Continued)

(2) Amounts due to related parties

Unit: RMB

Account	Related party	30 June 2020	31 December 2019	
Accounts payable (Note)	Xiandai R&B Company*	235,246,179.27	226,679,984.84	
	Yangtze Bridge Company*	1,056,133.51	1,491,285.00	
	Yanjiang Company	583,712.55	1,516,515.00	
	Information Company*	7,820,519.79	5,618,616.23	
	Suzhou Expressway Company	290,959.69	422,260.00	
	Network Operation Company*	48,000.00	2,900,148.00	
	Tongxingbao Company*	8,512,639.43	2,742,679.72	
	Kuailu Company	172,630.00	445,937.50	
	Media Company*	1,034,380.88	908,666.51	
	Maintenance Technology Company*	2,467,000.00	140,000.00	
	Huatong Company*	1,884,034.75	3,483,449.13	
	Engineering Maintenance Company	140,000.00	–	
	Media Company	491,000.00	–	
	Sub-total		259,747,189.87	246,349,541.93
	Contract liabilities	Kuailu Company	–	458,689.67
Xiandai R&B Company *		–	80,000.00	
Sub-total		–	538,689.67	

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6. Related party relationships and transactions (Continued)

(2) Amounts due to related parties (Continued)

Account	Related party	30 June 2020	31 December 2019
Other payables	Tongxingbao Company*	459,440.00	689,609.00
	Network Operation Company*	1560.00	1,200.00
	Xiandai R&B Company*	602,352.71	1,415,714.54
	Yangtze Bridge Company*	5,673,792.31	2,863,158.35
	Luode Fund Company	–	10,000,000.00
Sub-total		6,737,145.02	14,969,681.89
Short-term borrowings	Group Finance Company*	635,690,562.49	810,975,608.33
	Sutong Bridge Company	–	100,119,625.00
	Far East Shipping Company	60,072,500.00	60,079,750.00
Sub-total		695,763,062.49	971,174,983.33
Long-term borrowings (including long-term borrowings due within 1 year)	Communications Holding	1,909,603,532.08	1,430,344,904.11

Note: As of 30 June 2020, besides the accounts payable to related party stated above, there are split toll road fee payables to other Toll Road Network Companies which amounted to RMB6,896,084.14 (31 December 2019: RMB20,314,519.97). The ultimate shareholder of those Toll Road Network Companies is Communications Holding, except for which these Toll Road Network Companies has no other control, joint control or significant influence relationship with them.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Unit: RMB

	30 June 2020	31 December 2019
Capital commitments that have been entered into but have not been recognized in the financial statements		
– Commitment for acquisition and construction of long-term assets	<u>10,652,955,700.00</u>	<u>13,161,894,077.78</u>

2. Contingencies

(1) Significant contingencies at the balance sheet date

Ninghu Properties and Hanwei Company, the subsidiaries of the Company provide joint and several liability guarantees to banks for bank borrowings granted to buyers of properties in accordance with real estate business practices. The obligation begins from the date on which the guarantee contract comes into effect and will end when the buyers obtain certifications of the purchased properties and complete registration of mortgage and pass the properties warrants certification to bank. As at 30 June 2020, the outstanding guarantees amounted to approximately RMB590,188,179.67 (31 December 2019: RMB483,970,962.53).

The Company provided guarantee for the application of comprehensive credit line by Factoring Company, a wholly-owned sub-subsidiary of the Company, with a maximum balance of RMB810,000,000 in the form of joint and several liability guarantee for a term of one year; as at 30 June 2020, the balance of the guarantee was approximately RMB110,000,000.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XII. EVENTS AFTER THE BALANCE SHEET DATE

1. Investment in Luode Parent Real Estate Fund

On 24 April 2020, upon the approval of the 20th meeting of the 9th board of directors of the Company, Ninghu Investment Company, a wholly-owned subsidiary of the Company was approved to participate in the Phase III Parent Real Estate Fund initiated by Luode Fund Company, with the fund's scale no more than RMB1.5 billion in aggregate, including a contribution from Ninghu Investment Company of no more than RMB500 million and contribution from other partners and teams of no more than RMB1 billion. As of the disclosure date of this announcement, Ninghu Investment Company has contributed RMB251,876,564.00.

2. Approval for Registration of Public Issuance of Corporate

Bonds to Professional Investors On 30 July 2020, the Company received the "Approval on the Public Issuance of Corporate Bonds to Professional Investors by Jiangsu Expressway Company Limited" (Zheng Jian Xu Ke [2020] No. 1635) issued by the CSRC, which approved the application for registration of the Company's public issuance of corporate bonds not exceeding RMB8 billion to professional investors. The issue of the first tranche shall be completed within 12 months from the date of approval; the issue of the remaining tranches shall be completed within 24 months from the date of approval.

3. Registration of Medium-term Notes

On 14 August 2020, the Company's medium-term notes issue with principal amount of not more than RMB2 billion has been registered by the National Association of Financial Market Institutional Investors, with a registration term of 2 years.

On 21 August 2020, the Group completed the issue of the medium-term notes with principal amount of RMB2.0 billion.



NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIII. OTHER SIGNIFICANT EVENTS

1. Annuity scheme

See Note VI 25.

2. Basic endowment insurance

See Note VI 25.

3. Net Profit for the period has been arrived at after charging:

Unit: RMB

Item	Current period	Prior period
Staff costs (Include: directors' emoluments)	379,883,226.20	343,653,951.12
Basic endowment insurance and annuity payment	51,483,959.38	80,757,818.26
Total staff costs	431,367,185.58	424,411,769.38
Audit fee		
Depreciation and amortization (Included in operating costs and administrative expenses)	788,613,839.03	763,571,773.14
Losses on disposal of non-current assets	—	295,936.53
Amortization of land use rights (Included in operating costs and administrative expenses)	32,329,111.32	32,329,111.32
Sales cost of inventories	510,446,024.24	633,623,972.85

4. Segment reporting

(1) Determining basis and accounting policy of reporting segment

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into 12 operating segments. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. On the basis of the operating segment, the Group determines 12 reporting segments (2019: 12) based on the standard with which the Group's management determines resources allocation and performance assessment, including Shanghai-Nanjing Expressway, Guangjing Expressway and Xicheng Expressway, Xiyi Expressway and Wuxi Huantaihu Expressway, Ningchang Expressway and Zhenli Expressway, Zhendan Expressway, Wufengshan Expressway, Changyi Expressway, Yichang Expressway, Longtan Bridge, Ancillary services (including petrol, food and retail in service zones along the expressways), Real estate development and advertising and others. These reporting segments are determined based on standards of resources allocation and performance assessment by the management.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Segment reporting (Continued)

(1) Determining basis and accounting policy of reporting segment (Continued)

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

(2) Financial information of reporting segment

Unit: RMB

	Shanghai-Nanjing Expressway		Guangjing Expressway and Xicheng Expressway		Xiyi Expressway and Wuxi Huantaihu Expressway		Changyi Expressway		Yichang Expressway		Ningchang Expressway and Zhenli Expressway	
	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior
	period	period	period	period	period	period	period	period	period	period	period	period
Segment operating income	1,176,273,277.15	2,542,648,099.56	238,218,656.79	438,214,711.02	93,898,635.01	173,625,237.28	-	-	-	-	249,559,632.44	590,423,717.20
Operating costs	643,622,193.65	628,196,265.30	111,470,130.86	168,532,599.72	101,726,699.57	96,648,641.02	-	-	-	-	317,048,082.41	267,394,538.92
Including: Amortization of toll roads operation rights	287,233,503.50	322,809,624.63	60,542,922.89	56,076,933.92	61,467,464.85	51,041,128.39	-	-	-	-	237,873,041.17	201,240,331.05
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	-	-	-	-	-	-
Segment operating profit (loss)	532,651,083.50	1,914,451,834.26	126,748,525.93	269,682,111.30	-7,828,064.56	76,976,596.26	-	-	-	-	-67,488,449.97	323,029,178.28
Reconciling items:												
Less: Taxes and levies	4,234,583.80	9,153,533	857,587.16	1,577,573	338,035.09	625,051	-	206,573	-	255,370	898,414.68	2,125,525
Selling expenses	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	36,673,012.64	36,684,124	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-
Add: Other income	6,428,305.34	-	532,369.58	-	-	-	-	-	-	-	1,157,610.51	982,612
Investment income	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-
Impairment reversals (losses) of credit	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	-	-	-	-	-	-	-	-	-
Gains(losses) from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	498,171,792.40	1,868,614,177.26	126,423,308.35	268,104,538.30	-8,166,099.65	76,351,545.26	-	-206,573	-	-255,370	-67,229,254.14	321,886,265.28
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total profit	498,171,792.40	1,868,614,177.26	126,423,308.35	268,104,538.30	-8,166,099.65	76,351,545.26	-	-206,573	-	-255,370	-67,229,254.14	321,886,265.28
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net profit	498,171,792.40	1,868,614,177.26	126,423,308.35	268,104,538.30	-8,166,099.65	76,351,545.26	-	-206,573	-	-255,370	-67,229,254.14	321,886,265.28
Total segment assets	9,747,854,363.36	10,246,479,106.80	970,725,631	1,087,880,522.90	1,755,319,555	1,816,728,567.87	3,425,507,521.18	2,962,772,539.74	2,802,072,750.02	2,340,293,304.01	5,042,773,636.17	5,273,673,911.14

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Segment reporting (Continued)

(2) Financial information of reporting segment (Continued)

Unit: RMB

	Zhendan Expressway		Wufengshan Bridge		Longtan Bridge		Ancillary services	
	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period
Segment operating income	19,650,511.35	34,633,462.81	-	-	-	-	611,871,621.75	610,981,233.13
Operating costs	23,168,281.86	25,523,891.02	-	-	-	-	525,002,197.70	551,071,965.03
Including: Amortization of toll roads								
operation rights	15,291,607.89	17,678,317.68	-	-	-	-	-	-
Costs of petrol and other								
goods sold in service zones	-	-	-	-	-	-	396,397,425.11	421,612,796.41
Segment operating profit (loss)	-3,517,770.51	9,109,571.79	-	-	-	-	86,869,424.05	59,909,268.10
Reconciling items:								
Less: Taxes and levies	70,741.84	124,680	-	192,670	-	-	4,925,345.53	9,225,817
Selling expenses	-	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-
Add: Other income	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Gains or losses from changes in fair values	-	-	-	-	-	-	-	-
Impairment reversals (losses) of credit	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	-	-	-	-	-
Gains(losses) from disposal of assets	-	-	-	-	-	-	-	-
Operating profit	-3,588,512.35	8,984,891.79	-	-192,670	-	-	81,944,078.52	50,683,451.10
Non-operating income	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-
Total profit	-3,588,512.35	8,984,891.79	-	-192,670	-	-	81,944,078.52	50,683,451.10
Income tax expenses	-	-	-	-	-	-	-	-
Net profit	-3,588,512.35	8,984,891.79	-	-192,670	-	-	81,944,078.52	50,683,451.10
Total segment assets	1,676,405,741.58	1,540,003,035.38	10,318,143,324.72	9,228,360,377.16	1,363,937,347.56	427,246,516.11	377,520,573.65	377,244,975.33

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Segment reporting (Continued)

(2) Financial information of reporting segment (Continued)

Unit: RMB

	Real estate development		Advertising and others		Unallocated items		Total	
	Current period	Prior period	Current period	Prior period	Current period	Prior period	Current period	Prior period
Segment operating income	239,598,650.73	411,802,770.41	39,280,087.28	33,128,637.42	-	-	2,668,351,072.50	4,835,457,868.83
Operating costs	110,236,786.05	205,590,031.45	27,015,850.09	12,686,454.68	-	-	1,859,290,222.19	1,955,644,387.14
Including: Amortization of toll roads operation rights	-	-	-	-	-	-	662,408,540.30	648,846,335.67
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	396,397,425.11	421,612,796.41
Segment operating profit (loss)	129,361,864.68	206,212,738.96	12,264,237.19	20,442,182.74	-	-	809,060,850.31	2,879,813,481.69
Reconciling items:								
Less: Taxes and levies	26,779,640.26	25,201,048	1,154,004.85	1,057,240	-	5,658,236.19	39,258,353.21	55,403,316.19
Selling expenses	8,977,337.47	18,630,332.26	-	-	-	-	8,977,337.47	18,630,332.26
Administrative expenses	-	-	-	-	37,158,398.04	48,989,807.47	73,831,410.68	85,673,931.47
Financial expenses	-	-	-	-	256,387,221.40	226,517,238.35	256,387,221.40	226,517,238.35
Add: Other income	216,411.69	-	-	-	1,052,745.12	1,629,483.39	9,387,442.24	2,612,095.39
Investment income	-	-	-	-	147,761,973.92	478,199,640.69	147,761,973.92	478,199,640.69
Gains or losses from changes in fair values	-	-	-	-	50,461,176.80	21,207,890.81	50,461,176.80	21,207,890.81
Impairment reversals (losses) of credit	-	-	-	-	-	-130,000	-	-130,000
Impairment loss of assets	-	-	-	-	-	-	-	-
Gains(losses) from disposal of assets	-	-	-	-	-	-295,936.53	-	-295,936.53
Operating profit	93,821,298.64	162,381,358.70	11,110,232.34	19,384,942.74	-94,269,723.60	219,445,796.35	638,217,120.51	2,995,182,353.78
Non-operating income	-	-	-	-	29,557,223.53	1,608,479.04	29,557,223.53	1,608,479.04
Non-operating expenses	-	-	-	-	9,752,929.55	11,041,962.04	9,752,929.55	11,041,962.04
Total profit	93,821,298.64	162,381,358.70	11,110,232.34	19,384,942.74	-74,465,429.62	210,012,313.35	658,021,414.49	2,985,748,870.78
Income tax expenses	-	-	-	-	173,933,369.86	651,267,942.06	173,933,369.86	651,267,942.06
Net profit	93,821,298.64	162,381,358.70	11,110,232.34	19,384,942.74	-248,398,799.48	-441,255,628.71	484,088,044.63	2,334,480,928.72
Total segment assets	4,401,857,711.68	4,417,920,934.76	2,006,296,591.04	1,833,345,563.53	14,490,502,981.52	14,073,099,270.02	58,378,917,728.48	55,625,048,624.75

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

4. Segment reporting (Continued)

(2) Financial information of reporting segment (Continued)

Segment profit represents the gross profit earned by each segment without allocation of finance costs, investment income, profit or loss from changes in fair value and administrative expenses. This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performances and allocating resources between segments, assets are allocated to segments other than long-term equity investment, held-for-trading financial assets and cash and bank balances etc., Segment liabilities are not allocated to segments for the Group's decision-maker has not consider liabilities of each segment when making decisions.

(3) External revenue by geographical area of source and non-current assets by geographical location

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

(4) Degree of reliance on major customers

The principle activities are toll roads operation and ancillary services along toll roads etc., therefore, there is no reliance on specific customers.

5. Capital risk management

The Group operates through the management of capital operations to ensure the going-concern of the entities of the group, and to maximize the return on investment by optimizing the balance between debt and equity.

The capital structure of the Group consists of net liabilities (borrowings offset cash and cash equivalents) as well as equity held by the Group's shareholders. The borrowings part of net liabilities is disclosed in Note VI 20, 28, 29, 30 and 31. Rights enjoyed by the shareholders of the Company includes capital reserve, other comprehensive income, surplus reserves, general risk reserve and retained profits disclosed in Note VI 36, 37, 38, 39 and 40 for disclosure.

The directors of the Company review the capital structure of the Group regularly, especially each capital cost and the corresponding risk. According to shareholder's proposal, the Group balances the capital structure through dividends, the issue of new bonds and repayment of existing debt.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Disclosure of accounts receivable by aging

Unit: RMB

Aging	Amount	Proportion (%)	30 June 2020	
			Provision for credit impairment	Book value
Within one year	179,853,150.90	97	155,150.24	179,698,000.66
1-2 years	5,306,318.48	3	–	5,306,318.48
2-3 years	–	–	–	–
More than 3 years	–	–	–	–
Total	<u>185,159,469.38</u>	<u>100</u>	<u>155,150.24</u>	<u>185,004,319.14</u>

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

Unit: RMB

Category	Amount	Proportion (%)	30 June 2020	
			Provision for credit impairment	Proportion (%)
All accounts receivable formed by transactions regulated by standards for revenue	124,299,242.33	67.13	155,150.24	100.00
Lease receivable	60,860,227.05	32.87	–	–
Total	<u>185,159,469.38</u>	<u>100.00</u>	<u>155,150.24</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

1. Accounts receivable (Continued)

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

Category	Amount	Proportion (%)	31 December 2019		Book value
			Provision for credit impairment	Proportion (%)	
All accounts receivable formed by transactions regulated by standards for revenue	105,865,778.68	66.65	155,150.24	100.00	105,710,628.44
Lease receivable	52,983,043.12	33.35	-	-	52,983,043.12
Total	<u>158,848,821.80</u>	<u>100.00</u>	<u>155,150.24</u>	<u>100.00</u>	<u>158,693,671.56</u>

(3) Analysis of provision for credit impairment:

Unit: RMB

Provision for credit impairment	Lifetime expected credit loss (not credit-impaired)	Total
Balance at 1 January 2020	155,150.24	155,150.24
Reversals for the year	-	-
Balance at 30 June 2020	<u>155,150.24</u>	<u>155,150.24</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

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

Unit: RMB

Name of entity	Amount	Provision for credit impairment	Proportion of total accounts receivable (%)
Jiangsu Expressway Network Operation and Management Co., Ltd. ("Network Operation Company")	74,278,796	–	40.12%
Jiangsu Zhendan Expressway Co., Ltd.	30,508,224	–	16.48%
Jiaying City Kaitong Investment Limited	22,849,316	–	12.34%
Dinuo Fangmaoshan Business Management Co., Ltd.	24,100,220	–	13.02%
Nanjing Baisheng Business Management Co., Ltd	15,602,538	–	8.43%

2. Other receivables

Unit: RMB

Item	Note	30 June 2020	31 December 2019
Dividends receivable	(1)	160,857,155.06	4,989,960.00
Others	(2)	8,962,920.04	8,192,904.41
Total		169,820,075.10	13,182,864.41

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(1) Dividends receivable

Unit: RMB

Item	30 June 2020	31 December 2019
Kuailu Company	4,989,960.00	4,989,960.00
Yangtze Bridge Company	68,380,279.20	–
Guangjing Xicheng Company	87,486,915.86	–

(2) Other receivables – others

<1> Disclosure of other receivables by aging

Unit: RMB

Aging	Amount	30 June 2020		Book value
		Proportion (%)	Provision for credit impairment	
Within 1 year	2,814,643.15	11.32	28,362.40	2,786,280.75
More than 1 year but not exceeding 2 years	6,160,029.98	24.78	51,002.60	6,109,027.38
More than 2 year but not exceeding 3 years	–	–	–	–
More than 3 years	15,881,131.76	63.90	15,813,519.85	67,611.91
Total	24,855,804.89	100.00	15,892,884.85	8,962,920.04

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

(2) Other receivables – others (Continued)

<2> Disclosure of other receivables by nature:

Unit: RMB

Nature	30 June 2020	31 December 2019
Amounts of investment clearance	15,812,140.02	15,812,140.02
Petty cash	2,313,000.00	4,101,224.53
Other insignificant amounts	6,730,664.87	4,172,424.71
Total	<u>24,855,804.89</u>	<u>24,085,789.26</u>

<3> Analysis of provision for credit impairment:

Unit: RMB

Provision for credit impairment	Stage I 12-month expected credit loss	Stage III Lifetime expected credit loss (credit- impaired)	Total
Balance at 1 January 2020	80,744.83	15,812,140.02	15,892,884.85
Provisions for the year	–	–	–
Balance at 30 June 2020	<u>80,744.83</u>	<u>15,812,140.02</u>	<u>15,892,884.85</u>

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

2. Other receivables (Continued)

(2) Other receivables – others (Continued)

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

Unit: RMB

Name of entity	Nature of other receivables	Amount	Aging	Proportion of the amount to total other receivables (%)	30 June 2020 (Provision for credit impairment)
Jiangsu Yixing Highway Administration Department	Amount of investment clearance	15,812,140.02	Over 3 years	63.62	15,812,140.02
Jiangsu Zhengxin Construction Technology Development Co., Ltd.	Advances	129,506.53	Within 1 year	0.52	1,348.43
Shenzhen Ruijin Industrial Co., Ltd	Others	96,261.28	Within 1 year	0.39	1,117.05
State Grid Jiangsu Electric Power Co., Ltd. Jurong Power Supply Company	Others	55,000.00	Over 3 years	0.22	1,100.00
Ping An Property & Casualty Insurance Company of China, Ltd.	Others	39,692.00	Within 1 year	0.16	1,723.54
Total		16,132,599.83		64.91	15,817,429.04

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments

Unit: RMB

Item	30 June 2020			31 December 2019		
	Gross carrying amount	Provision for impairment	Net carrying amount	Gross carrying amount	Provision for impairment	Net carrying amount
Investments in subsidiaries	13,528,816,684.47	-	13,528,816,684.47	12,981,816,684.47	-	12,981,816,684.47
Investments in associates	4,391,726,042.61	-	4,391,726,042.61	4,455,346,214.15	-	4,455,346,214.15
Total	17,920,542,727.08	-	17,920,542,727.08	17,437,162,898.62	-	17,437,162,898.62

(1) Investments in subsidiaries

Unit: RMB

Investee	31 December 2019	Changes in the current period	30 June 2020	Provision for impairment	Cash dividend for the year
Subsidiaries					
Guangjing Xicheng Company	2,125,000,000.00	-	2,125,000,000	-	-
Ningchang Zhenli Company	5,029,236,884.47	-	5,029,236,884.47	-	-
Ninghu Properties	500,000,000.00	-	500,000,000	-	-
Ninghu Investment	1,288,100,000.00	30,000,000	1,318,100,000	-	-
Zhendao Company	423,910,000.00	-	423,910,000	-	-
Wufengshan Bridge	3,112,980,000.00	-	3,112,980,000	-	-
Nanjing Hanwei Real Estate Development Co., Ltd.	184,499,800.00	-	184,499,800	-	-
Jiangsu Longtan Bridge Co., Ltd	268,090,000.00	517,000,000	785,090,000	-	-
Jiangsu Yangtze River Expressway Management Co., Ltd	50,000,000.00	-	50,000,000	-	-
Total	12,981,816,684.47	547,000,000	13,528,816,684.47	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS
(CONTINUED)

3. Long-term equity investments (Continued)

(2) Investments in joint ventures or associates

Unit: RMB

Investee	1 January 2020	Changes in the current year							30 June 2020 (provision for impairment)	
		Increase	Decrease	Investment income under the equity method	Adjustment of other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses		Others
Associates										
Kuailu Co., Ltd.	55,370,197.85	-	-	(2,988,000.00)	-	-	-	-	-	52,382,197.85
Yangtze Bridge Company	1,700,484,727.40	-	-	(14,929,600.00)	6,045,888.15	-	(68,380,279.20)	-	-	1,623,220,736.35
Suzhou Expressway Management	1,955,145,243.61	-	-	9,666,289.02	-	-	-	-	-	1,964,811,532.63
Xiexin Ninghu Company	10,781,980.54	-	-	712,421.57	-	-	-	-	-	11,494,402.11
Xiandai R&B Company	24,396,039.69	-	-	2,640,000.00	-	-	-	-	-	27,036,039.69
Network Operation Company	9,809,579.69	-	-	517,298.00	-	-	-	-	-	10,326,877.69
Media Company	62,487,431.67	-	-	641,493.72	-	-	-	-	-	63,128,925.39
Group Finance Company	636,871,013.70	-	-	14,954,317.20	-	-	(12,500,000.00)	-	-	639,325,330.90
Total	4,455,346,214.15	-	-	11,214,219.51	6,045,888.15	-	(80,880,279.20)	-	-	4,391,726,042.61

4. Operating income and operating costs

(1) Details of operating income and operating costs

Unit: RMB

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating activities	1,762,443,614.77	1,124,158,133.09	3,122,046,925.72	1,115,103,028.87
Including: Shanghai-Nanjing Expressway	1,176,273,277.15	643,622,193.65	2,542,648,099.56	628,196,265.30
Ningchang Expressway and Zhenli Expressway	-	11,215,581.14	-	-
Ancillary services	586,170,337.62	469,320,358.30	579,398,826.16	486,906,763.57
Others	13,078,500.14	-	-	-
Total	1,775,522,114.91	1,124,158,133.09	3,122,046,925.72	1,115,103,028.87

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2020

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Operating income and operating costs (continued)

(2) Description of the performance obligations

Highway tolls and ancillary services

The toll income is divided after the vehicle passes, and is recognized when the amount is received and receivable. The income from road supporting services is mainly oil income. Income from roll supporting services shall be recognized when refueling service is provided.

5. Investment income

Unit: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Income from long-term equity investments under equity method	11,214,219.51	245,926,085
Income from long-term equity investments under cost method	87,486,915.86	–
Investment income from investments in other equity instruments in the holding period	79,024,280.00	68,000,000
Investment income from held-for-trading financial assets	4,041,083.00	4,546,990.13
Interest income from loans	31,079,182.65	42,812,205.81
Total	<u>212,845,681.02</u>	<u>361,285,280.94</u>

SUPPLEMENTARY INFORMATION

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS

Unit: RMB

Item	Amount
Gains or losses on disposal of non-current assets	
Government grants recognized in profit or loss for the current period	9,387,442.24
Gains or losses from changes in fair values of held-for-trading financial assets, Profit on disposal of held-for-trading and available-for-sale financial investments	59,344,946.40
Profit or loss from fair value of net identifiable assets of investees attributed to the company when investment costs for acquisition of subsidiaries, associates and joint ventures are less than that acquired investments	
Other non-operating income or expenses other than the above	19,804,293.98
Tax effects	-182,238.99
Effects attributable to minority interests	-22,134,170.66
Total	<u>66,220,272.97</u>

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

The return on net assets and EPS have been prepared by Jiangsu Expressway Co., Ltd in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010) issued by China Securities Regulatory Commission.

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	1.71	0.0964	N/A
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profits or losses	<u>1.48</u>	<u>0.0833</u>	<u>N/A</u>

Note: Unit EPS: Yuan Per share

DOCUMENTS AVAILABLE FOR INSPECTION

Documents available for inspection

Chairman: Sun Xibin
The date of the approval of the Board: 28 August 2020

Revised information

Applicable Not Applicable

Report No.

Issue date of correction and
supplementary announcement

Contents of correction and
supplementary announcement

