




SHENZHEN EXPRESSWAY COMPANY LIMITED

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



2021 Interim Report





Cautionary Statement in relation to Forward-looking Statement:

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

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

Member of Shenzhen International Holdings Limited

Contents

2	Definition and Cautionary Statement	71	Directors, Supervisors and Senior Management
13	Introduction of the Company		Interim Financial Statements
15	Financial Highlights	76	<i>Consolidated and Company Balance Sheet</i>
	Management Discussion and Analysis	81	<i>Consolidated and Company Income Statement</i>
21	<i>Business Review</i>	84	<i>Consolidated and Company Statement of Cash Flows</i>
37	<i>Financial Analysis</i>	88	<i>Consolidated and Company Statement of Changes in Equity</i>
57	<i>Outlook and Plans</i>	91	<i>Notes to the Consolidated Financial Statements</i>
59	Significant Events	252	<i>Supplementary Information</i>
68	Share Capital and Shareholders	254	Company Information



Definition and Cautionary Statement

I. Definition

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

Reporting Period, 2021 Interim, the Period	For the six months ended 30 June 2021.
Reporting Date	The date on which this Interim Report 2021 of the Company is approved by the Board, i.e. 25 August 2021.
YOY	Year-on-year change rate as compared to 2020 Interim or the same period of 2020.
The Company, Company, Shenzhen Expressway	Shenzhen Expressway Company Limited.
The Group, Group	The Company and its consolidated subsidiaries.
A Shares	Renminbi-denominated ordinary shares of the Company which were issued in the PRC and subscribed in RMB and are listed on SSE.
H Shares	Overseas-listed foreign shares of the Company which were issued in Hong Kong and subscribed in HK\$ and are listed on HKEx.
CSRC	China Securities Regulatory Commission.
SFC	Securities and Futures Commission of Hong Kong.
SSE	The Shanghai Stock Exchange.
HKEx	The Stock Exchange of Hong Kong Limited.
Hong Kong	Hong Kong Special Administrative Region of the PRC.
Listing Rules	The Rules Governing the Listing of Securities on HKEx and/or the Rules Governing the Listing of Stocks on SSE (as the case may be).
CASBE	The Accounting Standards for Business Enterprises (2006) of the PRC and the specific accounting standards as well as relevant provisions issued later.

NDRC	中華人民共和國國家發展和改革委員會(National Development and Reform Commission).
MOT	中華人民共和國交通運輸部(Ministry of Transport of the People's Republic of China).
National Energy Administration	中華人民共和國國家能源局(National Energy Administration of the People's Republic of China).
Ministry of Finance	中華人民共和國財政部(Ministry of Finance of the People's Republic of China).
Ministry of Industry and Information Technology	中華人民共和國工業和信息化部(Ministry of Industry and Information Technology of the People's Republic of China).
Shenzhen SASAC	深圳市人民政府國有資產監督管理委員會(State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government).
Shenzhen Transport Bureau	深圳市交通運輸局(Transport Bureau of Shenzhen Municipality), formerly known as 深圳市交通運輸委員會(Transport Commission of Shenzhen Municipality).
SIHCL	深圳市投資控股有限公司(Shenzhen Investment Holdings Company Limited).
Shenzhen International	深圳國際控股有限公司(Shenzhen International Holdings Limited).
XTC Company	新通產實業開發(深圳)有限公司(Xin Tong Chan Development (Shenzhen) Company Limited), formerly known as 深圳市高速公路開發公司(Shenzhen Freeway Development Company Limited).
SGH Company	深圳市深廣惠公路開發有限公司(Shenzhen Shen Guang Hui Highway Development Company Limited), formerly known as 深圳市深廣惠公路開發總公司(Shenzhen Shen Guang Hui Highway Development Company).
CMET	招商局公路網絡科技控股股份有限公司(China Merchants Expressway Network & Technology Holdings Co., Ltd.), formerly known as 招商局華建公路投資有限公司(China Merchants Hua Jian Highway Investment Co., Ltd.).
GDRB Company	廣東省路橋建設發展有限公司(Guangdong Roads and Bridges Construction Development Company Limited).
Shenzhen International (Shenzhen)	深國際控股(深圳)有限公司(Shenzhen International Holdings (SZ) Limited), formerly known as 怡萬實業發展(深圳)有限公司(Yiwan Industry Development (Shenzhen) Company Limited).

Definition and Cautionary Statement

Fund Company	深圳高速私募產業投資基金管理有限公司(Shenzhen Expressway Private Equity Industrial Investment Fund Management Co., Ltd.).
Vanke	萬科企業股份有限公司(China Vanke Co., Ltd.).
Bank of Guizhou	貴州銀行股份有限公司(Bank Of Guizhou Co., Ltd.).
Longda Company	深圳龍大高速公路有限公司(Shenzhen Longda Expressway Company Limited).
Coastal Company	深圳市廣深沿江高速公路投資有限公司(Shenzhen Guangshen Coastal Expressway Investment Company Limited).
Outer Ring Company	深圳市外環高速公路投資有限公司(Shenzhen Outer Ring Expressway Investment Company Limited).
Yichang Company	湖南益常高速公路開發有限公司(Hunan Yichang Expressway Development Company Limited).
Magerk Company	湖北馬鄂高速公路經營有限公司(Hubei Magerk Expressway Management Company Limited).
Qinglian Company	廣東清連公路發展有限公司(Guangdong Qinglian Highway Development Company Limited).
Shenchang Company	長沙市深長快速幹道有限公司(Changsha Shenchang High Speed Trunk Road Company Limited).
Qinglong Company	深圳清龍高速公路有限公司(Shenzhen Qinglong Expressway Company Limited).
Huayu Company	深圳市華昱高速公路投資有限公司(Shenzhen Huayu Expressway Investment Company Limited).
Jiangzhong Company	廣東江中高速公路有限公司(Guangdong Jiangzhong Expressway Company Limited).
Yangmao Company	廣東陽茂高速公路有限公司(Guangdong Yangmao Expressway Company Limited).
GZ W2 Company	廣州西二環高速公路有限公司(Guangzhou Western Second Ring Expressway Company Limited).
Guangyun Company	雲浮市廣雲高速公路有限公司(Yunfu Guangyun Expressway Company Limited).

Nanjing Third Bridge Company	南京長江第三大橋有限責任公司(Nanjing Yangtze River Third Bridge Company Limited).
Guishen Company	貴州貴深投資發展有限公司(Guizhou Guishen Investment Development Company Limited).
Property Management Company	深圳高速物業管理有限公司(Shenzhen Expressway Property Management Company Limited).
Advertising Company	深圳市高速廣告有限公司(Shenzhen Expressway Advertising Company Limited).
Consulting Company	深圳高速工程顧問有限公司(Shenzhen Expressway Engineering Consulting Company Limited).
Operation Development Company	深圳高速運營發展有限公司(Shenzhen Expressway Operation Development Company Limited).
Construction Company	深圳高速建設發展有限公司(Shenzhen Expressway Construction Development Company Limited).
Architecture Technology Company	深圳高速建築科技發展有限公司(Shenzhen Expressway Architecture Technology Development Company Limited).
Infrastructure and Environmental Protection Company	深圳深高速基建環保開發有限公司(Shenzhen Shenzhen Expressway Infrastructure and Environmental Protection Development Co., Ltd.).
Investment Company	深圳高速投資有限公司(Shenzhen Expressway Investment Company Limited).
Environmental Company	深圳高速環境有限公司(Shenzhen Expressway Environmental Company Limited).
JEL Company	捷德安派有限公司(Jade Emperor Limited).
Maxprofit Company	Maxprofit Gain Limited.
Mei Wah Company	美華實業(香港)有限公司(Mei Wah Industrial (Hong Kong) Limited).
Fameluxe Investment	豐立投資有限公司(Fameluxe Investment Limited).
Meiguan Company	深圳市梅觀高速公路有限公司(Shenzhen Meiguan Expressway Company Limited).
Jihe East Company	深圳機荷高速公路東段有限公司(Shenzhen Jihe Expressway (Eastern Section) Company Limited).

Definition and Cautionary Statement

Meiguan Expressway	The expressway from Meilin to Guanlan in Shenzhen City. The Toll Free Section of Meiguan Expressway refers to the section from Meilin to Guanlan with a mileage of approximately 13.8 km, which has become toll-free from 24:00 on 31 March 2014. The Toll Section of Meiguan Expressway refers to the section from Shenzhen-Dongguan border to Guanlan with a mileage of approximately 5.4 km which remains collection of toll.
Jihe Expressway	The expressway from Shenzhen International Airport to He'ao in Shenzhen City, comprising Jihe East (Qinghu to He'ao) and Jihe West (Airport to Qinghu).
Yanba Expressway	The expressway from Yantian to Bagang in Shenzhen City, with a total toll mileage of approximately 29.1km. From 0:00 on 7 February 2016, it has been operated by card access with the toll exempted, and has been transferred to Shenzhen Transport Bureau from 0:00 on 1 January 2019.
Yanpai Expressway	The expressway from Yantian to Paibang in Shenzhen City, also referred to as Yantian Subsidiary Road of Jihe Expressway, with a toll mileage of approximately 15.6km. From 0:00 on 7 February 2016, it has been operated by card access with the toll exempted, and has been transferred to Shenzhen Transport Bureau from 0:00 on 1 January 2019.
Nanguang Expressway	The expressway from Xili to Gongming in Shenzhen City, with a toll mileage of approximately 31km. From 0:00 on 7 February 2016, it has been operated by card access with the toll exempted, and has been transferred to Shenzhen Transport Bureau from 0:00 on 1 January 2019.
Shuiguan Expressway	The expressway from Shuijingcun to Guanjintou in Shenzhen City.
Shuiguan Extension	An extension to Shuiguan Expressway, Phase I of Qingping Expressway (the expressway from Yulongkeng to Pinghu in Shenzhen City).
Outer Ring Project	The project of Shenzhen section of Outer Ring Expressway in Shenzhen City (referred to as Outer Ring Expressway), among which, the 35.67km from Shajing to Guanlan and the 15.06km from Longcheng to Pingdi, totaling approximately 51km (referred to as Outer Ring Phase I), have been opened for operation on 29 November 2020. The 9.35km from the end of Longgang Section of Outer Ring Phase I to Danzi Avenue via Pingdi etc. (referred to as Outer Ring Phase II) is under construction. The 16.8km from Kengzi to Yanba Expressway (referred to as Outer Ring Phase III) is carrying out preliminary work such as survey and design.
Coastal Project	The section from Nanshan, Shenzhen to Dongbao River (the boundary between Dongguan and Shenzhen) (referred to as Coastal Expressway (Shenzhen Section)) of the coastal expressway from Guangzhou to Shenzhen (referred to as Coastal Expressway). Among which, the project of main line of Coastal Expressway (Shenzhen Section) and facilities referred to as Coastal Phase I , and the project of the ramp bridge of airport interchange of Coastal Expressway (Shenzhen Section) and facilities referred to as Coastal Phase II .

Longda Expressway	The expressway from Longhua, Shenzhen to Dalingshan, Dongguan. From 0:00 on 7 February 2016, the Shenzhen Section of Longda Expressway (totaling, the 23.8km section from Longhua Shenzhen to the access point of the Nanguang express ramp) has been operated by card access with the toll exempted, and has been transferred to Shenzhen Transport Bureau from 0:00 on 1 January 2019. The Toll Section of Longda Expressway refers to the section about 4.426km north of Songgang to Guanfo expressway, which still retains toll.
Qinglian Project	Qinglian Expressway, from Qingyuan to Lianzhou.
Yangmao Expressway	The expressway from Yangjiang to Maoming.
Guangwu Project	The section from Ma'an to Hekou of the expressway from Guangzhou, Guangdong to Wuzhou, Guangxi (referred to as Guangwu Expressway).
Jiangzhong Project	The expressway from Zhongshan to Jiangmen and the second phase of the expressway from Jiangmen to Heshan.
GZ W2 Expressway	The section from Xiaotang to Maoshan of Guangzhou Ring Expressway, also referred to as Guangzhou Western Second Ring Expressway.
Wuhuang Expressway	The expressway from Wuhan to Huangshi.
Changsha Ring Road	Changsha Ring Expressway (North-western Section).
Nanjing Third Bridge	Nanjing Yangtze River Third Bridge.
Yichang Project	The expressway from Yiyang to Changde in Hunan (referred to as Yichang Expressway) and Changde connection line.
Three Projects	Nanguang Expressway, Yanpai Expressway and Yanba Expressway (referred to as the Three Projects). On 30 November 2015, the Company entered into the Three Expressways agreement with the Shenzhen Transport Bureau in relation to the toll adjustment of the Three Projects. The Three Projects have been transferred to Shenzhen Transport Bureau from 0:00 on 1 January 2019.
Four Expressways	Nanguang Expressway, Yanpai Expressway, Yanba Expressway and the Shenzhen section of Longda Expressway (referred to as the Four Expressways), all of which have been transferred to Shenzhen Transport Bureau from 0:00 on 1 January 2019.
SIICH	Shenzhen Investment International Capital Holdings Co., Ltd. is a wholly-owned subsidiary of SIHCL.
SIICHI	Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd.

Definition and Cautionary Statement

Bay Area Development	Shenzhen Investment Holdings Bay Area Development Company Limited, a company listed on the HKEx, stock code: 00737.
GS Expressway	The Guangzhou-Shenzhen Section of Beijing-Hong Kong&Macao Expressway (G4), which starts from Huangcun interchange in Tianhe District, Guangzhou in the north, and ends at Huanggang Port in Futian District, Shenzhen in the south, with a total length of approximately 122.8km.
West Expressway	Guangzhou-Zhuhai West Expressway, comprising Phase I, Phase II and Phase III, starts from Hainan interchange in Liwan District, Guangzhou in the north and to Yuehuan Interchange in Tanzhou Town, Zhongshan in the south, with a total length of approximately 98km.
Longda Municipal Section	The entrusted construction project of the municipal facilities of Dalang Section of Longda Expressway I of Meiguan and supporting the C to municipal undertaken by the Company.
Cargo Organisation Adjustment Project	The entrusted construction project of the highway toll stations and ancillary facilities undertaken by the Company due to the implementation of the freight traffic organisation adjustment of Shenzhen.
Shenshan Environmental Park Project	The entrusted construction and management project for the whole process in relation to the infrastructure and ancillary projects for Shenshan Eco-Environmental Science and Technology Industrial Park undertaken by the Group.
Guilong Project	The construction project of phase I of Guilong Road in Longli, Guizhou by BT model and the primary development project of relevant land undertaken by the Group.
CCCC Second Highway	Guizhou Shenzhen Expressway Property Company Limited.中交第二公路工程局有限公司(CCCC Second Highway Engineering Co., Ltd.).
Duohua Bridge Project	A road construction project from Jichang Village to Duohua Village in Longli County undertaken by Guishen Company by BT model. The major work of the project is Duohua Bridge.
Guilong Holdings	貴州貴龍實業(集團)有限公司(Guizhou Guilong Holdings (Group) Company Limited).
Resettlement Project	The entrusted construction project of Wangguan Comprehensive Resettlement Building of Guilong Economic Zone undertaken by the Group in Longli, Guizhou, comprising Resettlement phase I and Resettlement phase II .
Bimeng Project	The Bimeng Garden community resettlement project in Longli, Guizhou undertaken by the Group with BT model.
Guizhou Property	貴州深高速置地有限公司(Guizhou Shenzhen Expressway Property Company Limited).

Land of Longli Project	The peripheral land of Guilong Project and the Duohua Bridge Project were successfully bid by the Group. As at the end of the Reporting Period, the Group has cumulatively won the bids for the land of Longli Project with an area of approximately 3,037 mu, including 2,770 mu for Guilong Project and 268 mu for the Duohua Bridge Project.
Guilong Development Project	The proprietary secondary development project with an area of over 1,000 mu, conducted by the Group on Guilong Project, which has been approved by the Board.
Meilin Checkpoint Renewal Project	Shenzhen Longhua New Area Mingzhi Office Meilin Checkpoint Urban Renewal Project, the entity which carried out the project is United Land Company and area of the land is approximately 96,000 square meters.
Water Planning Company	深圳市水務規劃設計院股份有限公司(Shenzhen Water Planning & Design Institute Company Limited), a company listed on the SZSE, stock code: 301038.
Derun Environment	重慶德潤環境有限公司(Chongqing Derun Environment Company Limited).
Water Asset	重慶市水務資產經營有限公司(Chongqing Water Asset Management Company Limited).
Chongqing Water	重慶水務集團股份有限公司(Chongqing Water Group Company Limited), a company listed on the SSE, stock code: 601158.
Sanfeng Environment	重慶三峰環境集團股份有限公司(Chongqing San Feng Environmental Industrial Group Co., Ltd.), a company listed on the SSE, stock code: 601827.
Suez Group	法國蘇伊士集團(Suez Group, France).
SUEZ Environment	深圳高速蘇伊士環境有限公司(Shenzhen Expressway SUEZ Environment Company Limited).
Mengxi Region	The western economic zone of Inner Mongolia, mainly comprises the three core and engine cities of Hohhot, Baotou, and Ordos, and radiates with the four league cities of Alxa, Ulanqab, Bayannaoer and Wuhai.
Nanjing Wind Power	南京風電科技有限公司(Nanjing Wind Power Technology Co., Ltd.).
Baotou Nanfeng	包頭市南風風電科技有限公司(Baotou Nanfeng Wind Power Technology Co., Ltd.).
Damao Ningyuan	達茂旗寧源風力發電有限公司(Damao Ningyuan Wind Power Company Limited), a wholly-owned subsidiary of Baotou Nanfeng.
Damao Ningxiang	達茂旗寧翔風力發電有限公司(Damao Ningxiang Wind Power Company Limited), a wholly-owned subsidiary of Baotou Nanfeng.

Definition and Cautionary Statement

Damao Ningfeng	達茂旗寧風風力發電有限公司(Damao Ningfeng Wind Power Company Limited), a wholly-owned subsidiary of Baotou Nanfeng.
Damao Nanchuan	達茂旗南傳風力發電有限公司(Damao Nanchuan Wind Power Company Limited), a wholly-owned subsidiary of Baotou Nanfeng.
Lingxiang Company	包頭市陵翔新能源有限公司(Baotou Lingxiang New Energy Company Limited), a wholly-owned subsidiary of Baotou Nanfeng.
New Energy Company	深圳高速新能源控股有限公司(Shenzhen Expressway New Energy Holdings Co., Ltd.)
Guangdong New Energy	深高速(廣東)新能源投資有限公司(Shenzhen Expressway (Guangdong) New Energy Investment Co., Ltd.)
Huaian Zhongheng	淮安中恒新能源有限公司(Huaian Zhongheng New Energy Co., Ltd.).
SPIC Fujian Company	國家電投集團福建電力有限公司(State Power Investment Corporation Fujian Electric Power Co., Ltd.).
Mulei Wind Power Project	The wind power project of Changji Mulei Laojunmiao Wind Farm in Xinjiang Zhudong New Energy Base, including Qianzhi, Qianhui and QianXin projects.
Qianzhi	木壘縣乾智能源開發有限公司(Mulei County Qianzhi New Energy Development Co., Ltd.).
Qianhui	木壘縣乾慧能源開發有限公司(Mulei County Qianhui New Energy Development Co., Ltd.).
QianXin	木壘縣乾新能源開發有限公司(Mulei County QianXin New Energy Development Co., Ltd.).
Guangming Environmental Park Project	The Shenzhen Guangming Environmental Park PPP (Public-Private-Partnership) Project invested and constructed by the Company under the BOT (Build-Operate-Transfer) model.
Lande Environmental	深高藍德環保科技集團股份有限公司(Shenzhen Expressway Lande Environmental Technology Group Holdings Co., Ltd.).
Guangdong UETC	廣東聯合電子服務股份有限公司(Guangdong United Electronic Toll Collection Inc.).
United Land	深圳市深國際聯合置地有限公司(Shenzhen International United Land Co., Ltd.).
One Apartment	深圳市深高速壹家公寓管理有限公司(Shenzhen Expressway One Apartment Management Co., Ltd.).

Engineering Development Company	深圳高速工程發展有限公司(Shenzhen Expressway Engineering Development Co., Ltd.), formerly known as 廣東博元建設工程有限公司(Guangdong Boyuan Construction Engineering Co., Ltd.).
Asphalt Technology Company	深圳高速瀝青科技發展有限公司(Shenzhen Expressway Asphalt Technology Development Co., Ltd.).
Qiantai Company	深圳深汕特別合作區乾泰技術有限公司(Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Co., Ltd.).
Vanho Securities	萬和證券股份有限公司(Vanho Securities Co., Ltd.).
Logistics Financial Company	中國物流金融服務有限公司(China Logistics Financial Services Limited).
SZI (HK)	深國際有限公司(Shenzhen International Limited).
SZI Logistics	深圳市深國際物流發展有限公司(Shenzhen International Logistics Development Co., Ltd.).
Financial Leasing Company	深圳市深國際融資租賃有限公司(Shenzhen International Financial Leasing Co., Ltd.).
PPP (model)	Public-Private-Partnership model, refer to a partnership on the basis of concession agreement for the construction of urban infrastructure projects or the provision of public goods and services between the government and private organisations. PPP model ultimately makes both parties of the cooperation get more favourable results than those who act alone expected, by signing the contract to define the rights and obligations of both parties, to ensure the smooth completion of cooperation.
BOT (model)	Build-Operate-Transfer model, refer to the infrastructure model of investment, construction and operation. On premised on an agreement between the government and the private sector, the government issues a franchise to the private sector to allow it to raise funds for a certain period of time to build an infrastructure, manage and operate the facility and its corresponding products and services.
EPC (model)	Engineering Procurement Construction model means the Company is entrusted by the owner to carry out the whole process or several stages of contracting for the design, procurement, construction, and trial operation of a construction project in accordance with the contract. Usually, the company is responsible for the quality, safety, cost and schedule of the contracted project under the conditions of the total price contract.
BIM	Building Information Modelling, which is a model equipped with a complete and realistic construction database by building a virtual three-dimensional construction model and using digitisation technology. It is a digitised tool applied to engineering design, construction and management. Meanwhile, the model plays a key role in enhancing productivity, saving costs and shortening construction periods.

Definition and Cautionary Statement

ETC	Electronic Toll Collection, a system used to electronically collect tolls on highways.
Source-Grid-Load-Storage Integration	Including the operation mode of the overall solution of “power supply, grid, load, and energy storage”.
Coastal Freight Compensation Scheme	The scheme that all types of freight cars passing through the Coastal Project will be charged 50% of the normal toll fees standard from 1 March 2018 to 31 December 2020, and Shenzhen Transport Bureau compensates to Coastal Company for RMB302 million. Upon the expiry of the toll adjustment agreement, Shenzhen Transport Bureau, the Company and Coastal Company entered into the freight compensation agreement, wherein it is agreed that during the period from 1 January 2021 to 31 December 2024, the vehicles passing the Coastal Project should be charged at 50% of the standard rate of the toll, and such toll waived by the Company and Coastal Company shall be compensated by the government in an one-off manner in March of the following year.
Airport Economic Zone	Shenzhen Bao’an Airport and its surrounding areas. The area mainly includes the western coastal area of Shajing and Fuyong. It covers Shenzhen Airport, Bao’an West River area and Qianhai area, with a total area of approximately 95 square kilometres. It is located at the intersection of three urban circles, including Guangdong-Foshan-Zhaoqing, Shenzhen-Dongguan-Huizhou and Zhuhai-Zhongshan-Jiangmen, and the core of the Pearl River Estuary Bay area, with outstanding strategic location advantages.
Epidemic	A global outbreak of COVID-19 in early 2020.
Toll-free Policy during the Epidemic	According to the unified requirements of the Ministry of Transport, from 0:00 on 17 February 2020 to 0:00 on 6 May 2020, all vehicles using toll roads in accordance with the law will be exempted from toll across the country.
PRC	The People’s Republic of China excluding, for the purpose of this report, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

Note:

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

II. Cautionary Statement on Risk

Detailed analysis and description on the future operation and development of the Group were set out in “Management Discussion and Analysis” of this Interim report. Investors’ inspection and attention are reminded.

Introduction of the Company

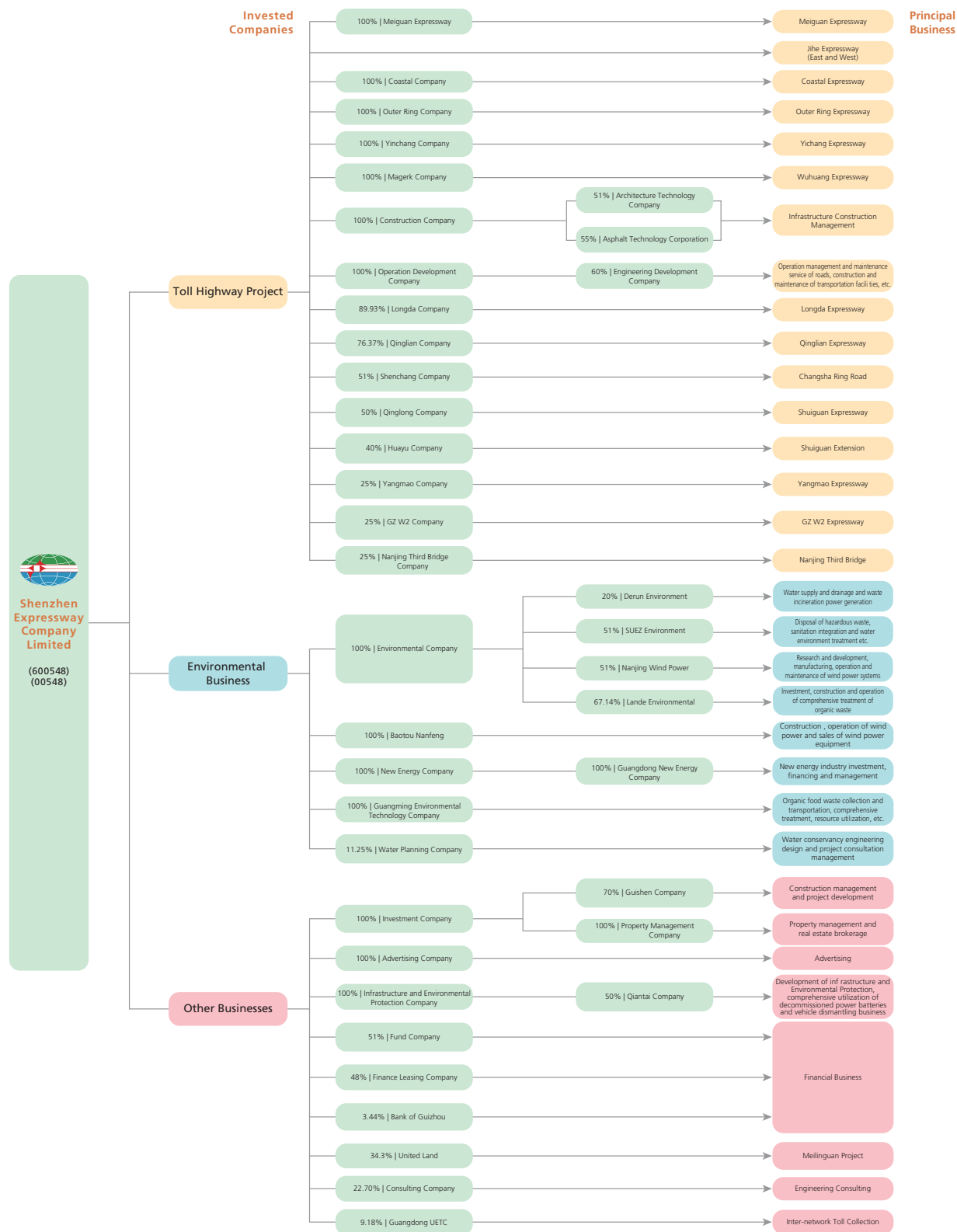
Incorporated in Shenzhen on 30 December 1996, the Company principally engages in the investment, construction, operation and management of toll highways and roads, as well as the general-environmental protection business. At present, the general-environmental protection business includes recovery and solid waste management and clean energy business. In addition, the Company provides outstanding construction management and highways operation management services for the government and other enterprises. Building on relevant management experience and resources and relying on its core business, the Company has launched in the related businesses such as project development and management, road operation and maintenance, intelligent traffic system, construction consultation, urban complex and industrial financial services.

As of the date of this Report, the Company operated and invested in a total of 15 toll highway projects. The total mileage of the high-grade highways invested in or operated by the Company (on equity basis) is approximately 529km, of which 15km remains under construction. The Company has also actively participated in various regional urban infrastructure development projects while investing in more than 13 projects in the field of environmental protection, clean energy and finance, and set up multiple platform companies: the Investment Company, the Construction Development Company, the Operation Development Company, the Environmental Company, the Urban Infrastructure Company and the New Energy Company, etc.

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

Introduction of the Company

As at the Reporting Date, the Group's investee companies (including abbreviations of the investee companies) and equity structure are as follows:



Note: This structure chart only includes the first level and second level subsidiaries of the Group, and the third level and below subsidiaries are not listed.

Financial Highlights

I. Principal Accounting Data and Financial Indicators in the Reporting Period

Item (Unit: RMB)	2021 Interim (Unaudited)	2020 Interim (Unaudited)		Change (%)
		After adjustment	Before adjustment	
Revenue	4,211,137,979.84	1,736,562,664.28	1,686,872,482.94	142.50
Net profit/Loss attributable to owners of the Company (loss shown with "-")	1,219,331,455.86	52,678,854.97	43,922,935.74	2,214.65
Net profit/Loss attributable to owners of the Company – excluding non-recurring items (loss shown with "-")	1,188,909,972.81	-11,753,811.56	-11,753,811.56	N/A
Net cash flows from operating activities	1,733,606,302.66	-15,013,487.59	-157,417,600.95	N/A

Item (Unit: RMB)	As at 30 June 2021 (Unaudited)	As at 31 Dec 2020 (Audited)		Change (%)
		After adjustment	Before adjustment	
Owners' equity attributable to owners of the Company	23,241,957,173.15	23,042,941,782.92	23,042,941,782.92	0.86
Total assets	57,329,026,624.77	55,144,962,042.63	55,144,962,042.63	3.96

Item	2021 Interim (Unaudited)	2020 Interim (Unaudited)		Change (%)
		After	Before	
Earnings/Loss per share – basic (RMB/share) (loss shown with "-")	0.517	0.024	0.020	2,054.17
Earnings/Loss per share – diluted (RMB/share) (loss shown with "-")	0.517	0.024	0.020	2,054.17
Earnings/Loss per share excluding non-recurring items – basic (RMB/share) (loss shown with "-")	0.503	-0.005	-0.005	N/A
Return on equity – weighted average (%)	5.79	0.29	0.24	Increase 5.50 pct. pt
Return on equity excluding non-recurring items – weighted average (%)	5.64	-0.06	-0.06	Increase 5.70 pct. pt

Description of Principal Accounting Data and Financial Indicators of the Company:

- At the end of November 2020, Longda Company was consolidated into the Group's financial statements as entity under common control. According to the relevant requirements of the accounting standards for business enterprises, the Company retroactively adjusted the data of the consolidated financial statements for the same period of last year.
- The Company carried out financing by issuance of the RMB4 billion perpetual bonds in December 2020, which were included in other equity instruments. According to relevant regulations, the impact of the perpetual bonds has been deducted in the calculation of the above earnings per share and weighted average return on net assets.

Financial Highlights

Non-recurring Profit/Loss Items and Amounts

Non-recurring Item (Unit: RMB)	2021 Interim	Notes
The fair value gain/loss on foreign exchange forward contract	-41,866,096.38	To mitigate the exchange rate risk, the Group entered into foreign exchange forward arrangements for the bond with a principal value of USD300 million dollars, and related losses on change in fair value were recognised due to depreciation of US Dollar during the Reporting Period.
Changes in fair value of other non-current financial assets	-1,751,519.39	Fair value change losses of the Period from the equity interest in Guangdong UETC
Asset disposal income	40,562,941.83	Income from the transfer of equity interest in an associated company and compensation received from the government for expropriation of certain land along the expressway.
Capital occupation fee received from non-financial corporation	860,000.00	
Government grants recognised in the profit or loss for the Period	33,564,699.06	Subsidy granted by the government for headquarter economy development, and cancellation of subsidy for provincial toll stations, etc.
Other non-operating income and expenditure excluding above items	12,256,278.79	Receipt of income including litigation compensation
Minority shareholder's interest effects	-3,022,496.12	
Income tax effects	-10,182,324.74	
Total	30,421,483.05	

II. Financial Summary for Five Years

Financial Summary (Unit: RMB million, unless otherwise stated)					
Item	2020 (Restated)	2019 (Restated)	2018 (Restated)	2017 (Restated)	2016 (Restated)
Revenue	8,027	6,390	6,468	5,799	5,440
Of which: Toll revenue	4,387	4,722	5,656	5,266	4,633
Profit before interests and tax	3,339	3,057	7,886	3,085	2,607
Net profit	2,055	2,564	5,069	1,565	1,227
Net cash inflows from operating activities	1,101	1,695	3,244	3,124	2,451
Net cash inflows from operating activities and cash return on investments	1,521	2,831	5,397	3,506	2,734
Interest covered multiple (Times)	3.87	4.71	7.94	3.22	3.07
Earnings per share (RMB Yuan)	0.936	1.176	2.324	0.718	0.563
Cash dividends per share (RMB Yuan)	0.43	0.52	0.71	0.30	0.22

Item	As at 31 Dec 2020 (Restated)	As at 31 Dec 2019 (Restated)	As at 31 Dec 2018 (Restated)	As at 31 Dec 2017 (Restated)	As at 31 Dec 2016 (Restated)
Total assets	55,145	45,658	44,400	47,378	42,503
Total liabilities	28,866	24,611	22,797	31,012	25,933
Total equity	26,279	21,048	21,603	16,366	16,570
Debt-to-asset ratio (%)	52.35	53.90	51.34	65.46	61.01
Gross liabilities-to-equity ratio (%)	109.84	116.93	105.53	189.48	156.51
Net borrowings-to-equity ratio (%)	61.18	65.77	52.12	119.36	78.12
Net assets per share (RMB Yuan)	8.73	8.50	8.76	6.43	6.65

• Description of Key Financial Ratios

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW	21
FINANCIAL ANALYSIS	37
OUTLOOK AND PLANS	57





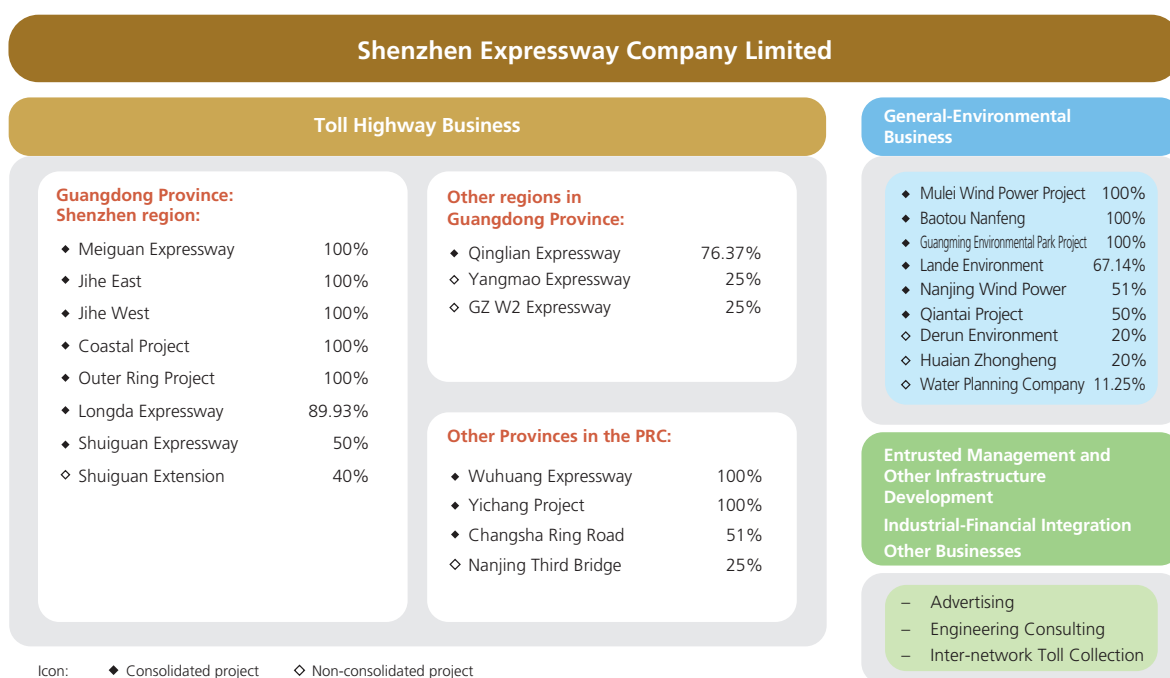
中 原 河 大 桥

Management Discussion and Analysis



In order to achieve the Company's strategic goal of transformation and upgrading, in addition to upgrading and consolidating the core business of toll highway, the Group prudently seeks opportunities for cooperation with leading and branded enterprises in the general-environmental protection industry to enter the environmental protection and clean energy business sector from a high starting point, thereby establishing the current business landscape with toll highway and general-environmental protection as its dual core businesses. In recent years, the Group adheres to a market-oriented, specialised and industrialised approach to continuously adjust and integrate its internal organisational structure and functions. It has gradually established various business platforms for urban infrastructure, environmental protection, operation, construction and new energy which include the Investment Company, a company principally engages in the business of expanding infrastructure construction market as well as joint comprehensive development of land; the Operation Development Company, a company principally engages in the provision of highway operation, maintenance management services and intelligent transportation business; the Environmental Company, a company principally engages in the expansion of businesses relating to the environmental protection industry such as recovery and solid waste management; the Construction Development Company, a company principally engages in the provision of project construction management services; the Infrastructure and Environmental Protection Company, a company, located in the Shenshan Special Cooperation Zone, engages in the provision of large-scale infrastructure construction management services for the cooperation zone and the project investment within the cooperation zone, and the New Energy Company, a company principally engages in the expansion of businesses relating to wind energy and other new energy. The Group has also set up the industry financial management department in 2020, which would act as a consolidated management platform of the Group for the industrial-financial integration business. Through the aforesaid business platform, the Group will give full play to its own competitive advantages in infrastructure investment and finance, construction, operation and integrated management. The Group will also actively extend its business scope to the upstream and downstream of the industrial chain of its dual core businesses and develop other service-oriented businesses, such as operation maintenance, intelligent transportation/environmental protection system, engineering consulting, urban comprehensive services and industrial finance, striving for greater rooms for the development of the Group's operation.

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



I. Business Review

During the Reporting Period, the Group effectively managed the main businesses of toll highway, recovery and solid waste management and clean energy, and steadily advanced relevant businesses such as entrusted management, infrastructure development and financial services. During the Reporting Period, the Group recorded revenue of approximately RMB4,211 million, representing a YOY increase of 142.50%. Among them, toll revenue was approximately RMB2,782 million, revenue from environmental protection businesses such as clean energy and recovery and solid waste management was approximately RMB647 million, and other revenue was approximately RMB782 million, which accounted for 66.06%,15.37% and 18.57% of the total revenue of the Group, respectively.

Management Discussion and Analysis

(I) Analysis of Operating Environment

(1) Economic environment

In the first half of 2021, the COVID-19 pandemic remained severe and complicated globally. The prevention and control of the pandemic, the reopening of the economy and the resumption of growth is still the keynotes around the world. In view of the complex and ever-changing external and domestic environment, the Chinese government continued to build on pandemic prevention and control measures as well as economic and social development. In the first half of the year, China's GDP reached RMB53,216.7 billion, representing a YOY increase of 12.7% and an average growth of 5.3% over the past two years. It revealed a sound recovery and improving performance of the Chinese economy. In terms of economic structure, industrial production grew gradually. From January to June 2021, industry value-added from enterprises above the designated size increased by 15.9% year-on-year and the industrial capacity utilisation was 77.9%, which was at a higher level in recent years. Energy production achieved steady growth and electricity generation increased drastically. Amongst which, clean energy production continued to expand and wind power generation was up 26.6%. In the first half of the year, the total value of foreign trade imports and exports amounted to RMB18.07 trillion, representing a YOY increase of 27.1%. Domestic production was on a positive trend with increasing growth momentum, which drove the rising demand for clean energy and the stable growth in general demand for highway transportation and logistics to a certain extent. Source of data: Government statistics information website

(2) Policy environment

- ◆ **Toll highway industry:** To enhance the traffic efficiency of the highway network and to promote cost reduction and efficiency improvement for logistics, the MOT, the NDRC and the Ministry of Finance jointly issued the "Implementation Plan for Comprehensive Promotion of Differentiated Toll Collection for Highways" (the "Plan") (全面推廣高速公路差異化收費實施方案) in June 2021. According to the Plan, local governments shall establish the scientific plan for differentiated toll collection by late June 2021 and fully promote the differentiated toll collection policy for highways by late September 2021. The Plan aims to make use of price leverage for traffic diversion, cost reduction and efficiency improvement through the adoption of differentiated toll collection mode for different road sections, vehicle types, time sessions, entries and exits, directions and payment methods. Based on the Plan, local governments shall formulate the policies with reference to prevailing toll collection standards and differentiated adjustment. Taking the current rate set by the government as the maximum limit, the Plan grants highway operators certain pricing flexibility. It also requires them to explore differentiated toll collection models and supporting policies and measures that are suitable for local adoption, without comprising the solvency of highways.

Based on the standard requirements set by the MOT, highway operators implemented the new toll collection scale for different vehicle types and the toll collection scale for different highway sections through the ETC system since 1 January 2020. In practice, the differentiated toll collection policy was implemented for different vehicle types and payment methods, which partially affected toll revenue. The adoption of the Plan may lead to a further decline in toll collection from single vehicles in certain road sections. At the same time, it may boost the traffic and efficiency of the road network as a whole. Overall, the differentiated toll collection scale will facilitate traffic balancing of road networks, promote their general traffic efficiency and enhance service quality. This is expected to have a limited effect on toll revenue in general.

- ◆ **Recovery and solid waste management and clean energy industry:** In order to overcome the challenges brought by global climate change, China proposed the strategic goals of achieving the peak of carbon dioxide emission by 2030 and carbon neutrality by 2060 ("Dual Carbon"). The work of "proper implementation of various measures to achieve carbon peak and carbon neutrality" was prioritised in the Report on the Work of the Government for 2021. The Dual Carbon strategy will catalyst a new landscape for the new energy as well as the ecological and environmental protection sectors.

The National Energy Administration issued the “Notice on Matters Relating to the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021” (關於2021年風電、光伏發電開發建設有關事項的通知) in May 2021, stipulating that the wind power and photovoltaic power shall account for around 11% of national power consumption in 2021, the non-fossil fuel consumption shall account for around 20% of primary energy consumption in 2025, and a long-term mechanism shall be established to ensure the sustainable development of renewable energy. State Grid published the Action Plan for Carbon Peak and Carbon Neutrality (碳達峰碳中和行動方案) in March 2021. Under the plan, it is suggested to enhance the acceptance of clean energy, increase its cross-regional transmission and improve the efficiency in the utilisation of existing power transmission channels. In July 2021, the national carbon emissions trading market was officially opened on the Shanghai Environment Energy Exchange, which is conducive to the role of the carbon market in reducing energy consumption, cutting emission and supporting sustainability such as new energy. In the context of national promotion of the Dual Carbon strategy, the clean energy sector will enter a new phase of development.

In July 2021, the NDRC issued the “Outline for 14th Five Year Circular Economy Development” (「十四五」循環經濟發展規劃). It set out the full adoption of the circular production model, the extensive promotion of green design and clean production, the remarkable improvement in comprehensive resources recycling capability and the establishment of a primary industrial system for resources recycling by 2025. By then, the output rates of key resources will increase by approximately 20% while energy and water consumption per unit of GDP will decrease by 13.5% as compared to 2020. During the “14th Five Year” Plan, the ecological and environmental protection will enter a new stage of pollution elimination, carbon reduction and collaborative governance. The recycling of organic waste will become integral to the establishment of the ecological civilisation system and promote social development towards comprehensive green transformation. The ecological and environmental protection industry will see a new round of major opportunities.

(II) Business Management and Upgrade

◆ *Enhancing the quality and efficiency of management and establishing an internal authorisation mechanism*

In recent years, the Group devoted more efforts in business expansion and completed a number of M&A transactions, which resulted in an increasing number of second and third level enterprises in all business sectors, the broader management scope of the headquarters, as well as the more complicated and lengthy decision-making process and chain. The Group is actively seeking management solutions for risk prevention and control, so that its management quality and efficiency can meet its management needs as a group. During the Reporting Period, the Group further enhanced internal management and resources integration of acquirees. It also implemented collaborative management and control in areas including system establishment, operation management and technology R&D. Centring on risk and compliance management and supervision, it built and optimised a stringent, standardised and effective internal system. Building on the success in business integration, Baotou Nanfeng, Nanjing Wind Power and Lande Environmental significantly improved their internal management after the M&A transactions. On the other hand, the Group conducted research in the authorisation mechanism in all business sectors. Using Lande Environmental as a pilot project, it fully rationalised the authorisation management process, defined authorities properly, exercised control over the core components in all areas and streamlined the approval process for more effective decision-making. For the next step, the Group will establish working guidelines for major management areas and other system documentation by taking various factors into comprehensive consideration, which include the business models, progress in market-oriented development, risk level and popularity in the capital market of all businesses. On the basis of setting rules for the operation and management of acquirees, the Group will build and improve the authorisation mechanism with matching rights and responsibilities. This will not only motivate the management staff at all levels, especially the management teams of first-level project companies, but also promote the operating efficiency of controlling subsidiaries and their integration with the overall regulated development of the Group.

Management Discussion and Analysis

◆ *Innovative technology applications to empowering business operation with technological*

In recent years, the Group facilitated the operational development with technological innovation and actively conducted R&D projects in innovative technology. Leveraging the advantage of infrastructure resources and operational management experience, combined with big data, the AI and also the internet technology advantages of professional research institutes and technical teams, the Group advanced implementing and applying innovative technologies in traditional expressway construction and operation, thereby enhancing information technology development for smart transportation and smart environmental protection.

During the Reporting Period, the Group capitalised on the mechanical and electrical system of Outer Ring Expressway, so as to set up a comprehensive big data road network management platform and a comprehensive traffic monitoring and management platform for Outer Ring Expressway. This enabled the dynamic and integrated monitoring and prediction of highway network conditions, real-time vehicle operation, traffic incidents and traffic environment. The Group built the digital model for road infrastructure with BIM and oblique photography technology, and achieved smart asset operation and management of Outer Ring Expressway through the BIM maintenance system. Using Jihe Expressway reconstruction and expansion project as the carrier, it commenced the topical research in smart highways and designed the proposal for the smart development of Jihe Expressway. In addition, the Group has been actively establishing the road network monitoring, command and control system platform. After its launch and full integration into business operation, the system will become the major information application platform for the toll highway business of the Company and provide a foundation for the digital transformation of its operation and management. The system is expected to complete preliminary inspection and acceptance by late 2021. During the Reporting Period, the Group also continued various research projects covering drone application, toll collection inspection management system under the free-flow model and the construction of 5G multi-functional poles.

(III) Toll Highway Business

1. *Business Performance and Analysis*

During the Spring Festival travel season in 2021, the state advocated people to stay put for celebration to prevent the pandemic outbreak from recurring. Returnees were subject to stringent preventive and control measures, leading to the reduction in travelling vehicles during the period and thus a decrease in toll revenue as compared with normal years. From May to June 2021, the pandemic emerged in various regions of Guangdong Province, including Guangzhou, Shenzhen, Foshan and Dongguan. The government implemented stringent pandemic prevention and control measures on travel and logistics during the period, which had certain negative effects on the operating results of some toll highway projects in Guangdong Province. In general, however, the macro economy in China has shown recovery and steady growth. The toll highways operated and invested by the Group resumed their normal operational performance during the Reporting Period. Given a relatively lower base of the corresponding period last year, the traffic volume and toll revenue of all toll highways saw a significant YOY growth. Moreover, the operational performance of toll expressways is also affected by the positive or negative

impact of factors such as changes in surrounding competitive or coordinated road networks, construction or maintenance of the expressways, connected or parallel expressways, implementation of urban traffic organisation plans. The specific operation information of the toll highways during the Reporting Period is as follows:

Toll highway	Average daily mixed traffic volume (number of vehicles in thousand) ⁽¹⁾	Average daily toll revenue (RMB'000)
Guangdong Province – Shenzhen Region:		
Meiguan Expressway	150	441
Jihe East	319	1,946
Jihe West	210	1,477
Coastal Expressway ⁽²⁾	158	1,514
Outer Ring Project ⁽³⁾	213	2,310
Longda Expressway ⁽³⁾	108	387
Shuiguan Expressway	263	1,724
Shuiguan Extension	72	241
Guangdong Province – Other Regions:		
Qinglian Expressway	52	2,491
Yangmao Expressway	42	1,272
GZ W2 Expressway	88	1,337
Other Provinces in the PRC:		
Wuhuang Expressway	68	1,148
Yichang Project	60	1,225
Changsha Ring Road	71	708
Nanjing Third Bridge	31	1,370

Notes:

- (1) Traffic volume which is toll free during holidays is not included in the figures of average daily mixed traffic volume.
- (2) According to the agreement of implementation of toll adjustment for lorries by Coastal Project signed between Shenzhen Transport Bureau and Coastal Company, all types of trucks passing through the Coastal Expressway will be charged 50% of the normal toll fees standard from 1 March 2018 to 31 December 2020, and Shenzhen Transport Bureau compensated to Coastal Company for RMB302 million. Upon the expiry of the toll adjustment agreement, Shenzhen Transport Bureau, the Company and Coastal Company entered into the freight compensation agreement, wherein it is agreed that during the period from 1 January 2021 to 31 December 2024, the vehicles passing through the Coastal Expressway should be charged at 50% of the standard rate of the toll, and such toll waived by the Company and Coastal Company shall be compensated by the government in a one-off manner in March of the following year.
- (3) Outer Ring Phase I commenced operation on 29 December 2020. Longda Expressway was consolidated into the consolidated financial statements of the Group on 26 November 2020.

(1) *Guangdong Province – Shenzhen Region*

During the Reporting Period, benefitting from a positive impact of factors that led to the increase in traffic such as the relocation of large-scale production bases to the north, increase in production bases along the highways, and the preferential policy for lorries implemented on Changhu Expressway and Congguan Expressway (Dongguan Section) (including the subsidiary road of Qingxi), the traffic volume of lorries passing through Meiguan Expressway has maintained a promising growth. As the major cargo freight artery for east-west traffic of Shenzhen, Jihe Expressway saw a stable operational performance. Coastal Expressway continued the favourable policy that offered a 50% toll discount for lorries. Benefited from the tailwinds such as the substantial efforts of Shenzhen in promoting the economic growth and development of Qianhai and western port region, and the synergy on expressway network arising from the opening of the westbound section of the Shahe West Connecting Lane of the Dongbin Tunnel, the traffic volume of Coastal Expressway maintained sound growth.

Management Discussion and Analysis

The total length of Outer Ring Phase I is about 50.74 kilometres. It officially commenced operation in the end of December 2020 and has become one of the main roads of “Ten Horizontal and Thirteen Vertical” road network in Shenzhen. As the first highway in China using multifunctional poles as the vehicles and providing full 5G coverage, it achieved solid operating results and recorded a daily average toll revenue of RMB2.31 million during the Reporting Period. In addition, the opening of Outer Ring Phase I has brought inducing effect on the traffic volume of Meiguan Expressway and Coastal Expressway, but certain diversion impact on the traffic volume of all sections of Jihe Expressway.

(2) Guangdong Province – Other Regions

As the north-south traffic artery from Southern China to Central China, Qinglian Expressway benefited from the continuous improvement of road networks, including the Qingyun Section of Shanzhan Expressway nearby. During the Reporting Period, it maintained stable operating results.

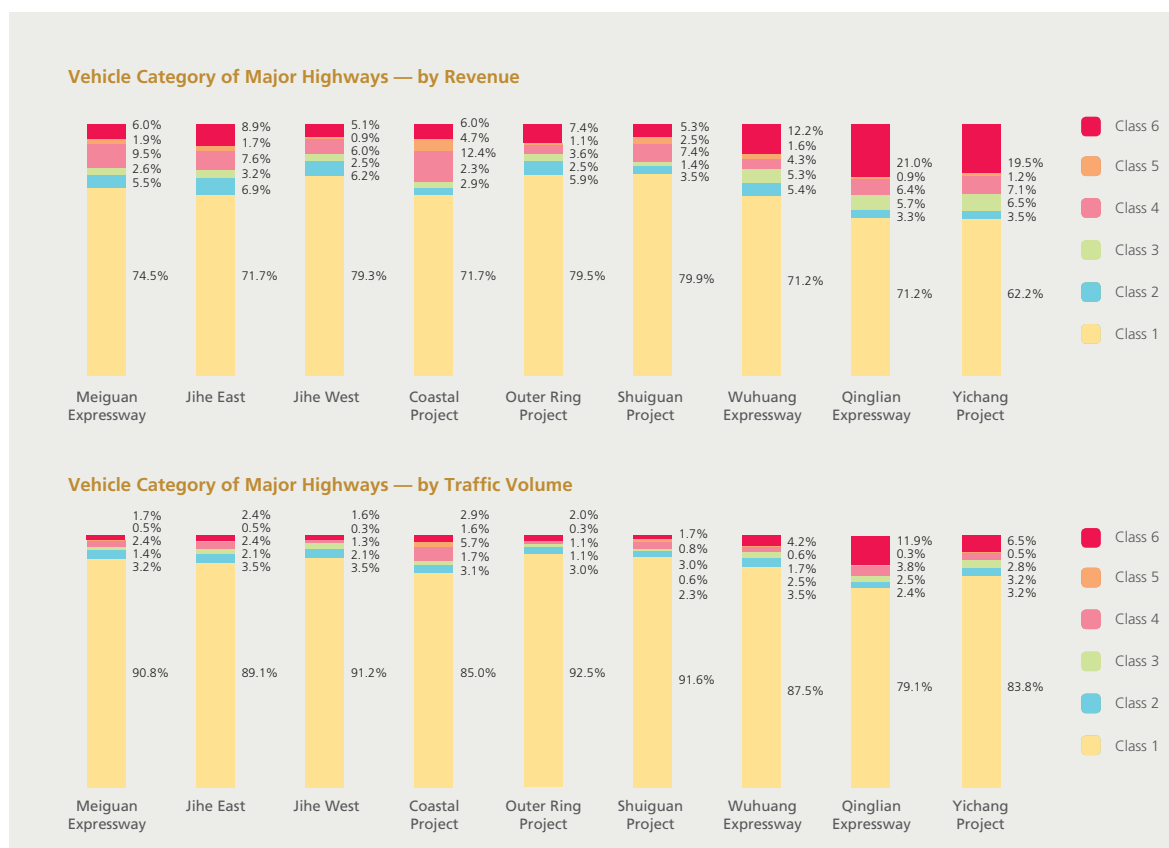
During the Reporting Period, the operational performance of Yangmao Expressway was affected by both positive and negative factors. While the reconstruction and expansion works, the pandemic lockdown and control measures, and the opening of adjacent road network such as Shanzhan Expressway brought negative impact, the opening of all sections of Guangdong Kaiyang Expressway (Kaiping-Yangjiang) supported its traffic growth in late 2020. Following the improvement of the surrounding road networks, the short-distance traffic volume of GZ W2 Expressway increased. However, its overall traffic volume was slightly detracted after the opening of main line of the Guangfozhao Expressway in late April 2021.

(3) Other Provinces

Given the rapid recovery and growth in economic activities in the neighbouring areas, Wuhuang Expressway recorded sound operating results in the Reporting Period. The official opening of Changyi North-Line Expressway in late August 2020 and the commencement of construction of the Changsha-Yiyang-Changde High-Speed Railway have driven the growth in overall traffic and truck volume of Yichang Expressway respectively. Benefiting from the continuous positive impacts of the recovery of the peripheral economic and business zone and the opening of the peripheral highway network of Changyi North-Line Expressway and other expressways, the operational performance of Changsha Ring Road saw sound growth. The opening of Nanjing Fifth Bridge in the second half of December 2020 has caused certain diversion impact on Nanjing Third Bridge. The differentiated charging for trucks implemented in Jiangsu Province led to toll reduction for the single vehicle and significant growth in the traffic volume for trucks. With the combined effect of the above factors, the overall performance of Nanjing Third Bridge was normal.

Reference Information

In the first half of 2021, there was no substantial change in the vehicle category for each major toll highway project of the Group as compared with last year. The detailed data is as follows:



2. Business Development

Outer Ring Project is a toll highway invested by the Group according to the PPP model. Based on the current government planning, the project comprises three phases and stretches about 77 kilometres from West to East, covering six regions including Baoan District and Dapeng New District in Shenzhen. Of which, Outer Ring Phase I has a total length of about 50.74 kilometres and has commenced operation, the undergoing Outer Ring Phase II is about 9.35 kilometres long and planned to be completed by the end of this year. Outer Ring Phase III is in planning and has a total length of around 16.86 kilometres. Outer Ring Project is so far the longest expressway in the highway network planning of Shenzhen to date. Upon completion, it will be connected to 10 expressways and 8 first-class highways in Shenzhen region. In the first half of the year, the Group increased resources allocation for the construction of Outer Ring Phase II. The building of roadbeds, bridges and pavements has been underway and the section connecting the start of Outer Ring Phase II (Huiyan Expressway) to the north of Shenshan Expressway has been completed. In addition, with the approval of the Board, the Company is actively conducting inspection, design and other preliminary works for the antecedent section of Outer Ring Phase III.

Management Discussion and Analysis

The construction of Coastal Expressway Phase II commenced in December 2015, mainly including the interchange of the International Convention and Exhibition Center, the connecting lane on the Shenzhen side of Shenzhen-Zhongshan Tunnel, the interchange of Shajing and the remaining relevant construction. The interchange of the International Convention and Exhibition Centre was completed and put into operation in 2019. To meet the construction requirements of the eastern artificial island of Shenzhen-Zhongshan Tunnel, the engineering design and the construction plan of Coastal Phase II were adjusted in 2020. As at the end of the Reporting Period, approximately 52.6% of the construction progress of Coastal Phase II has been completed according to the adjusted construction plan. While the land acquisition and demolition and relocation work has been completed, the construction of roadbeds, bridges and pavements have been completed at a percentage of approximately 67%, 65% and 10%, respectively.

To match the overall work plan and arrangement of the government's expressway construction and improve road safety and quality and the traffic environment, the Board has approved the preliminary work of the Group's initial design of the Jihe Expressway reconstruction and expansion project in January 2018. In 2020, the Board further approved the work in relation to the first-stage section of the Jihe Expressway reconstruction and expansion project and the relocation of high voltage cable. Upon several rounds of communication and coordination between the Company and various administrative authorities of the government, the Jihe Expressway reconstruction and expansion project was granted the approval by the Development and Reform Commission of Guangdong Province in the end of 2020. During the Reporting Period, the preliminary design and budget plan of the project were approved by the MOT, while the Company was actively undertaking the tendering process. The model of investment and financing of the Jihe Expressway reconstruction and expansion project is still under negotiation. With the aim of fulfilling the conditions to commence construction by the end of 2021, the Company will timely perform the approval process upon confirmation of the model.

According to the Shenzhen Municipal Government's plans and arrangements of Shenshan Second Expressway (Shenzhen – Shanwei) and with approval of the Board, the Company has commenced preliminary work such as inspection and design of Shenshan Second Expressway. During the Reporting Period, the Company actively engaged with relevant government authorities to submit and seek approval for specialised works such as the project feasibility study and the preliminary review of land use. Shenshan Second Expressway will have access to a number of main routes including Outer Ring Expressway upon completion. Becoming an express traffic passage between Shenzhen and Shenshan Special Cooperation Zone, the expressway will have a significant role in facilitating the economic cooperation and development among Shenzhen, Huizhou and Shanwei.

The Company holds 25% equity interests in Yangmao Company. The reconstruction and expansion of Yangmao Expressway commenced in mid-2018 and is scheduled to be completed in 2022. As at the end of the Reporting Period, it has completed the construction of roadbeds, soft foundation treatment, culvert works, bridge foundation and bottom structure of the bridge. The construction of upper structure of the bridge and pavements have been completed at a percentage of approximately 93% and 84%, respectively.

On 22 July 2021, the Board approved the Company and Mei Wah Company to enter into relevant agreements with relevant parties. Pursuant to the relevant agreements, Mei Wah Company was transferred 100% equity interest of SIICHI held by SIICHI by way of non-public agreement at approximately HK\$2.45 billion (equivalent to approximately RMB2.062 billion), in return for the repayment of debt owned by SIICHI amounting to approximately HK\$7.89 billion (equivalent to approximately RMB6.640 billion). Mei Wah Company would be responsible for the tax payment arising from the Transaction and perform the obligation of making up the shortfall. The total cost for acquisition of SIICHI is not expected to exceed HK\$10.479 billion (equivalent to approximately RMB8.819 billion) (the "Transaction"). Upon the completion of acquisition of SIICHI by Mei Wah Company, the Company will indirectly hold approximately 71.83% shares of Bay Area Development (a company listed on the HKEx, stock code: 00737). Bay Area Development owns high-quality road assets in the core region

of the Guangdong-Hong Kong-Macao Greater Bay Area, such as the Guangzhou-Shenzhen Expressway and the Guangzhou-Zhuhai West Expressway. Through the Transaction, the Company can further consolidate its core strengths in road investment, management and operation, while enhancing regional market share, future profitability and cash flows. In addition, it can also promote the planned land development along the expressway which integrates with the reconstruction and expansion of Guangzhou-Shenzhen Expressway. As a result, the Company can tap into the development of land along the expressway and achieve sustainable development in the long run, which is in line with its development strategy and general interest. The Transaction is subject to the approval of general meetings of the Company and Shenzhen International and the approval of SIHCL. For details, please refer to the Company's announcements dated 22 July and 10 August 2021.

In addition, upon the approval of the executive Board, Construction Company, a wholly-owned subsidiary of the Company, set up a joint venture named Shenzhen Expressway Asphalt Technology Development Co., Ltd. with CCCC Second Highway in November 2020. The registered capital of Asphalt Technology Company was RMB30 million, of which Construction Company owned 55% of the equity interest and CCCC Second Highway owned 45% of the equity interest. The development of green asphalt and concrete is in line with the national requirements for construction materials as set out in industrial policies on construction industrialisation, new industrialisation, green road construction, as well as energy saving and emission reduction. The establishment of production and R&D base for green asphalt and concrete can meet the demand for green asphalt mixture in Outer Ring Expressway and the Jihe Expressway reconstruction and expansion project. It also creates synergy with the toll highway business of the Group and helps enhance the core strengths of its principal businesses.

(IV) General-Environmental Protection Business

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

1. Recovery and Solid Waste Management

The organic waste treatment industry has a relatively large room for development as supported by the national environmental protection policies. Organic waste treatment is a key industry segment of focused development of the Group in the general-environmental protection area. The Group actively builds itself into segmented leader with industry-leading technology and scale advantages, and proactively explores the investment prospects and opportunities in the area of recovery and solid waste management.

The Company holds approximately 67.14% of shares in Lande Environmental. Lande Environmental is currently a weighty important enterprise in the field of integrated solution and construction and operation for organic waste in the PRC, engaging in the provision of systematically comprehensive solution and service to customers in regard of municipal organic wastes such as kitchen waste and waste leachate. Currently, Lande Environmental has a total of 18 organic waste treatment projects under BOT/PPP model among 14 cities in 10 provinces across the country, mainly cities with better economic development. The designed treatment capacities of kitchen waste are over 4,000 tons/day. During the Reporting Period, the Group actively supported the construction and operation of existing projects of Lande Environmental. The kitchen waste treatment reconstruction and expansion projects in Guiyang and Nanning were underway in an orderly manner and are expected to be completed in 2021. As of now, 5 projects have commenced commercial operation, 3 projects have started trial operation and 5 projects have entered the commissioning stage. Furthermore, the Group performed adjustment, consolidation and rationalisation on the organisational structure of Lande Environmental and its subsidiaries, thereby upgrading its

Management Discussion and Analysis

internal management capabilities and decision-making efficiency. After nearly a year of development, the kitchen waste treatment capacity of Lande Environmental improved significantly as compared to last year. Waste disposal operating income went up drastically YOY, and the EPC construction business and other businesses also achieved growth during the Reporting Period. At the same time, progress was made in the expansion of the equipment manufacturing market.

In February 2021, the Company was officially contracted for the Guangming Environmental Park Project through an open tender. The Guangming Environmental Park Project is located in Guangming District, Shenzhen. The project will be developed into a large-scale treatment plant with a processing capacity of 1,000 tons/day for kitchen waste, 100 tons/day for large-pieces waste (wasted furniture) and 100 tons/day for greening waste. The project shall be implemented under the BOT model. Social capital partner who has won in the bidding shall incorporate a project company in Guangming District, and such project company shall be responsible for the efforts in investment, financing, design, construction, transformation, operation, maintenance and handover of the project. The proposed concession period of the project is 10 years and shall be extended for 5 years upon being qualified in assessment and approval of the regional government. For details, please refer to the Company's announcement dated 8 February 2021. During the Reporting Period, the Group set the goal of undertaking "high-quality demonstration projects and outstanding construction works". Through in-depth research and exploration on the Guangming Environmental Park, it completed the initial design for the project and actively conducted preliminary works such as project submission for approval and tendering.

The Group completed the acquisition of 50% of the equity interest of Qiantai Company in the end of 2020. Qiantai Company is qualified for scrapping retired new energy vehicles and is principally engaged in comprehensive utilisation of retired electric-vehicle batteries and vehicle scrapping business. It is also the only enterprise qualified under the "Industry Standards and Conditions for the Comprehensive Utilisation of Waste Power Batteries for New Energy Vehicles" (《新能源汽车废旧动力电池综合利用行业规范条件》) in Shenzhen. During the Reporting Period, Qiantai Company adopted the business model where it cooperated with partners who had industry resources to tap into the industrial chain market. It recycled approximately 1,500 retired vehicles and the scrapping business of retired vehicles was under normal operation in general. Currently, Qiantai Company is promoting forward the review of qualification for scrapping traditional vehicles, in the hope of joining hands with major peers in market expansion. In the meantime, Qiantai Company will make full use of the advantages of the whitelist qualification and further explore the upstream and downstream market of retired traction batteries by carrying out various cooperation models.

During the Reporting Period, the Group also proactively conducted site visits and negotiations for research and investment projects regarding treatment of industrial hazardous waste and sewage in the field of industrial environmental protection. It intended to integrate the regional expansion strategy as it participated in comprehensive urban development and construction, thereby seizing opportunities of strategic expansion into the construction and operation of projects such as municipal sanitation integration and treatment of industrial solid waste.

2. *Clean Energy*

Clean energy is an emerging sector in the general-environmental protection industry. As China works towards the goal of reaching "carbon peak" and "carbon neutrality", China implements a series of industrial policies and development plans to promote the clean energy sector, the wind power and photovoltaic power industry will enter a new phase of sound and steady development in the long run. The group will seize the opportunity to build a distinctive "integrated" clean energy system and a Shenzhen power of "carbon peak" and "carbon neutral" in China.

During the Reporting Period, New Energy Company actively undertook on-site visit and research for the new energy industrial chain project and devoted more efforts in the investment and M&A of high-quality wind power projects. As approved by the executive Board, Guangdong New Energy, a wholly-owned subsidiary of New Energy Company, invested not more than RMB32.184 million in total to acquire 20% of equity interest in Huaian Zhongheng 99.4MW Wind Power Project by way of transfer and capital increase. The remaining 80% of equity interest was acquired by SPI Fujian Company. This transaction represented the first step of strategic cooperation between Guangdong New Energy and SPI Fujian Company. Nanjing Wind Power will become one of the qualified suppliers of SPI for wind power units and be responsible for the actual operation, maintenance and management of the Huaian Zhongheng Project during the warranty period, which lay a solid foundation for business expansion. The said equity transfer was completed in July 2021. In addition, the executive Board also approved the investment of not more than RMB100 million for the development of wind power industry base project in Xuanwei City, Yunnan, subject to certain conditions to be fulfilled by New Energy Company. Through this project, New Energy Company intends to seize the strategic opportunities arising from new energy development in Yunnan, tap into the market in Southwest China, promote the development of industrial chain and reduce transportation cost. During the Reporting Period, New Energy Company also actively researching and exploring the clean energy model for the “integration of generation, grid, load and storage”.

During the Reporting Period, Nanjing Wind Power established and improved the internal cost control and capital management mechanism. It also pushed forward the delivery of orders and commissioning of wind power units for projects at hand. These projects have completed on-grid connection for power generation at full capacity. In the first half of the year, Nanjing Wind Power received sales proceeds of approximately RMB160 million in total. At the same time, it enhanced market development efforts and obtained orders by relying on the synergy from clean energy integration promoted by New Energy Company. During the Reporting Period, Nanjing Wind Power signed orders for approximately 100MW wind power projects. Furthermore, the executive Board has approved it to invest not more than RMB252.55 million in the 30MW wind farm project in Gezaoshan, Zhangshu, Jiangxi, thereby facilitating its operation and business development. In view of the advent of grid parity for wind power, Nanjing Wind Power strived to lower manufacturing costs by enhancing technology R&D, technique innovation and procurement development. In parallel to this, it strengthened quality improvement and market exploration for after-sales operation and maintenance services. Adopting the multi-pronged approach, it prepared in advance for future business growth.

During the Reporting Period, Baotou Nanfeng continued to enhance the operation and management of wind farms and recorded on-grid power supply of 382,436 MWh, representing a YOY increase of 19.06%. As approved by the Board, Guangdong New Energy also invested a total amount of approximately RMB1.015 billion to acquire 100% equity interests in three wind power projects (namely Qianzhi Project, Qianhui Project and Qianxin Project) in Mulei, Xinjiang by way of equity transfer and capital increase during the Reporting Period. For details, please refer to the relevant contents in the Company’s announcements dated 25 January and 26 March 2021. The wind power projects in Mulei are located in Changji Hui Autonomous Prefecture, Xinjiang Uygur Autonomous Region with 166 wind turbines in total. The actual aggregated installed capacity is 299 MW wherein Qianzhi Project and Qianhui Project had an installed capacity of 249.5 MW in total and commenced on-grid power generation in the end of 2020. These projects had a concession period until December 2040 and a feed-in tariff of RMB0.49/kWh. Qianxin Project had an installed capacity of 49.5 MW and commenced on-grid power generation in November 2015. The project had a concession period until April 2036 and a feed-in tariff of RMB0.51/kWh. During the Reporting Period, the wind power projects in Mulei had an aggregated on-grid power supply of 339,412 MWh after being consolidated into the financial statements of the Group. The projects in Mulei possess abundant wind resources with a relatively high value for wind power development as the supporting projects with ultra-high voltage in Zhundong – Southern Anhui region with promising power consumption.

Management Discussion and Analysis

3. *Water Environmental Remediation and Others*

In 2017, Environmental Company, a wholly-owned subsidiary of the Group, acquired 20% equity interests in Derun Environment. Derun Environment is a comprehensive environmental enterprise, with holding subsidiaries such as Chongqing Water and Sanfeng Environment. The major business segments include water supply and sewage treatment, waste incineration power generation and environmental restoration, etc. Chongqing Water is mainly engaged in urban water supply and sewage treatment and occupies a dominant position in the Chongqing's water supply and sewage treatment market. Sanfeng Environment is a large-scale environmental protection group integrating investment, construction, integrated equipment and operation management in domestic waste incineration power generation field. On 5 June 2020, Sanfeng Environment (601827) was officially listed on SSE. During the Reporting Period, Derun Environment focused on market development in Chongqing and the neighbouring areas. It has completed the Water Environmental Remediation Project for Changsheng River in Chongqing and the Water Environmental Remediation Project for Wuhou District in Chengdu. Apart from that, it also actively advanced the Ecological Restoration (EPC) and Management and Maintenance Project for landfills in Changsheng Bridge, Chongqing.

In October 2018, the Company established SUEZ Environment with Suez Group, a shareholder of Derun Environment of which the Company holds 51% of equity interests. SUEZ Environment principally engages in the treatment of industrial sewage and hazardous waste. During the Reporting Period, SUEZ Environment and Lande Environmental commenced a cooperation on equipment and technique solution in the fields of kitchen waste recycling and harmless treatment of total nitrogen in sewage. Both parties were able to complement each other in terms of market expansion, equipment manufacturing and professional technologies, thereby taking full advantages of the synergy effect. Meanwhile, SUEZ Environment made substantial efforts in market exploration. At present, liquid waste disposal facilities and other related projects are being actively negotiating and followed up.

Besides, the Group holds 11.25% of the equity interests in Water Planning Company. During the Reporting Period, the business orders for Water Planning are sufficient with a YOY increase of accumulated value for the newly signed contracts by approximately 42% and its market share continued to rise. Water Planning Company has been listed and traded on the ChiNext Market of the Shenzhen Stock Exchange in August 2021, with the stock code of 301038.

For details of the profits of Lande Environmental, Nanjing Wind Power, wind power projects in Mulei, Baotou Nanfeng and Derun Environment during the Reporting Period, please refer to the relevant content in "Financial Analysis" below and note V46 and V53 to the Financial Statements in this report.

(V) **Entrusted Management and the Development of Other Infrastructure**

Relying on the core business of toll highway, the Group has continually launched or participated in the entrusted construction management business and the entrusted operation management business (also known as entrusted construction business and entrusted management business) by the expertise and experience accumulated in the relevant areas throughout these years. By providing services in construction management and toll highway operational management, the Group has achieved reasonable revenue and returns from the receipt of management fee and/or bonus according to the calculation methods agreed with the entrusting parties. In addition, the Group has also attempted to participate in the construction and development of local infrastructure by utilising own financial resources and financing capability so as to obtain reasonable revenue and returns.

1. *Entrusted Construction Business*

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

During the Reporting Period, works of entrusted construction projects were advanced in an orderly manner. For the information on the progress of Outer Ring Project, please refer to the content in above description of “Business Development” in this section. The second batch of stations for the Cargo Organisation Adjustment Project is under construction. The construction of the remaining contracted sections for the Longhua Municipal Section Project aside from the Jianshe Road section was completed in December 2020.

Through the public tendering procedure in July 2019, the Company was chosen as the construction agent of infrastructure and ancillary projects for Shenshan Eco-Environmental Science and Technology Industrial Park, responsible for the whole process of entrusted infrastructure construction and management of the Environmental Park. The project primarily includes four sub-projects, namely ancillary municipal roads to the Park, “seven connections and site levelling” in the Park, public management and service facilities in the Park and waste transfer ancillary facilities. The contract amount of the entrusted construction and management service is approximately RMB226.55 million. This project is invested by the Shenzhen Municipal People’s Government and is expected to be completed by 2025. During the Reporting Period, the construction of Shenshan Eco-Environmental Science and Technology Industrial Park Project has been officially started.

The total length of Duohua Bridge Project is about 2.2 km long. This project is mainly about the construction of the bridge. The total investment amount of the project is approximately RMB900 million and the construction period is expected to be about 3 years, which is a municipal project invested by Guilong Holdings, a platform company of the Government of Longli County, Guizhou. On 29 March 2018, Longli County Government, Guilong Holdings and Guishen Company signed the agreement of investment partnership of the project. According to the agreement, Guishen Company is responsible for raising construction funds, and Guilong Holdings will pay project fee to Guishen Company as agreed. For details, please refer to the announcement of the Company dated 29 March 2018. As at the end of the Reporting Period, approximately 72% of the project progress in physical shape has been completed.

The Bimeng Project is a resettlement housing estate project invested and developed by the government of Longli County through its platform company Guilong Holdings. The total investment of the project is expected to be no more than RMB1,000 million. On 13 May 2020, Guilong Holdings and Guishen Company signed the investment partnership agreement of the project. According to the agreement, the construction period will be 2 years and the operation period will be 3 years. Guishen Company is responsible for raising construction funds, and Guilong Holdings will pay for project cost and investment returns to Guishen Company according to the contract. For details, please refer to the announcement of the Company dated 13 May 2020. During the Reporting Period, approximately 5% of the project progress in physical shape has been completed for the Bimeng Garden resettlement housing estate project. Of which the site levelling, slope reinforcement are completed while the construction of the pile foundation were 50% completed approximately.

Management Discussion and Analysis

2. *Entrusted Management Business*

The Four Expressways have been transferred to the Shenzhen Transportation Bureau from 0:00 on 1 January 2019. The Consortium established by the Company and Operation Company undertook the comprehensive management and maintenance project for the Four Expressways from 11 June 2020 to 10 June 2021. During the Reporting Period, the authorities of Shenzhen government has evaluated the management and maintenance performance of the above project in 2020-2021 and given an excellent rating. The approval and execution for the renewal contract has been completed.

During the Reporting Period, the Company also undertook the projects of Baguang toll station project, Wutong toll station and Shahe interim card access station, which were entrusted by authorities from municipal and district government. Meanwhile, it strived to expand the operational service marketisation and actively participated in the preliminary works for the construction of the ongoing projects such as Xiufeng and Tangbei toll stations, laying a solid foundation for marketisation expansion in the future.

For details of the profits as well as incomes and expenses of various entrusted management businesses during the Reporting Period, please refer to the content in “Financial Analysis” below and the relevant content in Note V46 to the Financial Statements in this report.

3. *Development and Management of Land Projects*

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

(1) *Guilong Regional Development Project*

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

With the improvement of Guilong Road and the infrastructure in peripheral regions and the development of the whole Guilong Economic Zone, it is expected that the peripheral land in the area of Longli County will have great potential for appreciation. In order to seize market opportunities and effectively reduce the risk of fund recovery from Guilong Project and Duohua Bridge Project, Guishen Company actively participated in the land tenders within the area of Guilong. At the end of the Reporting Period, Guishen Company has successfully won the bid for the land of Longli Project with an area of approximately 3,037 mu (approximately 2,020,000 square meters) in aggregate, including approximately 2,770 mu of Guilong Project land with a transaction amount of approximately RMB960 million, and approximately 268 mu of Duohua Bridge Project land with a transaction amount of approximately RMB146.56 million (deed tax included). In respect of Guilong Project land, the interests in approximately 1,610 mu have been transferred, while 1,075 mu is under secondary development as at the end of the Reporting Period. The remaining land is under planning. Guishen Company has set up certain wholly-owned subsidiaries to hold and manage the land use rights of the land parcels mentioned above.

Guishen Company is adopting a rolling development strategy by phases. Focusing on the Interlaken Town Project, it has conducted secondary self-development for certain land parcels acquired, which has an area of 1,075 mu (approximately 717,000 square meters). The houses launched for Interlaken Town Phase I and Phase II in Stage I have been fully delivered for use, and payments have been received. The construction of Phase II Stage II project, mainly for commercial supporting property, has been fully completed. 95 sets of commercial properties have

been launched, of which 57 sets have been contracted for sale and delivered for use, and payments have been received. The Interlaken Town Phase III has been put into construction. Among which Phase III Stage I project (approximately 162 mu, equivalent to 107,000 square meters) has been completed in 2020. A total of 271 sets of houses have been launched, of which 233 sets have been contracted for sale and delivered for use, and payments have been received. Phase III Stage II project (approximately 107 mu, equivalent to 70,700 square meters) has been put into construction. It would provide 244 sets of commercial supporting property and is expected to be completed by the end of 2021. Phase III Stage III project (approximately 216 mu, equivalent to 142,700 square meters) has also been put into construction officially in August 2020. It would provide over 1,200 sets of houses, of which 40 sets have been contracted for sale and payments have been received. It is expected to be completed in mid-2022. During the Reporting Period, Guishen Company has adopted multi-pronged marketing strategies, including billboards, advertisements in media and themed activities, with a view to actively promoting the sale of commercial and residential properties. Besides, Guishen Company is now conducting works in relation to the planning and design for the development of the remaining land.

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

(2) *Meilin Checkpoint Renewal Project*

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

The Meilin Checkpoint Renewal Project is developed in three phases. Residential units of Phase I Hefengxuan and Phase II Heyaxuan have all been sold. Phase III of the project will comprise residential units with an estimated saleable area of approximately 63,000 square meters and a complex building of office and business apartment with an area of approximately 190,000 square meters. 630 sets of houses and over 2,700 sets of apartments of Phase III Hesongxuan have been launched in 2020 and the public sale has commenced officially in early December 2020. As at the end of this Reporting Period, all 630 sets of houses have been sold, and 608 sets of apartments have been contracted for sale.

4. Development and Management of Other Infrastructure

The Investment Company and Shenzhen One Apartment Management Co., Ltd. (深圳市壹家公寓管理有限公司) has established a joint venture in Shenzhen, i.e. Shenzhen Expressway One Apartment Management Co., Ltd. (深高速壹家公寓管理有限公司) which was held as to 60% by the Investment Company, as the principal entity for the cooperation under the long-term rental apartment business in Fuyong and Songgang. The occupancy rate of Songgang Project was 73%, while the occupancy rate of Fuyong Project was 96% as at the end of the Reporting Period.

Management Discussion and Analysis

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

(VI) Industrial-Financial Integration

As at the end of the Reporting Period, through subscription, increase in shareholding and subscription under IPO, the Company held a total of around 502,000,000 shares in Bank of Guizhou, which accounted for approximately 3.44% of its total share capital as at the end of the Reporting Period. As the cash dividend capability of Bank of Guizhou is sound and there is huge room for development, holding shares of Bank of Guizhou is favourable for the Company to obtain stable investment returns and strengthen regional business synergies. For details of the investment gains from Bank of Guizhou, please refer to the relevant content in “Financial Analysis” below.

During the Reporting Period, the Group holds 48% equity interests of Financial Leasing Company. Financial Leasing Company has been incorporated into the scope of consolidated statements of the Company since 15 April 2020. The principal business of Financial Leasing Company is financial leasing services. The acquisition of Financial Leasing Company is conducive for the Group to give full play to its financing advantages, and helps to provide financial leasing services to satisfy the capital required in the principal businesses and the upstream and downstream of the industry chain of the Group. It is an important way for the Group to achieve “industrial-financial integration” and its business synergy strategy, which will help to enhance the overall value of the Group. During the Reporting Period, Financial Leasing Company has been proactively expanding business, while performing its function in providing financial leasing services for wind power generation equipment. Industries involving industry-finance synergistic business include wind power, consumer goods, transportation and logistics. During the Reporting Period, the Group has contracted financial leasing projects in the amount of approximately RMB645 million, and has invested approximately RMB318 million therein, which created sound synergy in expanding the scale of wind power business of the Group and reducing the overall financing costs. In addition, Financial Leasing Company has successfully transferred its remaining creditor’s rights in Tengbang Project (騰邦項目) on the Shenzhen United Equity Exchange during the Report Period. The overall collection works of the Tengbang Project has been successfully completed.

To consolidate its resources effectively, expand the fund-raising channels and establish a market-oriented talent management system, Fund Company completed the capital injection by way of public listing and competitive negotiation upon approval of the Board. Two strategic investors, namely Shanghai Zezhen Investment Management Co., Ltd (上海擇珍投資管理有限公司) and Shenzhen Kangrui Dibo Investment Co., Ltd. (深圳康瑞迪博投資有限公司), were introduced in September 2020. Upon completion of the capital increase of Fund Company, the registered capital has increased from RMB10 million to RMB19.6078 million. The Group holds 51% of the equity interest, while the two strategic investors have a shareholding of 49% in aggregate. Following the capital increase and introduction of strategic investors, the change of relevant industrial and commercial registration has been completed in May 2021.

The Company holds 45% of the equity interest of Foshan Shunde Shengchuang Shenzhen Expressway Environmental Technology Industry M&A Investment Partnership (Limited Partnership) (“Shengchuang Fund”), which is managed by Guangdong Shengchuang Investment Management Co., Ltd.. The fund mainly invests in four types of operational projects, namely comprising treatment of industrial hazardous waste, treatment of solid waste, treatment of sewage and the new energy of wind power. During the Reporting Period, Shengchuang Fund has carried out researches for a number of investment projects and has completed the investment of 1 project, the investment amount of which amounted to RMB28.50 million, and Shengchuang Fund holds 50% of the shares.

The Company holds approximately 7.48% interest in Shenzhen State-owned Assets Collaborative Development Private Fund (Limited Partnership) (深圳國資協同發展私募基金合夥企業(有限合夥)) (“State-owned Assets Collaborative Development Fund”), which is managed by Shenzhen Kunpeng Equity Investment Management Co., Ltd. (深圳市鯤鵬股權投資管理有限公司). The focus of State-owned Assets Collaborative Development Fund comprises utilities including environmental protection, new energy and infrastructure, as well as financial and strategic emerging industries. As at the end of the Reporting Period, the fund has officially operated and invested in 2 projects with each project maintained normal operation.

(VII) Other Businesses

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

The Company originally held 24% equity interests in Consulting Company. During the reporting period, the Company contributed an amount of RMB31.50 million and participated in the capital increase and share subscription project of Consulting Company. In July 2021, Consulting Company planned to increase its registered capital again and introduce strategic investors. Upon approval of the executive Board, the Company has given up the plan of increasing the capital contribution to Consulting Company on a pro-rata basis this time, and hence the Company’s equity interests in Consulting Company are diluted to 22.695%. Consulting Company is a professional engineering consulting company with independent legal entity qualification. Its business scope covers pre-consultation, survey and design, tendering agency, cost consulting, engineering supervision, testing and inspection, as well as maintenance consulting, etc., and with the qualification and capability of providing consulting services to the whole process of investment and construction of the engineering project.

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

During the Reporting Period, each of the above businesses proceeded smoothly and has met the Group’s expectation in general. Due to the limitation on the scale or investment model, yet the contributions from these businesses only account for a very small proportion of the Group’s revenue and profit. For details of other businesses during the Reporting Period, please refer to the content in note V\12, V\46 and V\53 to the Financial Statements in this report.

II. Financial Analysis

In the first half of 2021, the Group recorded net profit attributable to owners of the Company (“net profit”) of RMB1,219,331,000 (2020 interim (restated): RMB52,679,000), representing a YOY increase of 2,214.65%, mainly due to the Toll-free Policy during the Epidemic resulting in the decrease in the toll revenue from toll highways operated and invested by the Group in the corresponding period of last year.

Management Discussion and Analysis

(I) Analysis of Main Business

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

Unit: '000 Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year (Restated)	Change (%)
Revenue	4,211,138	1,736,563	142.50
Cost of services	2,380,130	1,486,591	60.11
Selling expenses	29,927	10,673	180.39
General and administrative expenses	149,599	101,107	47.96
Research and development expenses	19,875	11,548	72.11
Financial expenses	367,210	348,567	5.35
Investment income	361,365	142,482	153.62
Income tax expenses	312,911	-14,054	N/A
Net cash flows from operating activities	1,733,606	-15,013	N/A
Net cash flows from investing activities	-2,560,177	-1,372,938	N/A
Net cash flows from financing activities	1,146,346	2,088,581	-45.11

2. Reasons for Change in Revenue:

During the Reporting Period, the Group recorded revenue of RMB4,211,138,000, representing a YOY increase of 142.50%, mainly due to the Toll-free Policy during the Epidemic in the corresponding period of last year, resulting in a YOY increase of 119.81% in the toll revenue of the Group's comparable ancillary toll highways for the current period. Moreover, Guilong Development Project, the environmental protection business and the newly opened Outer Ring Phase I also contributed to the growth of the Group's revenue. The detailed analysis of revenue is as follows:

Unit: '000 Currency: RMB

Revenue item	2021 Interim	Proportion (%)	2020 Interim (Restated)	Proportion (%)	Change (%)	Description
Revenue from main business – toll highways	2,782,023	66.06	1,075,466	61.93	158.68	(1)
Revenue from main business – clean energy	346,657	8.23	228,158	13.14	51.94	(2)
Revenue from main business – recovery and solid waste management	300,800	7.14	194,811	11.22	54.41	(2)
Revenue from other businesses – entrusted management services	194,608	4.62	127,025	7.31	53.20	(3)
Revenue from other businesses – real estate development	273,009	6.48	–	–	N/A	(4)
Revenue from other businesses – revenue from construction services under concession arrangements	187,190	4.45	–	–	N/A	(5)
Revenue from other businesses – other businesses	126,851	3.02	111,103	6.40	14.17	
Total revenue	4,211,138	100.00	1,736,563	100.00	142.50	

Description:

- (1) During the Reporting Period, the Group recorded a YOY increase of 158.68% in toll revenue, mainly due to the Toll-free Policy during the Epidemic in the corresponding period of last year, and the toll collection of the Group's ancillary toll highways has returned to the normal level since 6 May 2020. In addition, Phase I of Outer Ring Expressway, which commenced operation at the end of 2020, has achieved satisfactory operational performance, thereby contributing incremental revenue to the Group. Detailed analysis of the operational performance of various projects during the Reporting Period is set out in the "Business Review" above. Breakdown of revenue by specific items is set out in "Breakdown of Main Business by Industry, Product and Region" below.
- (2) During the Reporting Period, the revenue from clean energy recorded a YOY increase of 51.94%, mainly due to the consolidation of Mulei Wind Power Project into the financial statements of the Group in the first quarter of 2021, contributing RMB147,792,000 to the revenue related to wind power generation during the Reporting Period. Benefiting from the reduction of wind power curtailment, Baotou Nanfeng has recorded an increase in the revenue of wind power generation during the Reporting Period.

During the Reporting Period, the revenue from recovery and solid waste management recorded a YOY increase of 54.41%, mainly due to the consolidation of Lande Environmental into the financial statements of the Group on 20 January 2020, the increase in its consolidation period this year, as well as the suspension of construction projects and the decrease in volume of kitchen waste collection and transportation affected by the Epidemic in the same period of 2020, resulting in a decrease in revenue from construction services and kitchen waste treatment in the same period of 2020.

- (3) During the Reporting Period, revenue from entrusted management services recorded a YOY increase of 53.20%, mainly due to the combined effects of the additional revenue from road maintenance business and a decrease in the revenue from entrusted construction services recognised based on their progress during the Reporting Period.
 - (4) During the Reporting Period, Guilong Development Project has delivered certain commercial housing, and has recognised the revenue from the related real estate development accordingly.
 - (5) During the Reporting Period, the Company recognised revenue from kitchen waste treatment and construction services provided for concession arrangement under projects such as Phase II of Coastal project pursuant to "Interpretation of Accounting Standards for Business Enterprises (No. 14) newly issued by the Ministry of Finance.
- 

Management Discussion and Analysis

3. Reasons for Change in Cost of Services:

During the Reporting Period, the cost of services of the Group amounted to RMB2,380,130,000 (2020 interim (restated): RMB1,486,591,000), representing a YOY increase of 60.11%, mainly due to the increase in the cost of ancillary toll highways, the increase in the cost of environmental protection business with revenue growth, and the carry-forward of the real estate development cost from Guilong Development Project in the current period. The detailed analysis of cost of services is as follows:

Unit: '000 Currency: RMB

Breakdown by industry							
Industry	Cost item	2021 Interim	2021 Interim proportion (%)	2020 Interim (restated)	2020 Interim proportion (%)	Change (%)	Description
Cost of main business – toll highways	Employee expenses	195,924	8.23	147,203	9.90	33.10	(1)
	Road maintenance expenses	88,961	3.74	60,441	4.07	47.19	(2)
	Depreciation and amortisation	977,705	41.08	695,129	46.76	40.65	(3)
	Other business costs	125,312	5.26	69,760	4.69	79.63	(4)
	Subtotal	1,387,902	58.31	972,533	65.42	42.71	(5)
Cost of main business – clean energy business		152,014	6.39	146,362	9.85	3.86	(6)
Cost of main business – recovery and solid waste management		283,444	11.91	188,576	12.69	50.31	(7)
Other business costs – entrusted management services		163,109	6.85	109,052	7.34	49.57	(8)
Other business costs – real estate development		132,237	5.56	–	–	N/A	(9)
Other business costs – cost of construction services under concession arrangements		187,190	7.86	–	–	N/A	(10)
Other business costs – other businesses		74,234	3.12	70,068	4.71	5.95	
Total cost of services		2,380,130	100.00	1,486,591	100.00	60.11	

Description:

- (1) Mainly due to the additional employee expenses of Outer Ring Phase I during the Reporting Period, and the impact of the pension insurance Reduction and Exemption Policy in phases in the corresponding period of last year.
- (2) Mainly due to the additional road maintenance expenses of Outer Ring Phase I during the Reporting Period.
- (3) Mainly due to the additional depreciation and amortisation expenses of Outer Ring Phase I during the Reporting Period, and the YOY increase in traffic volume of the Group's existing ancillary toll highways.
- (4) Mainly due to the additional other business costs of Outer Ring Phase I during the Reporting Period, and a decrease in the entrusted management services costs of Wuhuang Expressway resulting from a decrease in toll revenue in the corresponding period of last year.
- (5) Breakdown of cost by specific items is set out in "Breakdown of Main Business by Industry, Product and Region" below.

- (6) Mainly due to the increase in costs related to wind power generation of RMB49,201,000 during the Reporting Period resulting from the consolidation of Mulei Wind Power Project into the financial statements of the Group in the first quarter of 2021, and the YOY decrease in sales of wind turbines of Nanjing Wind Power during the Reporting Period as a result of the progress of wind turbine delivery.
- (7) Mainly due to the corresponding increase in costs of recovery and solid waste management business in Lande Environmental resulting from the growth in revenue.
- (8) Mainly due to the combined effects of additional costs of road maintenance business and the decrease of related entrusted construction costs resulting from less progress in the construction of entrusted management projects during the Reporting Period.
- (9) Represents the delivery of certain commercial housing by Guilong Development Project in the current period, resulting in a corresponding YOY increase in the development cost for commercial housing carried forward.
- (10) During the Reporting Period, the Company recognised cost from kitchen waste treatment and construction services provided for concession arrangement under projects such as Phase II of Coastal project pursuant to "Interpretation of Accounting Standards for Business Enterprises (No. 14) newly issued by the Ministry of Finance.

4. Expenses

Reasons for Change in Selling Expenses:

The Group's selling expenses for the Reporting Period amounted to RMB29,927,000 (2020 interim: RMB10,673,000), representing a YOY increase of RMB19,254,000, which was mainly due to the increase in marketing expenses of Lande Environmental and Nanjing Wind Power resulting from the needs for business expansion.

Reasons for Change in General and Administrative Expenses:

The Group's general and administrative expenses for the Reporting Period amounted to RMB149,599,000 (2020 interim: RMB101,107,000), representing a YOY increase of 47.96%, which was mainly due to factors such as the increase in management staff expenses following expansion of the business scale, and the implementation of pension insurance Reduction and Exemption Policy in phases in the corresponding period of last year.

Reasons for Change in Research and Development Expenses:

The Group's research and development expenses for the Reporting Period amounted to RMB19,875,000 (2020 interim: RMB11,548,000), representing a YOY increase of RMB8,327,000, which was mainly due to the increase in research and development expenses of wind turbine equipment in Nanjing Wind Power.

Reasons for Change in Financial Expenses:

The Group's financial expenses for the Reporting Period amounted to RMB367,210,000 (2020 interim (restated): RMB348,567,000), representing a YOY increase of 5.35%, which was mainly due to the increase in expensed interest expenses during the Reporting Period and exchange gains arising from foreign currency liabilities affected by the appreciation of the RMB exchange rate (exchange losses for the corresponding period of last year). After hedging the "Gains or losses from changes in fair value – Gains or losses from changes in fair value of foreign exchange forward contracts", the Group's consolidated financial cost during the Reporting Period was

Management Discussion and Analysis

RMB409,076,000 (2020 interim (restated): RMB317,759,000), representing a YOY increase of 28.74%. Despite a YOY increase in the average borrowing scale during the Reporting Period, interest expenses recorded a decrease of approximately 3.33% due to the decline in comprehensive borrowing costs (Reporting Period: 3.94%; 2020 interim: 4.32%) and the carry-forward of the advance payment for the real estate. For details of the changes in borrowing scale, please refer to “Analysis of Assets and Liabilities” below. The detailed analysis of financial expenses is as follows:

Unit: '000 Currency: RMB

Financial expenses item	2021 Interim	2020 Interim (Restated)	Change (%)
Interest expenses	446,675	462,056	-3.33
Less: Interest capitalised	15,189	122,416	-87.59
Interest income	44,037	29,680	48.37
Add: Exchange loss	-20,370	33,023	-161.68
Finance income arising from the early repayment of finance leases	-	-1,166	N/A
Others	131	6,750	-98.05
Total financial expenses	367,210	348,567	5.35

5. Investment Income

During the Reporting Period, the Group's investment income amounted to RMB361,365,000 (2020 interim: RMB142,482,000), representing a YOY increase of 153.62%, which was mainly due to the general decrease in profits of or the losses suffered by the Group's invested associates resulting from the impact of the epidemic and the Toll-free Policy during the Epidemic in the corresponding period of last year, and the relatively strong growth in profits for most of the invested enterprises during the Reporting Period, as well as the recognition of equity transfer income of Jiangzhong Company and Guangyun Company by the Group during the Reporting Period. Detailed analysis of investment income is as follows:

Unit: '000 Currency: RMB

Item	2021 Interim	2020 Interim	Change in amount
1. Investment income attributable to associates:			
Associated toll highway enterprises in total	92,126	-4,843	96,969
United Land Company	-7,112	-4,138	-2,975
Derun Environment	163,093	98,900	64,193
Others ^{Note}	80,817	52,563	28,254
Subtotal	328,923	142,482	186,441
2. Investment income arising from transfer of equity interests in associates	25,337	-	25,337
3. Investment income from other non-current financial assets	7,105	-	7,105
Total	361,365	142,482	218,884

Note: Others are attributable to the investment income of Consulting Company, Bank of Guizhou, Shengchuang Environmental Technology and Guizhou Hengtongli.

6. **Reasons for Change in Income Tax Expenses:**

During the Reporting Period, the Group's income tax expenses amounted to RMB312,911,000 (2020 interim (restated): RMB-14,054,000), representing a YOY increase of RMB326,965,000, which was mainly attributable to the negative total profits recorded by the Group resulting in negative corresponding taxable income tax as a result of the impact of the epidemic and the Toll-free Policy during the Epidemic in the corresponding period of last year.

7. **Cash Flow**

Descriptions on the reasons for changes in net cash flows from operating activities: During the Reporting Period, the Group's net cash inflows from operating activities amounted to RMB1,733,606,000 (2020 interim (restated): RMB-15,013,000), representing a YOY increase of RMB1,748,620,000, mainly due to the decrease in toll revenue as a result of the Toll-free Policy during the Epidemic in the corresponding period of last year, and the increase in cash flows from operating activities resulting from the newly opened Outer Ring Phase I and the newly acquired Mulei Wind Power Project for the current period.

Descriptions on the reasons for changes in net cash flows from investing activities: During the Reporting Period, the Group's net cash flows from investing activities recorded a YOY decrease of approximately RMB1.187 billion, which was mainly attributable to the increase in the payment for capital expenditures related to the purchase of new office building and the acquisition of equity interests in Mulei Wind Power Project during the Reporting Period.

Descriptions on the reasons for changes in net cash flows from financing activities: During the Reporting Period, the Group's net cash flows from financing activities recorded a YOY decrease of approximately RMB942 million, which was mainly due to the decrease in the scale of external financing resulting from the significant YOY increase in the Company's net cash inflows from operations during the Reporting Period (a significant decrease in the Company's net cash inflows from operations was recorded for the corresponding period of last year due to the impact of the epidemic and the Toll-free Policy during the Epidemic).

8. **Amortisation Policies of Toll Road Concession Intangible Assets and the Difference of Different Amortisation Methods**

The Group's toll road concession intangible assets are amortised based on the units-of-usage method. The amortised amount is calculated by the percentage of the actual traffic volume in the respective periods to the total projected traffic volume during the toll operating period. The Group conducts regular review on the projected traffic volume and makes corresponding adjustments to ensure the reasonability of the amortised amount. Details of this accounting policy and accounting estimates are set out in note III\19(1) and 32.2(2) to the Financial Statements in this report.

During the preliminary stages of toll highways' operation, the amortised amount calculated by the units-of-usage method is generally lower than that calculated by the straight-line method. During the Reporting Period, the difference in amortisation attributable to the Company calculated by using two amortisation methods based on its share of interests was RMB83 million (2020 interim (restated): RMB218 million), representing a decrease in the difference in amortisation, which was mainly due to the YOY increase in traffic volume during the Reporting period. The adoption of different amortisation methods had no impact on the cash flow generated from various toll highway projects and thus had no impact on the valuation of various projects.

Management Discussion and Analysis

(II) Analysis of Business Management by Industry, Product or Region

Breakdown of Main Business by Industry, Product and Region

Unit: '000 Currency: RMB

Breakdown of main business by industry						
Industry	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in cost of services (%)	YOY change in gross profit margin (%)
Toll highway	2,782,023	1,387,902	50.11	158.68	42.71	Increase by 40.54 pct. pt
Clean energy	346,657	152,014	56.15	51.94	3.86	Increase by 20.30 pct. pt
Recovery and solid waste management	300,800	283,444	5.77	54.41	50.31	Increase by 2.57 pct. pt
Breakdown of main business by product						
Product	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in cost of services (%)	YOY change in gross profit margin (%)
Qinglian Expressway	450,877	238,020	47.21	115.74	10.00	Increase by 50.75 pct. pt
Outer Ring Expressway	418,092	184,105	55.97	N/A	N/A	N/A
Jihe East	352,198	149,076	57.67	116.27	17.08	Increase by 35.86 pct. pt
Jihe West	267,271	56,081	79.02	102.22	2.91	Increase by 20.25 pct. pt
Shuiguan Expressway	312,131	250,164	19.85	143.08	23.82	Increase by 77.19 pct. pt
Coastal Expressway	274,083	152,999	44.18	75.83	17.76	Increase by 27.53 pct. pt
Yichang Expressway	221,670	114,915	48.16	142.29	25.62	Increase by 48.14 pct. pt
Wuhuang Expressway	207,716	117,610	43.38	121.79	72.13	Increase by 16.34 pct. pt
Changsha Ring Road	128,202	56,005	56.32	221.87	113.81	Increase by 22.08 pct. pt
Meiguan Expressway	79,764	35,148	55.94	144.28	25.03	Increase by 42.02 pct. pt
Longda Expressway	70,019	33,780	51.76	137.04	19.53	Increase by 47.43 pct. pt
Breakdown of main business by region						
Region	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in cost of services (%)	YOY change in gross profit margin (%)
Guangdong Province	2,228,346	1,118,306	49.81	162.01	42.18	Increase by 42.29 pct. pt

Note: The breakdown of main business by product and by region only list the products and regions of main business that account for more than 10% of the Company's revenue or operating profit.

Description:

- (1) During the Reporting Period, the overall gross profit margin of the Group's ancillary toll highways was 50.11%, representing a YOY increase of 40.54 percentage points, mainly due to the significant decrease in toll revenue for the corresponding period of last year as affected by the Toll-free Policy during the Epidemic, while normal expenditures were still required for cost of services, resulting in a lower gross profit margin for the corresponding period of last year.

- (2) The overall gross profit margin of the Group's clean energy business was 56.15%, representing a YOY increase of 20.30 percentage points, mainly due to: (a) the gross profit margin of the sale of wind power equipment is lower than that of wind power generation, while during the Reporting Period, the revenue from sales of wind power equipment lower than the income from the newly included Mulei Wind Power Project, resulting in the proportion of the income from sales of wind power equipment decrease in the clean energy business segment; and (b) Baotou Nanfeng's abandonment of wind power decreased, resulting in an increase in the gross profit margin of the wind power business during the Reporting Period.

(III) Analysis of Assets and Liabilities

1. Assets and Liabilities

The Group's assets mainly comprise concession intangible assets and fixed assets related to toll highways and environmental business as well as equity investments in associates, which account for 64.38% of its total assets, and cash at bank and on hand as well as other assets, which accounts for 7.76% and 27.86% of its total assets, respectively. As at 30 June 2021, the Group's total assets amounted to RMB57,329,027,000 (as at 31 December 2020: RMB55,144,962,000), representing an increase of 3.96% as compared with that at the beginning of the year, which was mainly due to the purchase of new office building and the consolidation of Mulei Wind Power Project into the financial statements.

As at 30 June 2021, the total outstanding amount of interest-bearing liabilities of the Group was RMB22,973,428,000 (as at 31 December 2020: RMB19,311,570,000), representing an increase of 18.96% as compared with that at the beginning of the year, mainly contributed by the increase in borrowings as a result of the increase in capital expenditure due to the acquisition of Mulei Wind Power Project by the Group through borrowings and the purchase of new office building during the Reporting Period. In the first half of 2021, the Group's average borrowing scale was RMB22.5 billion (2020 interim: RMB18.9 billion), representing a YOY increase of approximately 19.00%.

The detailed analysis of assets and liabilities is as follows:

Unit: '000 Currency: RMB

Name of item	Amount as at the end of the current period	Amount as at the end of the current period as a percentage of total assets (%)	Amount as at the end of last year	Amount as at the end of last year as a percentage of total assets (%)	Change in amount as at the end of the current period as compared to the end of last year (%)	Description
Bills receivable	55,618	0.10	378,533	0.69	-85.31	(1)
Assets held for sale	-	-	494,663	0.90	-100.00	(2)
Other current assets	1,466,529	2.56	325,723	0.59	350.24	(3)
Long-term prepayment	542,566	0.95	318,302	0.58	70.46	(4)
Other non-current financial assets	654,140	1.14	1,605,891	2.91	-59.27	(5)
Fixed assets	5,451,142	9.51	3,493,301	6.33	56.05	(6)
Construction in progress	1,643,336	2.87	123,596	0.22	1,229.61	(7)
Short-term borrowings	1,953,174	3.41	1,341,218	2.43	45.63	(8)
Transactional financial liabilities	125,544	0.22	83,678	0.15	50.03	(9)
Bills payable	113,660	0.20	295,467	0.54	-61.53	(10)
Contract liabilities	105,793	0.18	319,854	0.58	-66.92	(11)
Employee benefits payable	145,216	0.25	281,972	0.51	-48.50	(12)
Other payable	2,358,683	4.11	3,570,366	6.47	-33.94	(13)
Bonds payable	4,990,844	8.71	3,792,324	6.88	31.60	(14)

Management Discussion and Analysis

Descriptions of assets and liabilities:

- (1) The maturity of bills receivable of Nanjing Wind Power.
- (2) The equity transfer procedures of Guangyun Company and Jiangzhong Company have been completed.
- (3) Subscription amount made in Vanho Securities was reclassified to other current assets, increase in input tax pending deduction as a result of consolidation of Mulei Wind Power Project into the financial statements and the purchase of new office properties.
- (4) Increase in advance payment for the purchase of lease objects of Financial Leasing Company.
- (5) The subscription amount made in Vanho Securities was reclassified to other current assets.
- (6) The consolidation of Mulei Wind Power Project into the financial statements.
- (7) The renovation of the newly purchased office properties is yet to be completed.
- (8) Increase short-term borrowings in light of the adequacy of funds in the marketplace.
- (9) Changes in the fair value of foreign exchange forward contracts were affected by the exchange rate.
- (10) Redemption of notes payable upon maturity by Nanjing Wind Power.
- (11) The advances from sales of real estate of Guilong Development Project were carried forward to revenue.
- (12) The payment of performance bonus for year 2020 to the employees.
- (13) Decrease in the balance of the project funds retained for entrusted construction management contracts.
- (14) The issuance of green corporate bonds of RMB1.2 billion.

2. Overseas Assets

(1) Size of assets

Including: overseas assets of RMB220,093,947.75, accounting for 0.38% of the total assets.

(2) Description of overseas assets

Overseas assets mainly consist of part of the H shares of Bank of Guizhou held by Meihua Company, a wholly-owned overseas subsidiary of the Company, and a small amount of bank deposits placed abroad, which account for a small proportion of the Company's total assets.

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

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

Assets	Type	Beneficiary of the security	Scope of security	Balance of secured liabilities as at the end of the Reporting Period (million)	Term
Toll collection rights of Qinglian Project	Pledge	A consortium including China Development Bank, etc.	Principal and interests of syndicated loans in an aggregate amount of RMB5.9 billion	384	Until repayment of all liabilities under the loan agreement
	Pledge	Industrial and Commercial Bank of China Limited Qingyuan Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB2.5 billion	1,562	Until repayment of all liabilities under the loan agreement
100% equity interests in Meiguan Company	Pledge	China Construction Bank Shenzhen Branch	Counter-guarantee for the irrevocable guarantee with joint liability in respect of the redemption of the corporate bonds with an amount of RMB800 million upon maturity	800	Until repayment of corporate bonds (including principal and interests)
45% equity interests in JEL Company	Pledge	The Hong Kong and Shanghai Banking Corporation Limited	Principal and interests of syndicated loans in an aggregate amount of HKD350 million	HKD125	Until repayment of all liabilities under the loan agreement
Toll collection rights of Coastal Expressway	Pledge	A consortium including China Development Bank, etc.	Principal and interests of syndicated loans in an aggregate amount of RMB5.4 billion	3,518	Until repayment of all liabilities under the loan agreement
Toll collection rights of Shuiguan Expressway	Pledge	Guangdong Huaxing Bank Co., Ltd. Shenzhen Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB600 million	458	Until repayment of all liabilities under the loan agreement
Equity interests, franchise rights, accounts receivable and production equipment, among other assets, of various subsidiaries of Lande Environmental of RMB1.778 billion	Pledge, mortgage	Various banks and financial leasing companies	The scope of security covers principal and interests of bank loans and finance leases for various projects in an aggregate amount of RMB852 million	525	Certain periods after the repayment of liabilities
37 th , 40-48 th floors of Hanjing office property	Mortgage	Industrial and Commercial Bank of China Limited Shenzhen Futian Sub-Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB760 million	760	Until repayment of all liabilities under the loan agreement
Rental receivable under the Xuchang Wind Power Project	Pledge	China Merchants Bank Co., Ltd. Shenzhen Branch	Liabilities incurred in respect of the guaranteed discounting for commercial bills in an aggregate amount of RMB50 million	50	Until repayment of all liabilities under the loan agreement
Rental receivable under the Anhui Duanshou Project	Pledge	Bank of Shanghai Co., Ltd. Shenzhen Branch	Principal and interests of working capital loans in an aggregate amount of RMB14.65 million	15	Until repayment of all liabilities under the loan agreement
Rental receivable under the Evergrande Spring Project	Pledge	China Merchants Bank Co., Ltd. Shenzhen Branch	Liabilities incurred in respect of the guaranteed discounting for commercial bills in an aggregate amount of RMB50 million	50	Until repayment of all liabilities under the loan agreement
Rental receivable under the Yongcheng Project	Transfer with recourse	Agricultural Bank of China Shenzhen Branch	Principal and interests of liabilities incurred in relation to factoring of accounts with recourse receivable in an aggregate amount of RMB171 million	168	Until repayment of all liabilities under the loan agreement
Land use right of Shenshan Qiantai Company	Mortgage	Ping An Bank Co., Limited Shenzhen Branch	Prior to the acquisition of Shenshan Qiantai Company by the Company, the subject company used the land use rights to provided guarantee for the principal and interests of a working capital loan of RMB30 million of Shenzhen Qiantai Renewable Energy Technology Co., Ltd., its original shareholder, to Ping An Bank Shenzhen Branch. As agreed in the acquisition agreement, the remaining part of payment for the transfer of equity interests will only be made to the transferor upon the release of the relevant mortgage/guarantee by the subject company.	29	The date of repayment of all credits under the master contract

Management Discussion and Analysis

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

Type of restricted capital	Amount subject to restrictions
Fund in special deposit account for the entrusted construction and management project	RMB612 million
Consideration for acquisition of equity interests under supervision	RMB210 million
Acceptance deposits for bill payable	RMB1 million
Security for issuance of letter of guarantee	RMB38 million
Fund frozen due to litigations	RMB16 million
Wage security deposits of rural migrant workers	RMB1 million
Total	RMB878 million

Details of restriction of assets:

- (1) In addition, Outer Ring Company, a wholly-owned subsidiary of the Company, applied for bank loans in an aggregate amount of RMB6.5 billion from the consortium including China Development Bank, etc. by pledging the toll collection rights and the proceeds and credits receivable from the operating activities legally owned by Outer Ring Expressway. As at the end of the Reporting Period, the accumulated amount of loans withdrawn by Outer Ring Company was approximately RMB4.7 billion, which was settled at the end of 2020. The loan facility available was approximately RMB1.8 billion.
- (2) Fund frozen due to litigations was caused by the litigations of Lande Environmental and Qiantai Company prior to both of the companies were acquired by the Group.
- (3) Details of the restrictions on the Group's major assets at the end of the Reporting Period are set out in note V61 to the Financial Statements in this report.

4. Capital Structure and Debt Repayment Capability

The Company is always committed to maintaining a rational capital structure and enhancing its profitability to maintain its good credit ratings and solid financial position. As at the end of the Reporting Period, affected by the increase in interest-bearing liabilities scale resulting from the rise in capital expenditure and the share profit distribution for 2020, the debt-to-asset ratio and the net borrowings-to-equity ratio of the Group increased to a certain extent as compared with that at the beginning of the year. During the Reporting Period, the Group's businesses demonstrated steady development, recording an increase in revenue while enhancing the effectiveness of cost and expense management and achieving recovery growth of working capital. Given the Group's stable and robust cash flows and its strong capability in financing and capital management, the Board is of the view that the financial leverage ratios remained at a safe level at the end of the Reporting Period.

Key indicators	30 June 2021	31 December 2020
Debt-to-asset ratio (Total liabilities/Total assets)	53.79%	52.35%
Net borrowings-to-equity ratio ((Total borrowings – cash and cash equivalents)/Total equity)	73.31%	61.18%
	2021 interim	2020 interim (restated)
Interest covered multiple ((Profit before tax + interest expenses)/Interest expenses)	4.82	0.67
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortisation/Interest expenses)	7.61	2.56

5. Liquidity and Cash Management

During the Reporting Period, the net current assets of the Group increased at the end of the period due to the combined impact of the reclassification of investment funds from long-term assets to current assets for the subscription in Vanho Securities, the increase of capital expenditure of the Group as well as the carrying forward of assets for sale and the increase of short-term borrowings. Based on its financial status and capital needs, the Group will strengthen the overall fund arrangements for subsidiaries and key projects, continue to optimise the capital structure, maintain appropriate cash on hand, and sufficient bank credit lines to prevent liquidity risks.

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

Unit: Million Currency: RMB

	30 June 2021	31 December 2020	Change in amount
Net current assets	-3,724	-3,954	230
Cash and cash equivalents	3,553	3,678	-125
Banking facilities available	15,854	16,409	-555

6. Capital Expenditure Plan

As of the date of approval of this report, the capital expenditures approved by the board of directors of the Group mainly include the construction expenditures for the Outer Ring Project, Coastal Phase II, Kitchen waste project of Lande Environmental, Guangming Environmental Park and other projects, as well as equity investment expenditure for acquisition of Bay Area Development and Yangmao Renovation and Expansion, etc. It is estimated that by the end of 2023, the total capital expenditure of the Group will be approximately RMB12.871 billion. The Group plans to use its own funds and bank loans to meet its funding needs. According to the Directors' assessment, the Group's financial resources and financing capacity is currently adequate to meet the various capital expenditure needs.

Management Discussion and Analysis

The main capital expenditure plans of the Group approved by the Board from the second half of 2021 to 2023 are as follows:

Unit: '000 Currency: RMB

Name of project	Second half of 2021	2022	2023	Total
I. Investment in intangible assets and fixed assets				
Outer Ring Project	316,649	1,083,350	–	1,399,999
Coastal Phase II	14,245	321,669	321,669	657,583
Kitchen waste project of Lande Environmental	451,540	113,157	8,400	573,097
Guangming Environmental Park Project	225,491	380,000	98,191	703,682
Renovation of the office property in 35 th -48 th floor of Hanjing Financial Centre	121,833	–	–	121,833
Reinforcement of Changsha Ring Road pavement structure	68,398	–	12,044	80,442
II. Equity investment				
Acquisition of Bay Area Development	6,768,130	–	2,051,607	8,819,737
Yangmao Renovation and Expansion	65,625	35,000	–	100,625
Shengchuang Environmental Technology Industry Fund	135,000	180,000	–	315,000
Other projects	98,614	–	–	98,614
Total	8,265,525	2,113,176	2,491,911	12,870,612

Note 1: The Board also approved capital expenditures (for the second half of 2021 to 2023) of approximately RMB2.568 billion for the Jihe Expressway reconstruction and expansion project, the early stage of Shenshan Second Expressway and Phase III of the Outer Ring project, etc. The investment and financing methods of such projects and the scale of capital expenditure to be incurred by the Company are not yet determined.

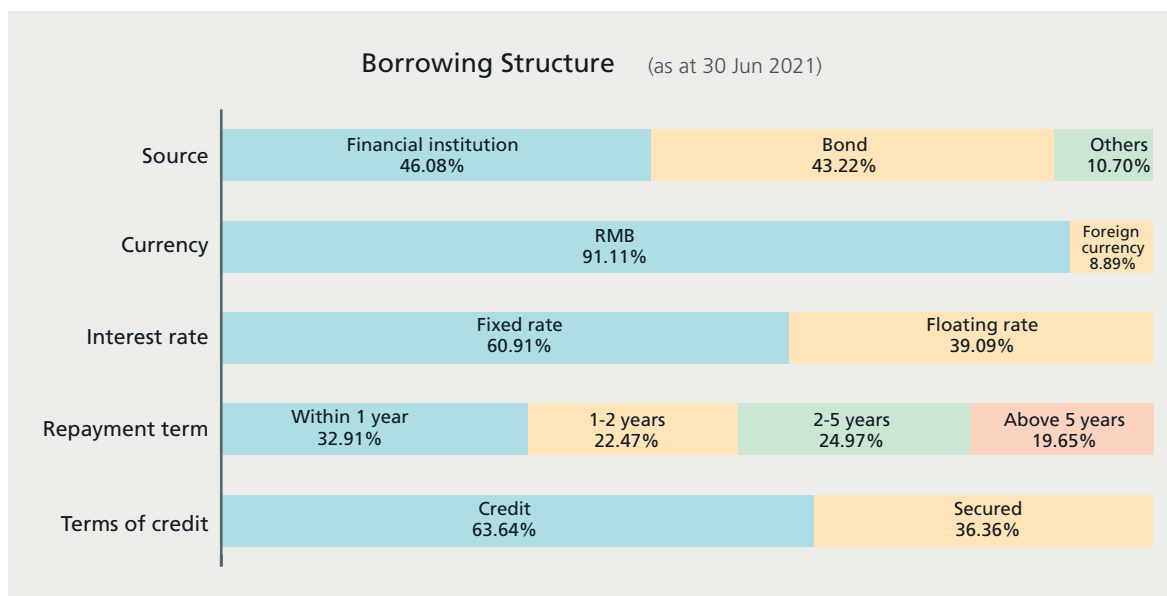
Note 2: Transactions related to the acquisition project of Bay Area Development still need to be proposed at the general meeting of the Company for consideration.

7. Financial Strategies and Financing Arrangements

During the Reporting Period, there was relatively sufficient liquidity in the capital market, while the comprehensive financing costs remained stable in general. Based on the demands for operating expenses and the development of project investment, the Group reasonably allocated its self-owned funds, bank loans and proceeds from bonds to meet the capital needs such as operating and investment expenditures and debt repayment during the Reporting Period. Leveraging the favourable market opportunities, the Company issued financing bond instruments, such as green corporate bond and ultra short-term financing bonds while moderately enhancing the scale of short-term bank loans to further lower financial cost. In addition, the Company renewed overseas debenture of US\$300 million in early July 2021. In view of internal and external liquidity conditions, the Company's operation, financial position and capital expenditure plan, the Company will adjust its financial strategies in a timely manner to optimise debt structure.

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

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



During the Reporting Period, the Company continued to maintain the highest credit rating of AAA for domestic entities, and the existing investment grade ratings for international entities.

As of 30 June 2021, the Group had obtained a total of RMB37.148 billion of banking facilities, including RMB15.918 billion of credit facilities specifically for construction projects, RMB15.596 billion of general credit facilities and RMB5.634 billion for a single credit facility. As at the end of the Reporting Period, unused banking facilities amounted to RMB15.854 billion.

Management Discussion and Analysis

8. Contingencies

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

(IV) Analysis of the Investment

1. External Equity Investments

(1) Material Equity Investments

During the Reporting Period, the total new equity investment of the Group amounted to approximately RMB1,174 million (2020 interim: RMB1,120 million), representing a YOY increase of RMB54 million, mainly due to the acquisition of equity interests and the increase of capital in Mulei Wind Power Project during the Reporting Period. For details, please refer to the content in Business Review above. The details of material equity investments during the Reporting Period are as follows:

Unit: '000 Currency: RMB

Name of Investee Company	Major business	Shareholding as of 30 June 2021	Investment amount in 2021 interim	Description
Yangmao Company	Investment, construction and operation management of Yangjiang-Maoming Expressway and development of its supporting service projects	25%	126,875	<p>(1) The approved budget for Yangmao reconstruction and expansion project is estimated to be RMB8.0 billion (35% are self-raised funds), and the Company should invest RMB700 million according to the 25% shareholding ratio. During the Reporting Period, the Company paid approximately RMB127 million for capital increase with its own funds according to shareholding ratio and project progress, and had made an accumulated investment of RMB397 million.</p> <p>(2) During the Reporting Period, the operating situation of Yangmao Expressway was good, and the Company realised a related equity investment income of approximately RMB32,121,000. For details of the business performance and analysis of Yangmao Expressway, please refer to the "Business Review" above.</p>
Consulting Company	Providing overall solutions for comprehensive engineering consulting services, such as survey and design, tendering and costing, construction management, testing and inspection to transport infrastructure construction and operation department, in order to participate in the formulation of industry standard, accumulate industry data and gain practical experience of industry production.	24%	31,500	<p>(1) During the Reporting Period, the Company contributed an amount of RMB31.50 million from its self-owned funds and participated in the capital increase and share subscription project of Consulting Company, which is an affiliated company of the Company. As of 30 June 2021, the Company held 24% equity interests in Consulting Company.</p> <p>(2) During the Reporting Period, the Company realised the equity investment income of Consulting Company of approximately RMB10,638,000.</p>

Name of Investee Company	Major business	Shareholding as of 30 June 2021	Investment amount in 2021 interim	Description
Qianzhi, Qianhui and Qianxin Company (Mulei Wind Power Project)	Investment, development and operation of wind power projects	100%	1,015,240	<p>(1) During the Reporting Period, Guangdong New Energy, a wholly-owned subsidiary of the Company completed the acquisition of 100% equity interests of Qianzhi, Qianhui and Qianxin at a consideration of RMB600,000,000 in total. After the acquisition, the Company injected a capital of RMB415,000,000 to the 3 companies. The Company mainly used its own funds and bank loans to raise corresponding investment funds.</p> <p>(2) During the Reporting Period, the operation of Mulei Wind Power Project performed well, contributing to the net profit attributable to shareholders of the listed company of approximately RMB71,327,000. For details of the Mulei Wind Power Project, please refer to the "Business Review" above.</p>

(2) *Material Non-equity Investments*

During the Reporting Period, the Group's expenditures on material non-equity investments mainly comprised the expenditures for acquiring the office property in Hanjing Financial Centre, kitchen waste projects of Lande Environmental, and the construction of Outer Ring Project, totalling approximately RMB2,127,252,000. The Company meets the relevant investment expenditure with a combination of self-owned funds and debt financing. The investments in major projects are as follows:

Unit: '000 Currency: RMB

Project name	Project amount	Project progress	Amount invested during the Reporting Period	Accumulated amount invested	Gains from the project
Outer Ring Project (Phase I & II)	6,500,000	83%	59,241	5,100,000	For details of the operational performance of projects (except for Outer Ring Phase II, Coastal Phase II, Early stage of Jihe Expressway reconstruction and expansion project and certain kitchen waste projects and Hanjing Financial Centre which is still under renovation) during the Reporting Period, please refer to the Analysis of Main Business as set out above.
Coastal Phase II	1,000,000	52.6%	7,424	53,264	
Early stage of Jihe Expressway reconstruction and expansion project	/	/	27,749	228,535	
Various kitchen waste projects of Lande Environmental	/	/	309,180	955,285	
Reinforcement of Changsha Ring Road pavement structure	380,000	100%	41,000	268,216	
Acquisition and renovation of the office property in 35-48/F, Hanjing Financial Centre	1,651,678	/	1,529,845	1,529,845	
Total	/	/	1,974,437	8,500,496	

Management Discussion and Analysis

(3) Financial Assets at Fair Value

Unit: '000 Currency: RMB

Item name	Opening balance	Closing balance	Change during the period	Impact on total profit for the period	Description
Transactional financial assets (liabilities represented by "-")	-83,678	-125,544	-41,866	-41,866	(1)
Other non-current financial assets	1,605,891	654,140	-951,752	-1,752	(2)

Explanation on financial assets/liability at fair value:

- (1) To mitigate exchange rate risk, the Company arranged foreign exchange swap arrangements for the bond with a principal value of USD300 million. During the Reporting Period, due to depreciation of US dollars, a loss of RMB41,866,000 was recognised from change in fair value of foreign exchange forward contracts. During the Reporting Period, the Company did not enter into any new US dollar bond foreign exchange forward contracts.
- (2) In August 2020, the Company subscribed for approximately 8.68% in the shares of Vanho Securities at RMB950,000,000 after its capital increase. As at the date of this report, since Vanho Securities has not yet obtained CSRC's approval on its capital increase and share issuance project, after negotiation between Vanho Securities and the Company, Vanho Securities has returned the corresponding subscription monies to the Company on 23 August 2021, and the Company will cease to participate in Vanho Securities' capital increase and share issuance project. Accordingly, the Company reclassified such subscription amount from "other non-current financial assets" to "other current assets".

In addition, during the Reporting Period, the Company recognised a fair value loss of RMB1,752,000 from the equity interest held by it in Guangdong UETC.

(V) Disposal of Material Assets and Equity Interests

During the Reporting Period, the Company completed the procedures for the transfer of 25% equity interest in Jiangzhong Company and 30% equity interest in Guangyun Company previously held by it and realised an income from equity transfer in the amount of RMB25,337,000, resulting in an increase of RMB17,177,000 in the net profit (after tax) of the Group. For details, please refer to note \53 to the Financial Statements in this Report.

(VI) Analysis of Major Controlling Companies and Participating Companies**1. Analysis of Major Controlling Companies and Participating Companies**

Unit: '000 Currency: RMB

Company name	Percentage of interests held by the Group as at 30 June 2021	Registered capital	30 June 2021		2021 interim			Principal business
			Total assets	Net assets	Revenue	Operating profit	Net profit/(net loss)	
Coastal Company	100%	4,600,000	7,931,899	6,438,383	281,383	131,692	98,770	Investment in the construction and operation of Shenzhen section of Guangzhou-Shenzhen Coastal Expressway
Outer Ring Company	100%	6,500,000	6,110,170	5,273,308	418,092	231,814	173,866	Investment in the construction and operation of the Shenzhen section of Outer Ring Expressway
Qinglian Company	76.37%	3,361,000	6,460,748	3,107,842	453,775	149,449	111,560	Construction, operation and management of Qinglian Expressway and related auxiliary facilities
Qinglong Company	50%	324,000	2,303,911	1,368,596	314,165	54,013	41,884	Development, construction, toll collection and management of Shuiguan Expressway
Yichang Company	100%	345,000	2,643,376	1,628,029	221,914	91,582	70,031	Construction, operation and management of Yichang Expressway
Magerk Company	100%	USD28,000	861,956	654,692	207,716	98,112	73,535	Toll collection and management of Wuhuang Expressway
Guishen Company	70%	500,000	1,775,034	1,401,207	293,321	118,585	62,183	Investment, construction and management of road and urban and rural infrastructure
Lande Environmental	67.14%	234,933	3,938,963	1,178,891	474,571	-27,993	-19,328	Research and development of organic waste treatment technology with a focus on kitchen waste, manufacturing of core equipment, investment in construction, and operation and maintenance, etc.
Derun Environment	20%	1,000,000	55,044,765	17,211,844	6,389,496	2,026,240	815,465	Derun Environment is a comprehensive environmental enterprise with holding subsidiaries including Chongqing Water and Sanfeng Environment, etc., and with major business segments including water supply and sewage treatment, waste incineration power generation, project investment, construction, entire equipment and operation management and environmental restoration, etc.

Note 1: The companies listed in the above table are the major companies controlled or participated by the Company.

Note 2: Relevant data is consolidated, and has been adjusted with factors such as premium amortisation.

Note 3: The net asset and net profit listed in the above table is the net asset and net profit of such companies which is attributable to owners of the Company.

Note 4: For details of the operational and financial performance of the above major controlling companies and participating companies and their businesses during the Reporting Period, please refer to related contents in this section.

Note 5: Lande Environmental recorded a loss during the period which was mainly due to the fact that most of the construction projects were still in the civil construction stage during the Reporting Period so the gross profit was low. Following the expansion in its business, its other expenses increase in a faster pace as well.

Management Discussion and Analysis

2. Analysis of Major Controlling Companies and Participating Companies whose net profit or investment income has an impact of 10% or more to the net profit attributable to the shareholder of the Company during the Reporting Period

Unit: '000 Currency: RMB

Company name	Shareholding by the Group	Net profit/ investment income during the Reporting Period	Proportion of net profit/ investment income to the net profit attributable to the shareholder of the Company during the Reporting Period	Revenue from principal business during the Reporting Period	Cost of principal business during the Reporting Period	Profit from principal business during the Reporting Period
Outer Ring Company	wholly-owned subsidiary	173,866	14.26%	418,092	184,105	233,988
Derun Environment	associate owned as to 20% by the Company	163,093	13.38%	5,886,417	3,467,311	2,419,106

3. Acquisition and Disposal of Subsidiaries during the Reporting Period

- (1) During the Reporting Period, new subsidiaries acquired by the Group in the form of business merger instead of under common control are namely Qianzhi Company, Qianhui Company and Qianxin Company; New subsidiaries acquired by the Group in the by way of new establishment are namely Shenzhen Guangmingshen High-speed Environmental Technology Co., Ltd and Beihai Zhonglan Environmental Technology Co., Ltd.
- (2) During the Reporting Period, the Company absorbed and merged with its wholly-owned subsidiary Jihe East Company.
- (3) Details of the scope of consolidation are set out in Note VI to the financial statement of this report.

(VII) Changes in Accounting Policies

1. Impact of Changes in Accounting Policies

On 26 January 2021, the Ministry of Finance issued "Interpretation of Accounting Standards for Business Enterprises (No. 14)" ("Interpretation No.14") to regulate the accounting for contracts of Public-Private-Partnership (PPP) cooperation projects, which became effective on the date of publication. Meanwhile, the content of "V. Treatment of Enterprise Participating in Construction Business of Public Infrastructure in the Form of Build-Operate-Transfer (BOT)" in "Interpretation of Accounting Standards for Business Enterprises (No. 2)" (Cai Kuai [2008] No. 11) was abolished.

Since 1 January 2021, the Company has implemented Interpretation No.14 and changed its relevant accounting policies. According to the PPP project contract entered into between the Group and the government and the relevant provisions of the Accounting Standards for Business Enterprises No 14-Revenue, if the Group is primarily responsible for asset construction in PPP projects, the Group shall recognise the construction management service income and cost based on gross method. During the Reporting Period, the changes in these accounting policies have no material effects on the financial position and operating results of the Group.

The above changes in accounting policies have been reviewed and approved at the 8th meeting of the 9th session Board of Directors of the Company. For details, please refer to the relevant announcement of the Company dated 25 August 2021.

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

1. Profit Distribution Proposal for 2021 Interim

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2021 (2020 Interim: Nil), nor does it recommend any conversion of capital reserve into share capital.

2. Implementation of the Annual Profit Distribution Proposal for 2020

In accordance with the resolution passed at the 2020 annual general meeting, the Company distributed a final dividend of RMB0.43 per share (tax inclusive) in cash for 2020 to all shareholders, amounting to RMB937,731,240.18, which was calculated by reference to the total share capital of 2,180,770,326 shares of the Company as at the end of 2020. The profit distribution proposal was completed by 20 July 2021.

III. Outlook and Plans

In the first half of 2021, no significant changes occurred in the Group's external policies and operating environment, industrial competition landscape and development trend as well as major risk factors.

Upholding the spirit of the Fifth Plenary Session of the 19th CPC Central Committee, the Company has drawn up the draft of the Strategic Development Plans for the 14th Five Year Plan, which still needs to be proposed for approval. 2021 marks the first year of the Company's new strategic plan, also the critical stage for the Company to facilitate transformation and upgrading and focus on the development of its dual core businesses. Inheriting the achievements of transformation and development of the last strategy and adhering market orientation and innovative drive, the Group will seize the opportunities of such era arising from the Guangdong-Hong Kong-Macau Greater Bay Area and Shenzhen in building a pioneering demonstration zone for socialism with Chinese characteristics as well as the opportunities arising from the "Regional Integrated Trial Reforms for State-financed and State-owned Enterprises" and the "Three-Year Action Plan for the Reform of State-owned Enterprises" with a view to consolidating and enhancing the advantages of the toll highway industry, to expand the integrated clean energy industry of featured environmental protection, to build an intelligent Shenzhen Expressway and to facilitate quality sustainable development of the Company.

In the second half of 2021, the focus of work for the Group are as follows:

Toll Highway Business: The Group will continue to enhance and improve the operation management model of its existing toll highway projects and optimise the operational integration of Outer Ring Phase I and Longda Project, in order to increase the overall profit of the projects. The Group will continue to strengthen and improve the operation management system under the ETC model and to optimise the inspection management system of toll collection in a bid to enhance the traffic efficiency of the road network. While actively facilitating the construction and management of the engineering works of Outer Ring Phase II and Coastal Phase II and the preliminary work of Shenshan Second Expressway, the Group will actively promote the design, review and approval of the investment and financing model of the Jihe Expressway reconstruction and expansion project and properly carry out the design, supervision and tendering of Outer Ring Phase III. Besides, the Group will strengthen the service capabilities throughout the industry chain of highways and expand to the upstream and downstream industries such as design, consultation, construction and maintenance while strengthening and enhancing its regional core competitive advantages and synergies by actively promoting the acquisition of equity interests of Bay Area Development.

Management Discussion and Analysis

General-Environmental Protection: Focusing on segments such as organic waste treatment and clean energy, the Group will pay close attention to the M&A opportunities of the existing and new projects in economically vibrant regions, thereby further optimise the business layout and expand its business scale. The Group will effectively enhance the management of and work on the resource integration of Nanjing Wind Power, Baotou Nanfeng and Xinjiang Mulei Project, establishing a sound safety standardisation for the production of wind farms to guarantee the implementation of production missions. The Group will actively promote construction of the existing projects and acquisition of new projects of Shenzhen Expressway Lande Environmental and push the construction management of the Guangming Environmental Park Project in a practical manner. The Group will continue to optimise, streamline and integrate the management system and financial structure of its subsidiaries in the general-environmental protection industry, fully integrating with the financial instruments and financial resources provided by the Group, so as to achieve the goal of development synergy between industrial and financial.

Financial Management and Corporate Governance: The Group will closely monitor the tendencies of policies on bonds and the financing market, study the feasibility of various financial instruments and equity financing scheme, and further expand the fund-raising channels to replenish the Company's capital while ensuring financial safety. At the same time, the Group will reinforce fund management and financing to cope with the implementation of various investment and M&A projects of the Company and meet the operational capital needs, hence raising low-cost capital through multiple channels. In addition, the Group will strengthen its financial management on the invested companies and increase the capital revenue and usage efficiency by integrating and consolidating overall financial resources. The Group will seize the opportunities of comprehensive reformation of the state-own enterprise by adhering to the principles of good corporate governance. The Group will further improve corporate governance and operational regulations, improve and optimise the multi-level incentive and constraint system, and actively try to reform and innovate the mechanism to meet the actual needs for business management and promote a healthy and stable development of the Company.

Significant Events

Information on General Meetings

During the first half of 2021, 2 general meetings, 1 A Share class meeting and 1 H Share class meeting were held by the Company at the conference room of the Company. Details of the meetings are as follows:

Name of the meeting	Convening date	Query index on designated websites for the resolutions	Disclosing date of resolutions
The 2020 Annual General Meeting	17 May 2021	http://www.sse.com.cn	18 May 2021
The First Class Meeting 2021 for holders of A Shares		http://www.hkexnews.hk	
The First Class Meeting 2021 for holders of H Shares			
The First Extraordinary General Meeting 2021	25 June 2021		26 June 2021

Progress of the Non-public Issuance of H Shares

In the first extraordinary general meeting 2020, the first class meeting 2020 for holders of A Shares and the first class meeting 2020 for holders of H Shares held on 31 March 2020 (“Shareholders’ Meetings 2020”), the resolutions in relation to the non-public issuance by the Company of not more than 300 million H Shares were considered and approved, and the Board and its authorised person(s) were approved and granted the authorisation to handle matters in relation to the issuance at their sole discretion. The validity period of part of the authorisation matters is until 30 March 2021. The Company also received the approval from the China Securities Regulatory Commission for the Issuance in July 2020. However, due to the impact of various factors, the Company could not complete the issuance within the validity period of resolutions of Shareholders’ Meetings 2020. Given that the original validity period is about to expire, to secure smooth progress of the issuance, the resolutions in relation to the non-public issuance of H Shares were considered and approved once again on an individual basis in the board meeting held by the Company on 24 March 2021. It was also agreed to propose the extension of validity period of the resolutions in relation to the non-public issuance of H Shares for 2020 and the validity period of directors authorisation matters for 12 months to 30 March 2022 for consideration, approval and ratification as special resolutions in the general meeting, the class meeting for holders of A Shares and the class meeting for holders of H Shares. On 17 May 2021, the matters have been considered and approved at the 2020 Annual General Meeting, the first class meeting 2021 for holders of A Shares and the first class meeting 2021 for holders of H Shares of the Company. For details, please refer to the announcements dated 24 March, 1 April and 17 May 2021, and the circular dated 27 April 2021 of the Company.

Progress of the Issuance of Corporate Bonds

On 22 April 2021, the Company received the “corporate foreign debt registration and filing certificate” (Fa Gai Ban Wai Zi Bei [2021] No.287) issued by the National Development and Reform Commission, pursuant to which the registration and filing of the proposed issuance of foreign bonds of not exceeding USD300 million (or equivalent value) by the Company was completed. The validity period for the scale of such foreign debt and the registration certificate is one year from the registration date (7 April 2021). On 8 July 2021, the Company issued bonds with an issuance size of USD300 million, which have obtained approval for listing and trading on the HKEx (for professional investors only). The above bonds have been listed and traded on the HKEx under the stock code “40752” and the stock abbreviation “SZEXP B2607” with effect from 9 July 2021. For details, please refer to the announcements of the Company dated 22 April, 23 June, 25 June and 8 July 2021.

Significant Events

Pursuant to the approval by the CSRC, the Company is entitled to issue corporate bonds with nominal value not exceeding RMB5 billion to qualified investors by way of public issuance. The issue of phase 1 of the 2021 corporate bonds (the "21SE01 Bonds") has been completed by the Company on 27 July 2021. The actual issuance size thereof is RMB1 billion and the coupon rate is 3.35%. The bonds have a term of 5 years. For details of the issue of the 21SE01 Bonds, please refer to the announcements of the Company dated 22 July, 23 July 2021 and 27 July 2021.

Pursuant to the "Approval for Consent to the Registration of Public Issuance of Green Corporate Bonds to Professional Investors by Shenzhen Expressway Company Limited" (CSRC Approval [2020] No. 1003) issued by the CSRC, the Company may publicly issue green corporate bonds with total nominal value not exceeding RMB2 billion to professional investors in multiple tranches. On 19 April 2021, the Company issued 2021 phase 1 green corporate bonds (G21SE1) with an issuance size amounted to RMB1.2 billion and a coupon rate of 3.49%. The maturity of the current bond is 5 years, with an issuer adjusted coupon option and an investor callback option at the end of the third year. For details, please refer to the announcements of the Company dated 13 April, 15 April and 19 April 2021, respectively.

According to the comprehensive assessment by United Credit Ratings Co., Ltd, the credit rating of 21SE01 Bonds and G21SE1 Bonds were both "AAA".

According to the "Notice of Acceptance of Registration" of Zhongshi Xie Note [2020] SCP31 and Zhongshi Xie Note [2020] SCP704 issued by the China Association of Interbank Market Dealers, the Company may issue ultra-short-term financing bonds in a principal amount of no more than RMB4 billion. The Company issued the phase 1 of 2021 ultra-short-term financing bonds from 23 February to 24 February 2021, with an issuance size of RMB1 billion, a maturity of 60 days and a coupon rate of 2.65%. For details, please refer to the announcements of the Company dated 22 February and 25 February 2021. The Company issued the phase 2 of 2021 ultra-short-term financing bonds on 25 March 2021, with an issuance size of RMB1 billion, a maturity of 180 days and a coupon rate of 2.75%. For details, please refer to the announcements of the Company dated 23 March and 25 March 2021. The Company issued the phase 3 of 2021 ultra-short-term financing bonds on 17 June 2021, with a scale of RMB1 billion, a maturity of 270 days and an coupon rate of 2.62%. For details, please refer to the announcements of the Company dated 15 June and 18 June 2021.

Absorption and merger of certain wholly-owned subsidiaries

In order to reduce its management level, give full play to the economic efficiency of asset integration, and satisfy the needs of the overall renovation and expansion of Jihe Expressway, the shareholders had approved the absorption and merger of the Company with Jihe East Company and Coastal Company at the general meeting. As the merging party, the Company will merge with all assets, liabilities, business and personnel of the above mentioned two companies through absorption and merger. Upon completion of the absorption and merger, the Company will continue to exist and operate while the independent legal status of Jihe East Company and Coastal Company will be deregistered. For details, please refer to the announcements of the Company dated 13 August 2020 and 29 September 2020. During the Reporting Period, Jihe East Company has been absorbed and merged with the Company on 1 April 2021 and incorporated into the independent audit of Jihe Branch. The deregistration of the tax and business commercial registration of Jihe East Company is still under progress. The absorption and merger work of Coastal Company is still under progress.

Significant External Investment

On 12 November 2020, upon the approval of the Board, the Company shall inject RMB6.4 billion in cash to Outer Ring Company, which was a wholly-owned subsidiary of the Company. Upon the completion of the capital contribution, the registered capital of Outer Ring Company will be RMB6.5 billion and the Outer Ring Company will remain a wholly-owned subsidiary of the Company. The capital injection by the Company can strengthen the capital base and enhance the financial structure of Outer Ring Company, thereby facilitating the operation and management of the Shenzhen section of the Outer Ring Expressway in Shenzhen City after it was put into operation. For details, please refer to the announcement of the Company dated 12 November 2020. As of the date of this report, the Company has injected RMB5.1 billion. Based on the actual needs of Outer Ring Company, the Company will arrange for further capital increase as and when appropriate.

On 21 August 2020, the Board approved the Company to enter into the capital increase agreement of Vanho Securities, pursuant to which the Company should subscribe for approximately 8.68% equity interest in Vanho Securities after its capital increase at the subscription price of RMB950 million. For details, please refer to the Company's announcement dated 21 August 2020. As at the date of this report, Vanho Securities has not yet obtained CSRC's approval on its capital increase and share issuance project. After negotiation between the parties and pursuant to the capital increase agreement, Vanho Securities has returned the capital increase money amounted to RMB0.95 billion on 23 August 2021 to the Company and the Company will cease to participate in the capital increase and share issuance project.

Significant Transaction

On 25 January 2021 and 26 March 2021, Guangdong New Energy, a wholly-owned subsidiary of the Company, entered into an agreement of acquisition of 100% equity interests in Qianzhi Company, Qianhui Company and Qianxin Company with a total investment of approximately RMB1.015 billion by way of equity transfer and capital increase. The wind power projects operated by the above three companies are located in Changji Hui Autonomous Prefecture, Xinjiang Uygur Autonomous Region. Among them, the aggregated installed capacity of the projects operated by Qianzhi Company and Qianhui Company is 249.5 MW, which had completed construction and on-grid connection at the end of 2020. The period of operation is until December 2040 and the feed-in tariff is RMB0.49/kWh. The installed capacity of the project operated by Qianxin Company is 49.5 MW, which had completed connection of the network in November 2015. The period of operation is until April 2036 and the feed-in tariff is RMB0.51/kWh. For details, please refer to the relevant contents in the Company's announcements dated 25 January and 26 March 2021.

On 8 March 2021, with the approval of the Board, the Company and Shenzhen Luo Lan Si Bao Property Development Co., Ltd. ("LLSB Company") entered into agreements such as the sale and purchase agreement of Shenzhen property (Existing First-hand Property Sale) and related documents such as the supplemental agreements and the fund monitoring agreement. Pursuant to the Property Acquisition Agreement, the Company will acquire the property on the 35–48th floor of Hanjing Financial Centre (the "Office Property") from LLSB Company at a price of RMB1.559 billion. With a total area of approximately 23,796 square meters, the Office Property will be for office use. For details, please refer to the announcements of the Company dated 25 February and 8 March 2021.

Material Transaction and Material Connected Transactions

On 22 July 2021, the Board approved the relevant agreements entered into between the Company and Mei Wah Company, pursuant to which Mei Wah Company shall be transferred 100% equity interests of SIICHI held by SIICH at a price of approximately HKD2.45 billion under a non-disclosure agreement, in consideration of settlement of the indebtedness of SIICHI amounting to approximately HKD7.89 billion, and shall assume the tax charges to be incurred thereon as well as the obligation of making up the shortfall. The Company expected that the aggregate cost of acquiring SIICHI will not exceed HKD10.479 billion. SZ International indirectly owns approximately 51.561% interests of the Company, while SIHCL is the controlling shareholder of Shenzhen International and indirectly holds approximately 43.49% of the issued share capital of Shenzhen International. Pursuant to the Listing Rules of HKEx/the Listing Rules of SSE, SIHCL and SIICH are connected persons of the Company, and the above transactions constitute a connected transaction of the Company and shall be subject to the approval at the general meeting of the Company. The Company will hold an extraordinary general meeting in the near future to consider such transaction. For details, please refer to the relevant contents in the Company's announcements dated 15 March, 14 April, 22 July and 10 August 2021.

Significant Events

Daily Transactions with Related Parties

On 5 July 2021, upon the consideration and approval by the Board, the Company appointed Mr. Cai Shu Guang (“Mr. Cai”) as the chief environmental protection expert of the Company, who is responsible for aspects such as implementing the decisions and deployment plans in respect of the organic waste business, and organizing the formulation and implementation of the development strategies for the organic waste business of the Company, with the term of office for three years. Mr. Cai’s standard annual remuneration is RMB3 million, among which part of the performance-related remuneration is subject to the results of the performance appraisal. Mr. Cai served as an independent director of the Company from May 2017 to December 2020. Pursuant to the Listing Rules of SSE, Mr. Cai is a connected person of the Company and this transaction constitutes a daily transaction with the related parties of the Company.

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

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

Other Transaction Matters

On 7 February 2021, with the approval of the Board, the Company and its wholly-owned subsidiary, Guangming Environmental Technology Co., Ltd. (光明環境科技公司) signed the Franchise Agreement for the Guangming Environmental Park PPP Project and the Contract for the Guangming Environmental Park PPP Project with Urban Management and Comprehensive Law Enforcement Bureau of Guangming District, Shenzhen. Guangming Environmental Park Project, located in Guangming District, Shenzhen, shall be implemented under the BOT model. The proposed concession period of the project of 10 years, including the construction of a new kitchen waste treatment plant with a capacity of 1,000 tons per day and others. For details, please refer to the announcements of the Company dated 8 February 2021.

Management Contract

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

In mid-2021, the entrusted assets and entrusted management fees recognized for Magerk Company amounted to RMB173,686,000 and RMB54,069,000 respectively. In mid-2021, Magerk Company achieved operating profit of RMB98,112,000, representing approximately 6.16% of the Group’s operating profit, and recorded a net profit of RMB73,535,000, representing approximately 6.03% of the net profit attributable to owners of the Company. This aforesaid management contract has no material impact on the operating results and financial position of the Group.

External Guarantees

Unit: RMB million, unless otherwise stated

External guarantees of the Company (excluding guarantees for subsidiaries)										
Name of the guarantor	Name of the guaranteed	Amount of guarantee	Date of occurrence (date of the agreement)	Commencement of guarantee	Expiry of guarantee	Type of guarantee	Completed or not	Overdue or not	Counter guarantee provided or not	Guarantee for related party or not
The Company ⁽¹⁾	China Construction Bank Shenzhen Branch	800	2007-4-20	August 2007	Full repayment of principal and interest of the corporate bonds	Joint liability guarantee ⁽¹⁾	No	No	No	No
Guizhou Property ⁽²⁾	Customers of Shenzhen Expressway • Interlaken Town	551.58	2015-05 to 2021-06	Effective date of the mortgage loan contract	Effective date of the mortgage under the contract	Joint liability guarantee ⁽²⁾	No	No ⁽³⁾	No	No
Qiantai Company ⁽³⁾	Shenzhen Qiantai Energy Renewable Technology Co., Ltd.	28.5	2019-7-22	2019-8-20	3 years after the expiry date of the debt performance period under the contract	Joint liability guarantee	No	No	No	No
Qiantai Company ⁽³⁾	Nalon Battery (Shenzhen) Co., Ltd.	9.55	2018-10-19	2018-10-19	Until all debts under the contract are paid	Joint liability guarantee	No	No	No	No
Total amount of guarantees occurred during the Reporting Period										-55.15
Total balance of guarantees as at the end of the Reporting Period (A)										1,389.63
Guarantees for subsidiaries of the Company										
Total amount of guarantees occurred for subsidiaries during the Reporting Period										0
Total balance of guarantees for subsidiaries as at the end of the Reporting Period (B)										0
Total amount of guarantees of the Company (including guarantees for subsidiaries)										
Total amount of guarantees (A+B)										1,389.63
Proportion of total amount of guarantees to the net assets of the Company (%)										5.98%
Including:										
Amount of the guarantees for shareholders, de-facto controller and their related parties (C)										-
Amount of the debt guarantees directly or indirectly provided for those whose gearing ratio exceeded 70% (D)										800
Amount of the guarantees that exceed 50% of net assets in aggregate (E)										-
Total amount of the above three guarantees (C+D+E)										800
Description on unexpired guarantees may be confronted with joint liability										Please refer to point (2) in description below

Significant Events

Description on guarantees:

- (1) The external guarantees to China Construction Bank Shenzhen Branch have been approved by the 2006 annual general meeting of the Company. For details on the guarantee, please refer to the relevant content in “Mortgage and Pledge of Assets” below.
- (2) The provision of periodical joint liability guarantees by Guizhou Property, a subsidiary of the Company, to qualified mortgage customers of “Shenzhen Expressway • Interlaken Town” project in accordance with the business practices of the real estate industry have been considered and approved by the 4th meeting of the 7th session of the Board held on 30 June 2015, the 27th meeting of the 7th session of the Board held on 18 August 2017, and the 2017 annual general meeting held on 31 May 2018. It is expected the total amount of guarantees will not exceed RMB1.55 billion. During the Reporting Period, Guizhou Property provided periodic guarantees for 21 customers with an accumulated amount of RMB20,120,000 and the periodic guarantees with an amount of RMB75,269,000 provided in the prior periods had been released during the Reporting Period. As at the end of the Reporting Period, the actual amount of the guarantees provided by Guizhou Property is RMB551,581,000.
- (3) The controlling subsidiary, Qiantai Company, provided guarantees to outsider before being acquired by the Company, sufficient risk control measures have been taken in the acquisition agreement.
- (4) The Company has not provided external guarantee in violation of the stipulated decision-making procedures.

Authorisation of Guarantee

The Company’s 2019 annual general meeting held on 23 June 2020 considered and approved the proposal on the authorisation of the guarantees. The Board of the Company may provide guarantees for wholly-owned subsidiaries for not more than RMB2.7 billion in aggregate, and not more than RMB3.7 billion in aggregate for non-wholly-owned subsidiaries, as necessary. The guarantee includes guarantee for financing and guarantee for bankers’ letter of guarantee. The guarantee authorisation is effective from the date of approval by the general meeting until the date of the convening of the 2020 annual general meeting. Subsequently, the 2020 annual general meeting held on 17 May 2021 considered and approved the proposal on the authorisation of the guarantees. The Board of the Company may provide guarantees for wholly-owned subsidiaries of not more than RMB4.0 billion in aggregate, and not more than RMB2.5 billion in aggregate for non-wholly-owned subsidiaries, as necessary. The guarantee includes guarantee for financing and guarantee for bankers’ letter of guarantee. The guarantee authorisation is effective from the date of approval by the general meeting to the date of convening of the 2021 annual general meeting.

On 3 August 2021, Environmental Company, a wholly-owned subsidiary of the Company, had provided a joint liability guarantee for Guangxi Lande Renewable Energy Co., Ltd. (“Guangxi Lande”, a controlling subsidiary of Environmental Company) to secure the indebtedness in relation to a financial lease agreement with a financing amount of RMB149.925 million. In respect of this guarantee, Guangxi Lande has pledged its accounts receivable as counter-guarantee, and Shenzhen Expressway Lande Environmental Technology Group Holdings Co., Ltd. (the controlling shareholder of Guangxi Lande and a subsidiary of Environmental Company) also provided a counter-guarantee. The guarantee and the corresponding counter-guarantee are within the scope of the annual mandate approved for guarantee. For details, please refer to the Company’s announcement dated 3 August 2021.

Mortgage and Pledge of Assets

As at the end of the Reporting Period, details of the Company’s and its subsidiaries’ assets mortgaged or pledged please refer to Section II (III)3 of “management discussion and analysis” in this report.

Entrusted Wealth Management

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

Other Agreements and Matters

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

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

During 2020, the Company acquired equity interests of Lande Environmental and the Financial Leasing Company, and these companies were consolidated into the financial statements of the Company. The two aforesaid acquired companies are involved in certain minor claims arbitrations and litigations, which will not have significant impacts on the daily operations of the Company. For the progress of these litigations and arbitrations during the Reporting Period, please refer to the announcement of the Company dated 19 April 2021.

Undertakings

Background of undertaking	Type of undertaking	Undertaking party	Undertaking details	Time and term of undertaking	Term of fulfilment or not	Whether fulfilled timely and strictly or not
Undertakings made in Acquisition Report or Report on the Changes in Equity Interests	Other	Shenzhen International/ Shenzhen International Holdings (SZ) Limited	Undertake to avoid peer competition and regulate connected transactions. For details, please refer to Detailed Report on the Changes in Equity Interests (詳式權益變動報告書) published on 18 October 2007 in the securities market of the PRC by undertaking parties or related contents in the Annual Report 2007 of the Company.	Oct 2007	No	Yes
	Other	Shenzhen International	Undertaken in respect of matters including the avoidance of peer competition and support for the business development of the Company. Among them, the undertaking parties undertook to inject the expressway assets owned by them into the Company in around 5-8 years, subject to the satisfaction of certain conditions. For details, please refer to the Acquisition Report (收購報告書) published by SIHCL on 4 January 2011 in the securities market of the PRC and the announcement of the Company dated 1 June 2011.	December 2010 June 2011	Yes	Yes
	Other	Shenzhen Investment SIHCL		December 2010 May 2011	Yes	Yes
Undertakings related to IPO	Avoidance of peer competition	XTC Company/ SGH Company	The undertaking parties will not engage in any industry or business in any way which, directly or indirectly, competes with the Company in Shenzhen.	Jan 1997	No	Yes

Note: On 29 December 2017, Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司), a subsidiary of SIHCL (as purchaser), SIHCL (as guarantor of the purchaser) and Anber Investments Limited (as vendor) and Hopewell Holdings Limited (as guarantor of vendor) entered into an agreement in relation to the proposed acquisition of the interests in Hopewell Highway Infrastructure Limited ("HHI"). Upon completion of the general offer and placing, SIHCL owned 71.83% equity interests in HHI as at 18 September 2018. HHI is a Hong Kong listed company, which, together with its subsidiaries, is principally engaged in the construction of highway infrastructure in Guangdong Province and currently owns interests in Guangzhou-Shenzhen Expressway and Guangdong Guangzhou-Zhuhai West Expressway. HHI was renamed as Shenzhen Investment Holdings Bay Area Development Company Limited ("Bay Area Development") on 14 June 2019.

Significant Events

Prior to the entering into of the abovementioned agreement, SIHCL had enquired the Company as to whether it consider acting as the acquirer in the abovementioned acquisition without disclosing the name of the target company. Based on the business of the target company and various conditions such as the scale and completion timeframe of the acquisition, as provided by SIHCL, the Company was of the view that it was impracticable and incapable to proceed with the acquisition and the Company intended to give up such acquisition opportunity. Upon receiving the relevant report, the Board (including the independent non-executive Directors) concurred with the Company's decision not to proceed with the acquisition. In the event that SIHCL completes the said acquisition, SIHCL further indicated that it will perform its obligations under the non-competition undertaking, timely negotiate with the Company on the detailed arrangement on the business of the target company and properly settle the matters in accordance with the existing undertaking.

On 15 March 2021, SIHCL signed a "Memorandum of Understanding" with the Company. The Company will receive a six-month exclusivity period to discuss with SIHCL on the transfer of all 71.83% of the interests in Bay Area Development, and arrange follow-up work based on the results of the discussions. On 22 July 2021, the Company, Mei Wah Company, SIHCL and SIICH entered into relevant agreements, pursuant to which Mei Wah Company shall be transferred 100% equity interests of SIICHI held by SIICH at a price of approximately HKD2.45 billion under a non-disclosure agreement, in consideration of settlement of the indebtedness of SIICHI, amounting to approximately HKD7.89 billion, and shall assume the tax charges to be incurred thereon as well as the obligation of making up the shortfall. The Company expected that the aggregate cost of acquiring SIICHI will not exceed HKD10.479 billion. The Company will hold an extraordinary general meeting of shareholders to review and consider the transaction. For details, please refer to the announcements of the Company dated 15 March, 14 April, 22 July and 10 August 2021, respectively.

Information on Corporate Governance

The Company is listed on both SSE and HKEx. The Company has to comply with the applicable laws and regulatory requirements for securities regarding the practice of corporate governance of both places. During the Reporting Period, the Company complied with the Company Law and the relevant requirements issued by CSRC. The Company has also fully adopted all the code provisions of the "Corporate Governance Code" as set out in Appendix 14 of the Listing Rules of HKEx without any material deviation or breach of the code provisions occurred. The Company strives to achieve better corporate governance practices. For details, please refer to the content in the Annual Report 2020 of the Company.

Investor Relationship Management

The management of the Company highly values the communication with its investors. In the first half of 2021, the Chairman, President, Secretary of the Board, Chief Financial Officer, and other senior management of the Company participated in the relevant investor relations activities to communicate and exchange views with investors directly. The investor relations activities were mostly organised by the Company chiefly in the following forms:

- Making the public known the investor hotline and investor relations e-mail, establishing the Investors' Message section on the Company's website, and promptly responding to investors' inquiries. In the first half of 2021, the Company replied approximately 130 investors' inquiries through website, telephone or via e-mail.
- Properly arranging for the request of visits and researches from the investors. During the first half of 2021, the Company received 14 visits involving 22 visitors in aggregate, with an open-minded attitude to exchange views and communicate with the investors, and has established a direct communication mechanism between investors and the Company.
- Conducting various forms of presentation activities, including organising result presentations and press conferences, online investor meetings and road-shows as well as participating in various investor forums. During the first half of 2021, the Company conducted face-to-face communications with more than 260 investors and media reporters.
- Regularly dispatching information and materials on the operations and development of the Group. The Company prepared and issued a total of 6 issues of E-news and result and progress presentation materials in the first half of 2021, providing information to investors on the operating performance and environment of the Company, and giving responses to issues which concerned investors. Apart from the manner of e-mails, they were also uploaded to the Company's website for more investors' access at any time.

- Investors and the public may check out information such as the Group's basic information, rules for the Company's corporate governance, information disclosure documents, profiles of directors, supervisors and the senior management and the data on the Group's monthly operating performance of toll highway projects at any time on the Company's website (<http://www.sz-expressway.com>).
- The Company also timely handled and replied to investors' messages, and uploaded investors' interaction records monthly through the "e-interaction" platform developed by the SSE for listed companies and investors.

Employees, Remuneration and Training

As at 30 June 2021, among the total of 6,992 employees of the Group (including the Company and its consolidated subsidiaries), 2,277 are management and professional staff and 4,715 are frontline staff.

The remuneration and benefits of our staff include position salary, the performance bonus and the statutory and corporate benefits and are determined by the market value of the position and the comprehensive performance of staff. Pursuant to the statutory requirements, the Group has participated in an employee retirement scheme organised by the local government authorities (social pension insurance) and the housing provident fund plan, and has adopted various protection plans such as medical insurance, work injury insurance and unemployment insurance for its employees. According to the relevant regulations, the Group is required to pay contributions equivalent to a certain percentage of the employee's aggregate salary (subject to the required cap) to the labour and social security authorities management centre and housing provident fund management centre as social insurance contributions for items such as pension and medical insurance expenses as well as contributions for the housing provident fund. For details of the remuneration and benefits for employees, please refer to note III33 and note V28 to the Financial Statements in this Report.

During the Reporting Period, the Company organised 4 training sessions, with 148 person-times participation.

Review of Interim Results

The 2021 interim financial information and comparative figures for the same period of 2020 were prepared in accordance with CASBE, and also complied with the disclosure requirements under the Listing Rules of the HKEx. The Audit Committee of the Company has reviewed and confirmed the financial statements and interim report of the Group for the six months ended 30 June 2021. The relevant financial information has not been audited.

Name of Directors

As at the date hereof, the members of the Board include: Mr. Hu Wei (Executive Director and Chairman of the Board), Mr. Liao Xiang Wen (Executive Director and President), Mr. Wang Zeng Jin (Executive Director), Mr. Wen Liang (Executive Director), Mr. Dai Jing Ming (Non-executive Director), Ms. Li Xiao Yan (Non-executive Director), Ms. Chen Hai Shan (Non-executive Director), Mr. Bai Hua (Independent Director), Mr. Li Fei Long (Independent Director), Mr. Miao Jun (Independent Director) and Mr. Xu Hua Xiang (Independent Director).

By Order of the Board

HU Wei
Chairman

Shenzhen, the PRC, 25 August 2021

Share Capital and Shareholders

I. Profile of Movements of Share Capital

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

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

II. Information of Shareholders

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

1. Total Number of Shareholders:

The total number of shareholders of the Company was 18,587, of which 18,348 were holders of A Shares and 239 were holders of H Shares.

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

Unit: share

The top ten shareholders						
Name of shareholder	Changes during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of restricted circulating shares held	Number of shares pledged or frozen	Nature of shareholders
HKSCC NOMINEES LIMITED ^{Note}	+134,000	729,704,042	33.46	–	Unknown	Overseas legal person
Xin Tong Chan Development (Shenzhen) Company Limited	–	654,780,000	30.03	–	None	State-owned legal person
Shenzhen Shen Guang Hui Highway Development Company Limited	–	411,459,887	18.87	–	None	State-owned legal person
China Merchants Expressway Network & Technology Holdings Company Limited	–	91,092,743	4.18	–	None	State-owned legal person
Guangdong Roads and Bridges Construction Development Company Limited	–	61,948,790	2.84	–	None	State-owned legal person
China Merchants Bank – SSE Dividend Trading Open Index Securities Investment Fund	+13,782,087	36,423,660	1.67	–	Unknown	Domestic non-state-owned legal person
Hong Kong Central Clearing Company Limited	+5,685,348	11,529,040	0.53	–	Unknown	Domestic non-state-owned legal person
AU SIU KWOK	–	11,000,000	0.50	–	Unknown	Overseas natural person
MO JING XIAN	-137,290	10,574,590	0.48	–	Unknown	Domestic natural person
ZHANG PING YING	-4,900	7,709,665	0.35	–	Unknown	Domestic natural person

The top ten holders of non-restricted circulating shares		
Name of shareholder	Number of non-restricted circulating shares held	Type of shares
HKSCC NOMINEES LIMITED ^{Note}	729,704,042	H Share
Xin Tong Chan Development (Shenzhen) Company Limited	654,780,000	A Share
Shenzhen Shen Guang Hui Highway Development Company Limited	411,459,887	A Share
China Merchants Expressway Network & Technology Holdings Company Limited	91,092,743	A Share
Guangdong Roads and Bridges Construction Development Company Limited	61,948,790	A Share
China Merchants Bank – SSE Dividend Trading Open Index Securities Investment Fund	36,423,660	A Share
Hong Kong Central Clearing Company Limited	11,529,040	A Share
AU SIU KWOK	11,000,000	H Share
MO JING XIAN	10,574,590	A Share
ZHANG PING YING	7,709,665	A Share
Connected relationship or concerted action relationship among the abovementioned shareholders	XTC Company and SGH Company are connected persons under the same control of Shenzhen International. There is no connected relationship among the state-owned shareholders in the above table. The Company did not notice any connected relationship among the other abovementioned shareholders or any connected relationship among the abovementioned state-owned shareholders and other shareholders.	

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

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

As at 30 June 2021, the interests or short positions of shareholders, other than a Director, Supervisor or senior management of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), or in accordance with the notice received by the Company and the HKEx, were as follows:

A Shares:

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

Share Capital and Shareholders

H Shares:

Name of shareholder	Capacity	Number of H Shares of the Company held	Percentage of total issued H Share capital
China Merchants Expressway Network & Technology Holdings Company Limited	Beneficial owner	67,990,000 (L)	9.10%(L)
Shenzhen International ^②	Interest of corporation controlled ^③	52,612,000(L)	7.03%(L)
SIHCL	Interest of corporation controlled ^④	52,612,000(L)	7.03%(L)
LSV ASSET MANAGEMENT	Investment manager	45,026,000 (L)	6.02%(L)
Pacific Asset Management Co., Ltd.	Investment manager	44,112,000(L)	5.90%(L)

Note: (L) – long positions, (S) – short positions, (P) – lending pool.

Please refer to Securities and Futures Ordinance for relevant definitions.

Notes :

- ① All the A Shares of the Company are listed on SSE, and all the H Shares of the Company are listed on the main board of HKEx.
- ② Shenzhen International is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of HKEx.
- ③ Long positions of 654,780,000 A Shares were directly held by XTC Company as beneficial owner, 411,459,887 A Shares were directly held by SGH Company as beneficial owner, and 52,612,000 H Shares were directly held by Advance Great Limited as beneficial owner. All of these companies are wholly-owned subsidiaries of Shenzhen International. Pursuant to a written letter provided by Shenzhen International, Advance Great Limited actually held 58,194,000 H shares of the Company as at 30 June 2021 while 58,194,000 H Shares were indirectly held by Shenzhen International and SIHCL.
- ④ SIHCL indirectly held approximately 43.49% interests in Shenzhen International. Pursuant to Securities and Futures Ordinance, SIHCL was deemed to be interested in shares of the Company owned by Shenzhen International.

Save as disclosed above, the register required to be kept under Section 336 of Part 15 of Securities and Futures Ordinance showed that the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company as at 30 June 2021.

4. The Controlling Shareholders and the De-facto Controller

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

III. Others

Purchase, Sale or Redemption of Securities

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

Directors, Supervisors and Senior Management

I. Changes of the Directors, Supervisors and Senior Management

1. Personnel Changes during the Reporting Period

Name	Position	Change
Wan Siu Wah Wilson	Independent Director	Mr. Wan Siu Wah Wilson passed away on 8 January 2021.
Chen Zhi Sheng	Director	Resign. Due to meeting his age of retirement, Mr. Chen Zhi Sheng submitted a written resignation report of his resignation as a director to the Board of the Company on 12 March 2021 and his resignation took effect immediately.
Chen Xiao Lu	Independent Director	Resign. The resignation of Ms. Chen Xiao Lu from the position of independent director of the Company was effective after new independent directors have been elected at the general meeting on 17 May 2021.
Miao Jun	Independent Director	Newly appointed. Mr. Miao Jun was appointed as an independent director of the ninth session of the Board of the Company in the 2020 Annual General Meeting on 17 May 2021.
Xu Hua Xiang	Independent Director	Newly appointed. Mr. Xu Hua Xiang was appointed as an independent director of the ninth session of the Board of the Company in the 2020 Annual General Meeting on 17 May 2021.

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

1. Changes in Shareholding

During the Reporting Period, the trading of the Company's stock by the Directors, the Supervisors or the Senior Management of the Company is as follows:

Name	Position	Number of shares held at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period	Changes during the Reporting Period	Reasons for change
Hu Wei	Chairman	0	200,000	+200,000	bought from open market of the H Shares

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

Directors, Supervisors and Senior Management

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

As at 30 June 2021, the interests or short positions of the Directors, the Supervisors or the Chief Executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part 15 of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) which were required to be entered into the register maintained by the Company under Section 352 of Securities and Futures Ordinance (including deemed interests and short positions under such provisions of Securities and Futures Ordinance) or which were required to be notified to the Company and HKEx pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (collectively, "interests or short positions") were as follows:

Long positions in ordinary shares of the Company:

Name	Number of ordinary shares held as at 30 June 2021	Changes during the Period	Approximate percentage of ordinary shares in issued share capital of Shenzhen International	Nature of interests	Capacity
Hu Wei	200,000	+200,000	0.0092%	Personal	Beneficial owner

Long positions in ordinary shares of Shenzhen International:

Name	Number of ordinary shares held as at 30 June 2021	Change during the Period	Approximate percentage of ordinary shares in issued share capital of Shenzhen International	Nature of interests	Capacity
Hu Wei	130,315	-	0.0058%	Personal	Beneficial owner
Liao Xiang Wen ⁽³⁾	17,560	+1,368	0.0008%	Family interests	Beneficial owner

Interests in share option of Shenzhen International:

Name	Options	Share options unexercised as at 30 June 2021 ^{(1) (2)}	Change during the Reporting Period			Nature of Interests	Capacity
			Adjustment during the Reporting Period	Granted during the Reporting Period ⁽²⁾	Exercised		
Hu Wei	share option scheme 1	1,266,502	93,054	-	-	Personal	Beneficial owner
	share option scheme 2	-	-	-	-		
Liao Xiang Wen	share option scheme 1 ⁽³⁾	496,640	36,490	-	-	Family interests	Beneficial owner
	share option scheme 2	304,695	22,387	-	-		
Lin Ji Tong	share option scheme 1	408,030	29,979	-	-	Personal	Beneficial owner
	share option scheme 2	-	-	-	-		

Note:

- (1) The options under share option scheme 1 were granted on 26 May 2017 and could be exercised during the period from 26 May 2019 to 25 May 2022 pursuant to the grant conditions. On 23 June 2021, Shenzhen International adjusted the exercise price and quantity of the outstanding options. The exercise price was adjusted from HK\$10.223 per share to HK\$9.472 per share.
- (2) The options under share option scheme 2 were granted on 18 May 2020 and could be exercised during the period from 18 May 2020 to 25 May 2022 pursuant to the grant conditions. On 23 June 2021, Shenzhen International adjusted the exercise price and quantity of the outstanding options. The exercise price was adjusted from HK\$13.914 per share to HK\$12.892 per share.
- (3) The interests are owned by the spouse of director Liao Xiang Wen.

Saved as disclosed above, as at 30 June 2021, none of the Directors, the Supervisors or the Chief Executive had interests or short positions defined above.

3. Model Code for Securities Transactions by Directors and Supervisors

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

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

INTERIM FINANCIAL STATEMENTS

Consolidated Balance Sheet	76
Company Balance Sheet	79
Consolidated Income Statement	81
Company Income Statement	83
Consolidated Statement of Cash Flows	84
Company Statement of Cash Flows	86
Consolidated Statement of Changes in Equity	88
Company Statement of Changes in Equity	90
Notes to the Consolidated Financial Statements	94
Supplementary Information	252



Consolidated Balance Sheet

As at 30 June 2021

RMB

Item	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current assets			
Cash at banks and on hand	V.1	4,450,421,424.90	5,549,304,352.44
Bills receivable	V.2	55,618,492.59	378,532,713.65
Accounts receivable	V.3	739,049,103.24	798,070,361.76
Prepayments	V.4	478,287,576.93	403,190,304.27
Other receivables	V.5	874,338,469.98	773,039,332.04
Inventories	V.6	1,067,137,091.06	939,799,846.74
Contract assets	V.7	379,367,471.08	344,065,793.25
Assets held for sale		–	494,662,913.71
Non-current assets due within one year	V.8	93,663,780.59	74,870,082.79
Other current assets	V.9	1,466,529,071.56	325,722,991.02
Total current assets		9,604,412,481.93	10,081,258,691.67
Non-current assets			
Long-term prepayments	V.10	542,565,617.92	318,301,869.39
Long-term receivables	V.11	1,212,463,362.01	997,354,914.31
Long-term equity investments	V.12	8,971,843,046.22	8,939,325,449.78
Other non-current financial assets	V.13	654,139,767.15	1,605,891,286.54
Investment properties	V.14	10,935,027.60	11,222,998.80
Fixed assets	V.15	5,451,142,068.19	3,493,301,179.79
Construction in progress	V.16	1,643,335,703.49	123,595,758.16
Right-of-use assets	V.17	125,635,772.20	139,306,754.99
Intangible assets	V.18	26,537,076,173.33	26,853,518,315.85
Development cost		14,346,054.10	1,856,946.00
Goodwill	V.19	156,039,775.24	156,039,775.24
Long-term prepaid expenses		61,494,606.58	59,662,232.25
Deferred tax assets	V.20	500,487,250.85	593,773,910.48
Other non-current assets	V.21	1,843,109,917.96	1,770,551,959.38
Total non-current assets		47,724,614,142.84	45,063,703,350.96
Total assets		57,329,026,624.77	55,144,962,042.63

Item	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current liabilities			
Short-term borrowings	V.22	1,953,174,007.92	1,341,218,126.43
Transactional financial liabilities	V.23	125,543,909.59	83,677,813.21
Bills payable	V.24	113,660,349.03	295,467,331.39
Accounts payable	V.25	2,186,650,287.39	1,869,889,416.15
Advances from customers	V.26	16,142,555.48	–
Contract liabilities	V.27	105,793,341.91	319,853,971.11
Employee benefits payable	V.28	145,216,079.38	281,972,189.76
Taxes payable	V.29	519,736,974.73	565,789,757.10
Other payables	V.30	2,358,683,106.33	3,570,365,680.07
Non-current liabilities due within one year	V.31	3,790,839,844.96	3,665,798,518.83
Other current liabilities	V.32	2,012,876,658.40	2,041,455,397.33
Total current liabilities		13,328,317,115.12	14,035,488,201.38
Non-current liabilities			
Long-term borrowings	V.33	7,950,199,269.34	6,511,333,267.55
Bonds payable	V.34	4,990,843,915.93	3,792,324,357.82
Including: Preferred stock		–	–
Perpetual bond		–	–
Lease liabilities	V.35	97,031,396.12	104,653,671.67
Long-term payables	V.36	2,449,350,743.19	2,234,299,535.22
Long-term employee benefits payable	V.37	114,813,411.45	114,813,411.45
Provision	V.38	166,780,768.80	165,626,186.20
Deferred revenue	V.39	582,145,637.09	608,186,171.37
Deferred tax liabilities	V.20	1,157,450,645.84	1,299,127,356.20
Total non-current liabilities		17,508,615,787.76	14,830,363,957.48
Total liabilities		30,836,932,902.88	28,865,852,158.86

Consolidated Balance Sheet

As at 30 June 2021

RMB

Item	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Shareholders' equity			
Share capital	V.40	2,180,770,326.00	2,180,770,326.00
Other equity instruments	V.41	4,000,000,000.00	4,000,000,000.00
Including: Perpetual bond		4,000,000,000.00	4,000,000,000.00
Capital reserve	V.42	6,028,177,258.27	6,003,524,259.38
Other comprehensive income	V.43	854,218,477.56	868,945,190.79
Surplus reserve	V.44	2,931,599,472.69	2,711,599,472.69
Undistributed profits	V.45	7,247,191,638.63	7,278,102,534.06
Total equity attributable to shareholders of the parent company		23,241,957,173.15	23,042,941,782.92
Non-controlling interests		3,250,136,548.74	3,236,168,100.85
Total shareholders' equity		26,492,093,721.89	26,279,109,883.77
Total liabilities and shareholders' equity		57,329,026,624.77	55,144,962,042.63

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

The financial statements are signed by the following persons:

Hu Wei

Legal representative:

Zhao Gui Ping

Chief financial officer:

Li Xiao Jun

Head of accounting department

Company Balance Sheet

As at 30 June 2021

RMB

Item	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current assets			
Cash at banks and on hand		1,481,210,613.48	1,365,622,853.05
Accounts receivable	XIV.1	21,339,555.20	20,151,041.12
Prepayments		42,130,707.90	21,750,910.62
Other receivables	XIV.2	2,078,632,999.94	1,319,653,642.94
Inventories		1,639,938.69	1,263,019.74
Contract assets		136,335,410.51	134,830,169.45
Assets held for sale		–	494,662,913.71
Other current assets		966,590,577.26	–
Total current assets		4,727,879,802.98	3,357,934,550.63
Non-current assets			
Long-term prepayments		241,111,769.07	206,552,739.53
Long-term receivables		6,026,022,570.42	6,014,995,341.30
Long-term equity investments	XIV.3	25,628,055,401.59	25,003,745,962.67
Other non-current financial assets		620,211,797.15	1,571,963,316.54
Investment properties		10,935,027.60	11,222,998.80
Fixed assets		258,892,296.93	154,670,681.46
Construction in progress		1,529,844,551.62	–
Right-of-use assets		22,651,090.48	23,040,119.83
Intangible assets		1,059,848,409.51	187,570,677.62
Development cost		1,856,946.00	1,856,946.00
Long-term prepaid expenses		18,547,503.59	16,421,680.05
Deferred tax assets		13,925,980.19	84,546,531.11
Other non-current assets		332,121,175.00	152,054,832.31
Total non-current assets		35,764,024,519.15	33,428,641,827.22
Total assets		40,491,904,322.13	36,786,576,377.85

Company Balance Sheet

As at 30 June 2021

RMB

Item	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current liabilities			
Short-term borrowings		1,301,757,233.62	601,857,503.53
Transactional financial liabilities		125,543,909.59	83,677,813.21
Accounts payable		64,373,001.37	62,687,911.59
Employee benefits payable		61,359,167.74	96,584,656.04
Taxes payable		53,433,377.40	38,268,742.63
Other payables		1,949,691,817.76	1,710,725,016.45
Non-current liabilities due within one year		3,430,575,707.95	3,315,629,370.65
Other current liabilities		2,007,946,266.52	2,018,087,592.62
Total current liabilities		8,994,680,481.95	7,927,518,606.72
Non-current liabilities			
Long-term borrowings		5,270,058,867.55	4,658,608,867.55
Bonds payable		4,990,843,915.93	3,792,324,357.82
Including: Preferred stock		–	–
Perpetual bond		–	–
Lease liabilities		17,806,858.18	19,098,409.12
Long-term payables		2,058,000,000.00	1,948,950,517.48
Long-term employee benefits payable		69,517,451.40	69,517,451.40
Provisions		60,872,221.07	29,708,258.21
Deferred income		265,045,721.89	272,250,747.47
Deferred tax liabilities		145,513,030.64	40,123,832.92
Total non-current liabilities		12,877,658,066.66	10,830,582,441.97
Total liabilities		21,872,338,548.61	18,758,101,048.69
Shareholders' equity			
Share capital	V.40	2,180,770,326.00	2,180,770,326.00
Other equity instruments		4,000,000,000.00	4,000,000,000.00
Including: Perpetual bond		4,000,000,000.00	4,000,000,000.00
Capital reserve		2,758,192,273.96	2,978,192,273.96
Other comprehensive income		878,984,152.77	(14,148,065.97)
Surplus reserve	V.44	2,931,599,472.69	2,711,599,472.69
Undistributed profits		5,870,019,548.10	6,172,061,322.48
Total shareholders' equity		18,619,565,773.52	18,028,475,329.16
Total liabilities and shareholders' equity		40,491,904,322.13	36,786,576,377.85

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

The financial statements are signed by the following persons:

Hu Wei

Legal representative:

Zhao Gui Ping

Chief financial officer:

Li Xiao Jun

Head of accounting department

Consolidated Income Statement

For the six months ended 30 June 2021

RMB

Item	Notes	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited) (Restated)
1. Operating income	V.46	4,211,137,979.84	1,736,562,664.28
Less: Operating costs	V.46	2,380,129,853.31	1,486,591,486.52
Taxes and surcharges	V.47	45,897,536.40	9,133,563.69
Selling expenses	V.48	29,926,580.42	10,673,111.69
General and administrative expenses	V.49	149,599,390.68	101,107,021.84
Research and development expenses	V.50	19,875,298.37	11,547,930.09
Financial expenses	V.51	367,210,031.71	348,566,681.33
Including: Interest expense		430,936,234.47	339,247,277.79
Interest income		43,487,665.50	29,287,844.16
Add: Other income	V.52	36,439,624.82	32,790,924.74
Investment income	V.53	361,365,421.48	142,481,866.56
Including: Investment income in associates and joint ventures	V.12	328,923,152.08	142,481,866.56
Gains (losses) from changes in fair value	V.54	(43,617,615.77)	41,331,196.00
Credit impairment gains (losses)		(919,684.95)	(1,725,343.94)
Assets impairment gains (losses)		5,718,837.99	–
Gains (losses) on disposal of assets		15,225,855.54	(10,820.96)
2. Operating profits (losses)		1,592,711,728.06	(16,189,308.48)
Add: Non-operating income	V.55	12,361,236.42	5,522,415.75
Less: Non-operating expenses	V.56	2,393,844.19	7,980,852.20
3. Total profit (losses)		1,602,679,120.29	(18,647,744.93)
Less: Income tax expenses	V.58	312,910,803.75	(14,053,992.91)
4. Net profit (losses)		1,289,768,316.54	(4,593,752.02)
(1) Classified by business continuity			
1. Net profit (loss) from continuing operations		1,289,768,316.54	(4,593,752.02)
2. Net profit (loss) from discontinued operations		–	–
(2) Classified by ownership			
1. Net profit (losses) attributable to shareholders of the parent company		1,219,331,455.86	52,678,854.97
2. Net profit (losses) attributable to non-controlling interests		70,436,860.68	(57,272,606.99)

Consolidated Income Statement

For the six months ended 30 June 2021

RMB

Item	Notes	For the six months ended 30 June 2020 (Unaudited)	For the six months ended 30 June 2019 (Unaudited) (Restated)
5. Other comprehensive income, net of tax		(14,726,713.23)	(31,749,899.24)
Other comprehensive income after tax attributable to shareholders of the parent company		(14,726,713.23)	(31,749,899.24)
(1) Other comprehensive income that cannot be subsequently reclassified to profit or loss		-	-
1. Share of other comprehensive income of the investee that cannot be reclassified to profit or loss under the equity method		-	-
(2) Other comprehensive income that will be reclassified to profit or loss		(14,726,713.23)	(31,749,899.24)
1. Share of other comprehensive income of the investee that will be reclassified to profit or loss under the equity method	V.43	(13,812,118.48)	(33,091,086.20)
2. Translation differences of financial statements denominated in foreign currencies	V.43	(914,594.75)	1,341,186.96
6. Total comprehensive income		1,275,041,603.31	(36,343,651.26)
Total comprehensive income attributable to shareholders of the parent company		1,204,604,742.63	20,928,955.73
Total comprehensive income attributable to non-controlling interests		70,436,860.68	(57,272,606.99)
7. Earnings per share			
Basic earnings per share (RMB/share)		0.517	0.024
Diluted earnings per share (RMB/share)		0.517	0.024

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

The financial statements are signed by the following persons:

Hu Wei

Legal representative:

Zhao Gui Ping

Chief financial officer:

Li Xiao Jun

Head of accounting department

Company Income Statement

For the six months ended 30 June 2021

RMB

Item	Notes	For the six months ended 30 June 2021	For the six months ended 30 June 2020
		(Unaudited)	(Unaudited)
1. Total revenue	XIV.4	502,295,119.27	188,123,970.00
Less: Operating costs	XIV.4	186,980,868.77	97,153,368.22
Tax and surcharges		5,963,009.25	1,526,198.34
General and administrative expenses		72,040,119.35	49,528,760.62
Financial expenses		167,788,165.95	155,952,024.06
Including: Interest expense		202,436,563.24	244,402,267.43
Interest income		15,561,521.73	125,063,408.51
Add: Other income		32,004,119.09	988,560.16
Investment income	XIV.5	488,903,352.99	99,551,492.29
Including: Investment income in associates and joint ventures		154,780,241.83	33,551,492.29
Gains (losses) from changes in fair value		(43,617,615.77)	41,331,196.00
Credit impairment gains (losses)		–	–
Gains on disposal of assets		15,239,788.51	12,978.64
2. Operating profit		562,052,600.77	25,847,845.85
Add: Non-operating income		52,336.22	30,132,676.57
Less: Non-operating expenses		24,939.50	6,193,025.60
3. Total profit		562,079,997.49	49,787,496.82
Less: Income tax expenses		11,885,566.61	(3,997,820.43)
4. Net profit		550,194,430.88	53,785,317.25
1. Net profit (loss) from continuing operations		550,194,430.88	53,785,317.25
2. Net profit (loss) from discontinued operations		–	–
5. Other comprehensive income, net of tax		–	(5,330,956.40)
(1) Other comprehensive income that cannot be subsequently reclassified to profit or loss		–	–
1. Share of other comprehensive income of the investee that cannot be reclassified to profit or loss under the equity method		–	–
(2) Other comprehensive income that will be reclassified to profit or loss		–	(5,330,956.40)
1. Share of other comprehensive income of the investee that will be reclassified to profit or loss under the equity method	XIV.3	–	(5,330,956.40)
6. Total comprehensive income		550,194,430.88	48,454,360.85

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

The financial statements are signed by the following persons:

Hu Wei
Legal representative:

Zhao Gui Ping
Chief financial officer:

Li Xiao Jun
Head of accounting department

Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

RMB

Item	Notes	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
1. Cash flows from operating activities:			
Cash receipts from selling goods and rendering services		3,456,252,160.49	1,929,941,156.96
Refund of taxes		47,444,735.16	3,356,472.11
Other cash receipts relating to operating activities	V.59(1)	196,395,329.24	138,208,894.86
Sub-total of cash inflows		3,700,092,224.89	2,071,506,523.93
Cash payments for goods and services		597,607,536.98	1,030,270,837.03
Cash payments to and on behalf of employees		543,776,647.96	408,986,907.16
Payments of taxes and surcharges		548,375,464.05	317,250,491.75
Other cash payments relating to operating activities	V.59(2)	276,726,273.24	330,011,775.58
Sub-total of cash outflows		1,966,485,922.23	2,086,520,011.52
Net cash flows from operating activities	V.60(1)	1,733,606,302.66	(15,013,487.59)
2. Cash flows from investing activities			
Cash receipts from recovery of investments		476,406,838.83	22,397,397.13
Cash receipts from returns on investments		110,441,523.66	44,295,059.37
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		20,251,435.63	412,500.00
Other cash receipts relating to investing activities	V.59(3)	6,609,852.63	95,208,499.75
Sub-total of cash inflows		613,709,650.75	162,313,456.25
Cash payments to acquire fixed assets, intangible assets and other long-term assets		2,156,536,816.18	1,051,164,459.54
Payments for investing activities		377,450,067.75	177,797,450.27
Cash payments to acquire subsidiaries and other business units	V.59(4)	639,898,864.56	217,096,832.96
Other cash payments relating to investing activities	V.59(5)	1,081.19	89,192,970.68
Sub-total of cash outflows		3,173,886,829.68	1,535,251,713.45
Net cash flows from investing activities		(2,560,177,178.93)	(1,372,938,257.20)

Item	Notes	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
3. Cash flows from financing activities			
Cash receipts from capital contributions		980,000.00	–
Cash receipts by the subsidiary from minorities' investment		980,000.00	–
Cash receipts from borrowings		9,494,598,143.24	4,530,195,498.65
Other cash receipts relating to financing activities	V.59(6)	530,753,406.24	464,943,402.68
Sub-total of cash inflows		10,026,331,549.48	4,995,138,901.33
Cash repayments of borrowings		6,062,498,454.31	1,857,218,818.94
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,092,001,563.41	283,430,415.49
Including: Payments for distribution of dividends or profits to minorities of subsidiaries		51,538,643.57	–
Other cash payments relating to financing activities	V.59(7)	1,725,485,669.66	765,908,446.20
Sub-total of cash outflows		8,879,985,687.38	2,906,557,680.63
Net cash flows from financing activities		1,146,345,862.10	2,088,581,220.70
4. Effect of foreign exchange rate changes on cash and cash equivalents			
		(347,693.00)	(476,652.30)
5. Net increase in cash and cash equivalents			
Add: Cash and cash equivalents at beginning of period	V.60(1).2	319,427,292.83	700,152,823.61
		3,233,581,180.27	2,977,834,893.73
6. Cash and cash equivalents at end of period			
	V.60(1).2	3,553,008,473.10	3,677,987,717.34

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

The financial statements are signed by the following persons:

Hu Wei

Legal representative:

Zhao Gui Ping

Chief financial officer:

Li Xiao Jun

Head of accounting department

Company Statement of Cash Flows

For the six months ended 30 June 2021

RMB

Item	Notes	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
1. Cash flows from operating activities			
Cash receipts from selling goods and rendering services		492,780,972.45	160,306,782.71
Refund of taxes		45,145,100.35	–
Other cash receipts relating to operating activities		553,248,469.62	909,712,855.44
Sub-total of cash inflows		1,091,174,542.42	1,070,019,638.15
Cash payments for goods and services		25,163,896.91	48,733,285.13
Cash payments to and on behalf of employees		128,339,716.95	101,573,371.65
Payments of taxes and surcharges		83,943,441.78	24,037,190.34
Other cash payments relating to operating activities		131,499,948.19	685,478,266.47
Sub-total of cash outflows		368,947,003.83	859,822,113.59
Net cash flows from operating activities		722,227,538.59	210,197,524.56
2. Cash flows from investing activities			
Cash receipts from recovery of investments		363,990,000.00	–
Cash receipts from returns on investments		183,983,331.16	60,295,059.37
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		15,476,755.00	–
Other cash receipts relating to investing activities		1,925,380,414.45	504,959,239.39
Sub-total of cash inflows		2,488,830,500.61	565,254,298.76
Cash payments to acquire fixed assets, intangible assets and other long-term assets		1,655,513,144.76	14,443,158.28
Payments for investing activities		1,383,615,000.33	177,750,000.00
Net cash payments to acquire subsidiaries and other business units		–	5,100,000.00
Other cash payments relating to investing activities		2,363,064,277.76	2,774,984,000.00
Sub-total of cash outflows		5,402,192,422.85	2,972,277,158.28
Net cash flows from investing activities		(2,913,361,922.24)	(2,407,022,859.52)

Item	Notes	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
3. Cash flows from financing activities			
Cash receipts from borrowings		8,141,852,720.09	2,720,000,000.00
Other cash receipts relating to financing activities		657,248,057.86	445,900,000.00
Sub-total of cash inflows		8,799,100,777.95	3,165,900,000.00
Cash repayments of borrowings		5,533,991,393.27	392,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		949,734,618.56	138,085,583.38
Other cash payments relating to financing activities		8,905,309.81	24,043,527.53
Sub-total of cash outflows		6,492,631,321.64	554,129,110.91
Net cash flows from financing activities		2,306,469,456.31	2,611,770,889.09
4. Effect of foreign exchange rate changes on cash and cash equivalents		(951.20)	2,092.46
5. Net increase in cash and cash equivalents		115,334,121.46	414,947,646.59
Add: Cash and cash equivalents at beginning of period		1,326,583,970.59	1,267,105,113.94
6. Cash and cash equivalents at end of period		1,441,918,092.05	1,682,052,760.53

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

The financial statements are signed by the following persons:

Hu Wei
Legal representative:

Zhao Gui Ping
Chief financial officer:

Li Xiao Jun
Head of accounting department

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

RMB

Item	For the six months ended 30 June 2021 (Unaudited)									
	Attributable to shareholders of the parent company								Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments Perpetual bond	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	Sub-total			
1. Ending balance on 31 December 2020 (Audited)	2,180,770,326.00	4,000,000,000.00	6,003,524,259.38	868,945,190.79	2,711,599,472.69	7,278,102,534.06	23,042,941,782.92	3,236,168,100.85	26,279,109,883.77	
Add: Business combination under common control	-	-	-	-	-	-	-	-	-	
2. Beginning balance on 1 January 2021 (Audited)	2,180,770,326.00	4,000,000,000.00	6,003,524,259.38	868,945,190.79	2,711,599,472.69	7,278,102,534.06	23,042,941,782.92	3,236,168,100.85	26,279,109,883.77	
3. Changes in the current period	-	-	24,652,998.89	(14,726,713.23)	220,000,000.00	(30,910,895.43)	199,015,390.23	13,968,447.89	212,983,838.12	
(1) Total comprehensive income	-	-	-	(14,726,713.23)	-	1,219,331,455.86	1,204,604,742.63	70,436,860.68	1,275,041,603.31	
(2) Shareholders' contributions and reduction in capital	-	-	24,652,998.89	-	-	-	24,652,998.89	(4,696,331.60)	19,956,667.29	
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	(4,696,331.60)	(4,696,331.60)	
2. Others	-	-	24,652,998.89	-	-	-	24,652,998.89	-	24,652,998.89	
(3) Profit distribution	-	-	-	-	-	(1,030,242,351.29)	(1,030,242,351.29)	(51,772,081.19)	(1,082,014,432.48)	
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	
2. Profit distribution to shareholders	-	-	-	-	-	(1,030,242,351.29)	(1,030,242,351.29)	(51,772,081.19)	(1,082,014,432.48)	
(4) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	
1. Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-	
2. Transfer of surplus reserve to share capital	-	-	-	-	-	-	-	-	-	
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	-	-	
(5) Effects of absorption and merger under common control	-	-	-	-	220,000,000.00	(220,000,000.00)	-	-	-	
4. Ending balance on 30 June 2021 (Unaudited)	2,180,770,326.00	4,000,000,000.00	6,028,177,258.27	854,218,477.56	2,931,599,472.69	7,247,191,638.63	23,241,957,173.15	3,250,136,548.74	26,492,093,721.89	

For the six months ended 30 June 2020 (Restated) / (Unaudited)								
Item	Attributable to shareholders of the parent company						Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	Sub-total		
1. Ending balance on 31 December 2019 (Audited)	2,180,770,326.00	6,220,711,401.21	916,005,374.46	2,617,808,817.01	6,439,246,724.95	18,374,542,643.63	2,348,729,616.21	20,723,272,259.84
Add: Business combination under common control	-	59,965,000.88	-	-	91,380,860.75	151,345,861.63	173,290,790.77	324,636,652.40
2. Beginning balance on 1 January 2020 (Audited)	2,180,770,326.00	6,280,676,402.09	916,005,374.46	2,617,808,817.01	6,530,627,585.70	18,525,888,505.26	2,522,020,406.98	21,047,908,912.24
3. Changes in the current period	-	103,905,726.59	(31,749,899.24)	-	(1,146,267,736.18)	(1,074,111,908.83)	359,391,249.50	(714,720,659.33)
(1) Total comprehensive income	-	-	(31,749,899.24)	-	52,678,854.97	20,928,955.73	(57,272,606.99)	(36,343,651.26)
(2) Shareholders' contributions and reduction in capital	-	-	-	-	-	-	-	-
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-
2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-
(3) Profit distribution	-	-	-	-	(1,198,946,591.15)	(1,198,946,591.15)	(27,272,394.51)	(1,226,218,985.66)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-
2. Profit distribution to shareholders	-	-	-	-	(1,198,946,591.15)	(1,198,946,591.15)	(27,272,394.51)	(1,226,218,985.66)
(4) Transfers within shareholders' equity	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to share capital	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-
(5) Business combination under common control	-	(22,690,000.00)	-	-	-	(22,690,000.00)	-	(22,690,000.00)
(6) Business combination not under common control	-	-	-	-	-	-	443,936,251.00	443,936,251.00
(7) Others	-	126,595,726.59	-	-	-	126,595,726.59	-	126,595,726.59
4. Ending balance on 30 June 2020 (restated) / (Unaudited)	2,180,770,326.00	6,384,582,128.68	884,255,475.22	2,617,808,817.01	5,384,359,849.52	17,451,776,596.43	2,881,411,656.48	20,333,188,252.91

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

The financial statements are signed by the following persons:

Hu Wei
Legal representative:

Zhao Gui Ping
Chief financial officer:

Li Xiao Jun
Head of accounting department

Company Statement of Changes in Equity

For the six months ended 30 June 2021

RMB

Item	For the six months ended 30 June 2021 (Unaudited)						
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	Total shareholder's equity
1. Beginning balance on 1 January 2021 (Audited)	2,180,770,326.00	4,000,000,000.00	2,978,192,273.96	(14,148,065.97)	2,711,599,472.69	6,172,061,322.48	18,028,475,329.16
2. Changes during the period	-	-	(220,000,000.00)	893,132,218.74	220,000,000.00	(302,041,774.38)	591,090,444.36
(1) Total comprehensive income	-	-	-	-	-	550,194,430.88	550,194,430.88
(2) Shareholders' contributions and reduction in capital	-	-	-	-	-	-	-
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-
(3) Profit distribution	-	-	-	-	-	(1,030,242,351.29)	(1,030,242,351.29)
1. Transfer to surplus reserve	-	-	-	-	-	-	-
2. Profit distribution to shareholders	-	-	-	-	-	(1,030,242,351.29)	(1,030,242,351.29)
(4) Business combination under common control	-	-	(220,000,000.00)	893,132,218.74	220,000,000.00	178,006,146.03	1,071,138,364.77
3. Ending balance on 30 June 2021 (Unaudited)	2,180,770,326.00	4,000,000,000.00	2,758,192,273.96	878,984,152.77	2,931,599,472.69	5,870,019,548.10	18,619,565,773.52

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

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

The financial statements are signed by the following persons:

Hu Wei

Legal representative:

Zhao Gui Ping

Chief financial officer:

Li Xiao Jun

Head of accounting department

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

I. GENERAL INFORMATION

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

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

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

These financial statements have been approved for issue by the Company’s Board of Directors on 25 August 2021.

The detailed consolidation scope of the financial statements is included in Note VII “equity in other entities”. The detailed information of changes in the consolidation scope of the financial statements is included in Note VI “changes in the scope of consolidation”.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Preparation basis

The Group implements the accounting standards for business enterprises and related regulations issued by the Ministry of Finance of the People’s Republic of China. In addition, the related financial information have been disclosed in accordance with the requirements of the Guidelines on the Content and Format of Corporate Disclosure of Publicly Issued Securities No. 15 – the Content and Format of the Financial Report (revised in 2014), Hong Kong Companies Ordinance and the Rules for the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Going concern

As at 30 June 2021, the Group had current liabilities in excess of current assets of RMB3,723,904,633.19. The Group has unused bank credit lines totaling RMB15.854 billion as of 30 June 2021, however, they are not reserved by the banks to meet the fund needs of the Group’s debt and capital commitments. As the Group can solve the lack of working capital through reasonable financing arrangements, the financial statements have been prepared on a going concern basis.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

II. BASIS OF PREPARATION OF THE 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 and 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 and 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 measurements 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.

When the non-financial assets are measured at fair value, we should consider the market participants' ability of making economic benefits through applying the asset to the best use, or sell the assets to other market participants who can make economic benefits through applying the asset to the best use.

For financial assets whose transaction price is the fair value upon initial recognition and using valuation technique involving unobservable inputted value in subsequent measurement of fair values, the valuation technique should be adjusted during the valuation to make the results of initial recognition determined by valuation are equal to the transaction price.

Fair value measurements are categorized into Level 1, 2 or 3 based on 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 quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
 - Level 2 inputs are inputs, other than inputs within Level 1, that are observable for the asset or liability;
 - Level 3 inputs are unobservable inputs for the asset or liability.
- 

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the consolidated and company financial positions as at 30 June 2021, and the consolidated and company operating results, the consolidated and company changes in equity and the consolidated and company cash flows for the period from 1 January to 30 June 2021 in accordance with Accounting Standards for Business Enterprises.

2. Accounting period

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

3. Normal operating cycle

An operating cycle refers to the period when an enterprise purchases assets for processing purpose till the realization of those assets in cash or cash equivalents. Except for the real estate business, EPC construction and construction business on behalf of others, the operating cycle of the Group's business is relatively short. The classification standard of asset and liability's liquidity is 12 months. The operating cycle of the real estate business is generally longer than 12 months, starting from the commencement of property development to the collection of sales proceeds. The length of the specific operating cycle, which is used as the classification criterion of the liquidity of assets and liabilities in this business, depends on the development project. The operating cycle of EPC constructions of the kitchen waste disposal projects business and construction business on behalf of others are generally longer than 12 months, starting from the commencement of construction project to completion settlement. The length of the specific operating cycle, which is used as the classification criterion of the liquidity of assets and liabilities in this business, depends on the development project.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiary chooses its functional currency on the basis of the primary economic environment in which it operates. The Company 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 entities under common control and business combinations not involving entities under common control.

5.1 Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the 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 (or the total face value of issued shares) 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 earnings.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Business combinations (continued)

5.1 Business combinations involving entities under common control (continued)

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

5.2 Business combinations not involving entities under common control and goodwill

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

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. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. 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.

6. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. If changes of related facts and situations lead to changes of related elements of control, the Group will conduct reassessment.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Consolidated financial statements (continued)

The combination of subsidiaries begins with controlling the subsidiary by the Group, and ceases with the Group's losing 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.

Influence over the consolidated financial statements arising from significant intra-group transactions are eliminated on consolidation.

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

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

Acquisition of non-controlling 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 shareholders' interests and non-controlling interests of the parent company are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling 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 earnings.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Consolidated financial statements (continued)

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. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

When the Group loses control of a subsidiary in two or more arrangements (transactions), terms and conditions of the arrangements (transactions) and their economic effects are considered. One or more of the following indicate that the Group shall account for the multiple arrangements as a 'package deal': (i) they are entered into at the same time or in contemplation of each other; (ii) they form a complete transaction designed to achieve an overall commercial effect; (iii) the occurrence of one transaction is dependent on the occurrence of at least one other transaction; (iv) one transaction alone is not economically justified, but it is economically justified when considered together with other transactions. Where the transactions of disposal of equity investments in a subsidiary until the loss of control are assessed as a package deal, these transactions are accounted for as one transaction of disposal of a subsidiary with loss of control. Before losing control, the difference of consideration received on disposal and the share of net assets of the subsidiary continuously calculated from acquisition date is recognized as other comprehensive income. When losing control, the cumulated other comprehensive income is transferred to profit or loss of the period of losing control. If the transactions of disposal of equity investments in a subsidiary are not assessed as a package deal, these transactions are accounted for as unrelated transactions.

7. Classification of joint arrangements

A joint arrangement is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement, which is assessed by considering the structure and the legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. Classification of joint arrangements (continued)

The Group's joint arrangement is joint venture, which is accounted for using the equity method. Refer to Note III 14.3.2 "Long-term equity investments accounted for using the equity method" for details.

8. Recognition criteria of cash and cash equivalents

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

9. Translation of transactions and financial statements denominated in foreign currencies

9.1 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 on the date of transaction.

At the balance sheet date, foreign currency monetary items are translated into functional currency 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 (1) 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; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the carrying amounts (other than the amortized cost) of monetary items at fair value through other comprehensive income are recognized in other comprehensive income.

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognized as "exchange differences arising on translation of financial statements denominated in foreign currencies" in other comprehensive income, and in profit or loss for the period upon disposal of the foreign operation.

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 or loss or as other comprehensive income.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Translation of transactions and financial statements denominated in foreign currencies (continued)

9.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for "undistributed profits" are translated at the spot exchange rates on the dates of the transactions; income and expense items in the income statement are translated at the average rates on the dates of the transactions; the difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognized as other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at average exchange rate for the period in which cash flows occur. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Group transfers the accumulated exchange differences arising on translation of financial statements of this foreign operation attributable to the shareholders' equity of the parent Company and presented under shareholders' equity, to profit or loss in the period in which the disposal occurs.

In case of a disposal of part equity investments or other reason leading to lower interest percentage in foreign operations but does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to minority interests and are not recognized in profit or loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

10. Financial instruments

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

For financial assets purchased or sold in a regular way, the Group recognizes assets acquired and liabilities assumed on a trade date basis, or derecognizes the assets sold on a trade date basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (continued)

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. Initially recognized accounts receivable that do not contain significant financing components and accounts receivable that the Group decides not to consider a financing component of less than a year in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue (“Revenue Standards”) are initially measured at the transaction price defined by the Revenue Standards.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over each accounting period.

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 the amortized cost of financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability including earlier repayment, extension, call option or other similar options etc. without considering future credit losses.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).

10.1 Classification, recognition and measurement of financial assets

Subsequent to initial recognition, the Group’s financial assets of various categories are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

If 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 to hold financial assets in order to collect contractual cash flows, such asset is classified into financial asset measured at amortized cost. These financial assets mainly include cash at banks and on hand, bills receivable, accounts receivable, other receivables and long-term receivables, etc.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (continued)

10.1 Classification, recognition and measurement of financial assets (continued)

Financial assets that meet the following conditions are classified as at fair value through other comprehensive income ("FVTOCI"): the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and 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. Such type of financial assets with a period of over one year since obtaining are presented as other debt investments and financial assets due within one year (inclusive) since the balance sheet date are presented as non-current assets due within one year; accounts receivable and notes receivable classified as at fair value through other comprehensive income upon obtaining are presented as receivables financing; and others with a period within one year (inclusive) upon obtaining are presented as other current assets.

Upon initial recognition, the Group irrevocably designates non-held-for-trading equity instrument investment except contingent considerations recognized in the business combination not under the same control as financial assets at fair value through other comprehensive income. Such type of financial assets are presented as other equity instrument investments.

A financial asset is classified as held for trading if one of the following conditions is satisfied:

- The obtaining of relevant financial assets is mainly for the purpose of sale in the near future;
- Relevant financial assets are part of the identifiable financial instrument combination under centralized management upon initial recognition and there is objective evidence indicating that recently there exists a short-term profit model.
- Relevant financial assets are derivatives, excluding derivatives following the definition of financial guarantee contracts as well as derivatives designated as effective hedging instruments.

Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss and those designated as at fair value through profit or loss:

- Financial assets that are unqualified for the classification as at amortized cost and at fair value through other comprehensive income are classified as at fair value through profit or loss.
- Upon initial recognition, to eradicate or significantly reduce accounting mismatches, the Group can irrevocably designate financial assets as at fair value through profit or loss.

Financial assets at fair value through profit or loss are all presented under held-for-trading financial assets except derivative financial assets. Financial assets due over one year since the balance sheet date (or without a fixed term) and expected to be held for over one year are presented under other non-current financial assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (continued)

10.1 Classification, recognition and measurement of financial assets (continued)

10.1.1 Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured subsequently at amortized cost using the effective interest method. Gains or losses arising from impairment or derecognition are recorded to profit or loss for the period.

The Group recognizes interest income for financial assets measured at amortized cost using the effective interest method. Interest income is determined by applying an effective interest rate to the carrying amount of the financial asset except for the following situation:

- For the purchased or originated credit-impaired financial assets, the Group recognizes their interest income based on amortized cost and credit-adjusted effective interest rate of such financial assets since initial recognition.

10.1.2 Financial assets at FVTOCI

Impairment losses or gains related to financial assets at FVTOCI, interest income measured using effective interest method and exchange gains or losses are recognized into profit or loss for the current period, except for the above circumstances, changes in fair value of the financial assets are included in other comprehensive income. Amounts charged to profit or loss for every period equal to the amount charged to profit or loss as it is measured at amortized costs. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income shall be removed from other comprehensive income and recognized in profit or loss.

Subsequent to the designation of non-trading equity investments to financial assets at FVTOCI, the changes in fair value of such financial asset is recognized in other comprehensive income. Upon derecognition of the financial asset, the cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings. During the period in which the Group holds the non-trading equity instrument, revenue from dividends is recognized when (1) the Group has established the right of collecting dividends; (2) it is probable that the associated economic benefits will flow to the Group; and (3) the amount of dividends can be measured reliably.

10.1.3 Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognized in profit or loss.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (continued)

10.2 Impairment of financial instruments

The Group accounts for and recognizes loss provision for the financial assets at amortized cost, financial assets classified as at FVTOCI and contract assets based on expected credit losses ("ECL").

The Group adopts simplified approach to measure loss allowance for contract assets and accounts receivable which exclude significant financing components based on the amount of lifetime ECL.

The Group adopts simplified approach to measure loss allowance for lease receivables, accounts receivable and contract assets which include significant financing components based on the amount of lifetime ECL.

For other financial instruments, except for the purchased or originated credit-impaired financial assets, at each balance sheet date, the Group assess changes in credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime; if credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognizes loss allowance based on 12-month ECL of the financial instrument. 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 measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss as gain on impairment.

10.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (continued)

10.2 Impairment of financial instruments (continued)

10.2.1 Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- (1) Significant changes in internal price indicators as a result of a change in credit risk.
- (2) Other changes in the rates or terms of an existing financial instrument that would be significantly different if the instrument was newly originated or issued at the balance sheet date (such as more stringent covenants, increased amounts of collateral or guarantees, or higher income coverage).
- (3) Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life. Changes in market indicators of credit risk include, but are not limited to: (i) the credit spread; (ii) the credit default swap prices for the borrower; (iii) the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost; and (iv) other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments.
- (4) An actual or expected significant change in the financial instrument's external credit rating.
- (5) An actual or expected internal credit rating downgrade for the borrower.
- (6) 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.
- (7) An actual or expected significant change in the operating results of the borrower.
- (8) Significant increases in credit risk on other financial instruments of the same borrower.
- (9) An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower.
- (10) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring.
- (11) Significant changes that are expected to reduce the borrower's economic incentive to make scheduled contractual payments.
- (12) Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument.
- (13) Significant changes in the expected performance and behavior of the borrower.
- (14) Changes in the Group's credit management approach in relation to the financial instrument.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (continued)

10.2 Impairment of financial instruments (continued)

10.2.1 Significant increase in credit risk (continued)

No matter whether the credit risk is increased significantly after above assessment, it indicates that the credit risk of such financial instrument has been increased significantly if it lasts over 30 (inclusive) days after the overdue payment of the financial instrument contract.

10.2.2 Credit-impaired financial asset

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 includes observable data about the following events:

- (1) significant financial difficulty of the issuer or obligor;
- (2) a breach of contract, such as a default or past due event;
- (3) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganizations;
- (5) the disappearance of an active market for that financial asset because of financial difficulties;
- (6) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Based on the internal credit risk management of the Group, the Group considers that a default event happens if the financial instrument debtor cannot make a repayment fully to the debtors including the Group (irrespective of any guarantee obtained by the Group) according to internal suggestions or external information.

Regardless of the above assessment, the Group presumes that a financial instrument is in default if the contractual payment of the financial instrument has been overdue for more than (inclusive) 90 days.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (continued)

10.2 Impairment of financial assets (continued)

10.2.3 Recognition of expected credit losses

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

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

Group 1	Receivables from government and related parties	Other appropriate methods
Group 2	Receivables from customers in wind turbine generators sales industry	Aging analysis
Group 3	Receivables from kitchen waste disposal clients	Aging analysis
Group 4	Receivables from other third parties other than those in Group 1, 2 and 3	Aging analysis

ECL of relevant financial instruments is recognized based on the following methods:

- For a financial asset, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For a lease receivable, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flow to be received.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognized by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance date.

10.2.4 Reduction 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. A reduction constitutes a derecognition event.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (continued)

10.3 Transfer of financial assets

The Group derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (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, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. Relevant liabilities are measured using the following methods:

- For transferred financial assets carried at amortized cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortized cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortized cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at fair value through profit or loss.
- For financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss. While regarding non-trading equity instruments designated as at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings.

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair value of those parts at the date of transfer. The difference between (1) the carrying amount allocated to the part derecognized on the date of derecognition; and (2) 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, is recognized in profit or loss. While regarding non-trading equity instruments designated as at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognize the transferred financial asset in its entirety. The consideration received from transfer of assets is recognized as a liability upon receipt.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (continued)

10.4 Classification of financial liabilities and equity instruments

Financial instruments or their components are classified into financial liabilities or equity instruments on initial recognition according to not only the legal form but also the contractual arrangements and their economic substance of the financial instruments issued by the Group in consideration of the definitions of financial liability and equity instrument.

10.4.1 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.

10.4.1.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of financial liabilities held for trading (including derivative instruments that are financial liabilities) and those designated as at fair value through profit or loss. The financial liabilities at fair value through profit or loss are presented as held-for-trading financial liabilities except for the derivative financial liabilities that are presented individually.

A financial liability is classified as held for trading if one of the following conditions is satisfied:

- The objective to undertake the relevant financial liabilities is mainly for the repurchase in the near future.
- The relevant financial assets are a part of the identifiable financial instrument combination under the concentrated management of the Group upon initial recognition, and there is an objective evidence indicates that a short-term profitability mode exists actually in a short term.
- The relevant financial liabilities are derivatives, excluding the derivatives consistent with the definition of financial guarantee contract and the derivatives designated as effective hedging instruments.

On initial recognition, financial liabilities that meet one of the following conditions are designated by the Group as financial liabilities at fair value through profit or loss: 1) Such designation eliminates or significantly reduces accounting mismatch; 2) The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; 3) The qualified hybrid financial instrument combines financial liability with embedded derivatives.

Held-for-trading financial liabilities are subsequently measured at fair value, and any gains or losses arising from changes in fair value and any dividend or interest income earned on the financial liabilities are recognized in profit or loss.

The amount of change in the fair value of the financial liability at FVTPL that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, and upon the derecognition of such liability, the accumulated amount of change in fair value that is attributable to changes in the credit risk of that liability, which is recognized in other comprehensive income, is transferred to retained earnings. Other gains or losses arising from changes in fair value and any dividend or interest income earned on the financial liabilities are recognized in profit or loss. If the impact of the change in credit risk of such financial liability dealt with in the above way would create or enlarge an accounting mismatch in profit or loss, the Group shall present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (continued)

10.4 Classification of financial liabilities and equity instruments (continued)

10.4.1 Classification, recognition and measurement of financial liabilities (continued)

10.4.1.2 Other financial liabilities

The Group shall classify all financial liabilities as subsequently measured at amortized cost, except for financial liabilities and financial guarantee contracts that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and gains or losses arising from derecognition or amortization are recognized in profit or loss for the period.

When the contractual cash flows are changed due to the renegotiation or modification of the contract made between the Group and the counterparty and the renegotiation or modification does not result in the derecognition of the financial asset that is subsequently measured at amortized cost, the Group shall recalculate the carrying amount of the financial asset and shall recognize related gains or losses in profit or loss. The carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial liability's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial liability and are amortized over the remaining term of the modified financial liability.

10.4.1.2.1 Financial guarantee contracts

A financial guarantee contract is a contract by which the issuer is required to compensate specific amount to the contract holder who suffers from losses when the specific debtor cannot repay the debts in accordance with the initial or revised debt instrument terms upon maturity of debts. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss, or are for the financial liabilities arising as the transfer of financial assets do not meet the derecognition condition or arising from continuous involvement of transferred financial assets are measured at the higher of: (i) the loss provision after initial recognition, and (ii) balance of amount recognized initially less the accumulated amortization amount determined on the basis of relevant Revenue Standards.

10.4.2 Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged. An agreement between the Group (the borrower) and the 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (continued)

10.4 Classification of financial liabilities and equity instruments (continued)

10.4.3 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. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Change of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions 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.

10.5 Derivatives and embedded derivatives

Derivative instruments, including forward foreign exchange contracts and foreign exchange option contracts, etc. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value.

For hybrid contract constituted by embedded derivatives and host contract, if the host contract is a financial asset, the embedded derivative is not separated from the hybrid contract, and the hybrid contract shall be taken as a whole to apply to the accounting standards for the classification of financial assets.

If the host contract included in the hybrid contract is not a financial asset and satisfies all the following criteria, the embedded derivative shall be separated from the hybrid contract by the Group and treated as a stand-alone derivative.

- (1) The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.
- (2) A stand-alone instrument with the same terms as the embedded derivative conforms to the definition of a derivative.
- (3) The hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss.

If the embedded derivative is separated from the hybrid contract, the host contract shall be accounted for in accordance with the appropriate standards. If the Group is unable to measure reliably the fair value of an embedded derivative on the basis of its terms and conditions, the fair value of the embedded derivative is the difference between the fair value of the hybrid contract and the fair value of the host. If the Group is still unable to measure the fair value of the embedded derivative separately either at acquisition or at a subsequent balance sheet date after the above methods are applied, it designates the entire hybrid contract as a financial instrument at fair value through profit or loss.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (continued)

10.6 Offsetting financial assets and financial liabilities

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.

11. Inventories

11.1 Categories of inventories

The Group's inventories mainly include real estate development properties, raw materials, work in progress, goods on hand, low-value consumables and others, etc., which are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

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

11.2 Valuation method of inventories upon delivery

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

11.3 Basis for the determination of net realizable value

At the end of the reporting period, the inventories are measured at the lower of the cost and the net realizable value. If the net realizable value is lower than the cost, the provision for decline in value of inventories should be 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories (continued)

11.3 Basis for the determination of net realizable value (continued)

Provisions of inventories are appropriated at cost of individual inventory item over its net realizable value.

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.

11.4 Inventory count system

The perpetual inventory system is maintained for stock system.

11.5 Amortization method for low value consumables and packaging materials

Low value consumables and packaging materials are amortized using the immediate write-off method.

12. Contract assets

12.1 Determination method and standards of contract assets

Contract asset refers to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

12.2 Determination and accounting methods of expected credit loss of contract assets

For the determination and accounting methods of expected credit loss of contract assets, see Note III, "10.2 Impairment of financial instruments".

13. Assets classified as held-for-sale

Non-current assets and disposal groups are classified as held for sale category when the Group recovers the book value through a sale (including an exchange of non-monetary assets that has commercial substance) rather than continuing use.

Non-current assets or disposal groups classified as held for sale are required to satisfy the following conditions: (1) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is highly probable, i.e. the Group has made a resolution about selling plan and obtained a confirmed purchase commitment and the sale is expected to be completed within one year.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Assets classified as held-for-sale (continued)

The Group measures the no-current assets or disposal groups classified as held for sale at the lower of their carrying amount and fair value less costs to sell. Where the carrying amount is higher than the net amount of fair value less costs to sell, the carrying amount should be reduced to the net amount of fair value less costs to sell, and such reduction is recognized in impairment loss of assets and included in profit or loss for the period. Meanwhile, provision for impairment of held-for-sale assets are made. When there is increase in the net amount of fair value of non-current assets held for sale less costs to sell at the balance sheet date, the original deduction should be reversed in impairment loss of assets recognized after the classification of held-for-sale category, and the reverse amount is include in profit or loss for the period.

Non-current assets classified as held-for-sale or disposal groups are not depreciated or amortized, interest and other costs of liabilities of disposal group classified as held for sale continue to be recognized.

All or part of equity investments in an associate or joint venture are classified as held-for-sale assets. For the part that is classified as held-for-sale, it is no longer accounted for using the equity method since the date of the classification.

14. Long-term equity investments

14.1 Determination criteria of joint control and significant influence

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. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influences is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those polices. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effects 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 have been considered.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments (continued)

14.2 Determination of initial investment costs

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 owners' 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 adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. 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 owners' 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 earnings. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination involving entities under common control, the acquirer shall determine if these transactions are considered to be a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the initial investment cost of the long-term equity investment is the share of book value of owners' equity of the acquired entity in the ultimate controlling party's consolidated financial statements at the date of combination. The difference between the initial investment cost and the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings. Other comprehensive income recognized for the previously held equity investments by accounting treatment of equity method or investments in non-trading equity instruments designated as at fair value through other comprehensive income is not subject to accounting treatment temporarily.

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. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer shall determine if these transactions are considered to be a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method. If the equity previously held was accounted for using the equity method, the corresponding other comprehensive income is not subject to accounting treatment temporarily. If the equity investment previously held was classified as investments in non-trading equity instruments designated as at fair value through other comprehensive income, the difference between the fair value and carrying amount, together with the accumulated fair value previously included in other comprehensive income are transferred to retained earnings.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments (continued)

14.2 Determination of initial investment costs (continued)

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

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 22) and the additional investment cost.

14.3 Subsequent measurement and recognition of profit or loss

14.3.1 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.

14.3.2 Long-term equity investments accounted for using the equity method

Investments in joint ventures are accounted for using the equity method, except for investments in associates and joint ventures that are classified in whole or in part as assets held for sale. 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments (continued)

14.3 Subsequent measurement and recognition of profit or loss (continued)

14.3.2 Long-term equity investments 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 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 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. When the investment output of our corporation could be considered as business, and the investor receive long-term equity investment without the acquisition of controlling, the fair value of the investment business should be considered as the initial capital of the new long-term equity investment. The difference between initial investment capitals of the carrying amount of investment business will be entirely included in current profit or loss. The difference between the prices of the sold assets which could constitute as business and the carrying amount of the business will be entirely included in current profit or loss. The assets of the corporation which purchased from joint companies and joint ventures that could be consider as business will be dealt on the basis of "Accounting Standard for Business Enterprises No. 20-Business Combinations and be entirely accounted as trading profits or losses.

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 Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Long-term equity investments (continued)

14.4 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.

15. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both. It includes car parking spaces 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 adopts the cost model for the subsequent measurement of investment properties. Investment properties are amortized to their estimated net residual values over their estimated useful lives. The estimated useful life, the estimated residual value rate and the annual amortization rate of the investment properties are as follows:

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Investment properties (continued)

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.

16. Fixed assets

16.1 Recognition criteria

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 and the effect of any expected costs of abandoning the asset at the end of its use is considered.

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

16.2 Depreciation methods

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:

Type	Depreciation method	Estimated useful life	Estimated residual value rate	Annual depreciation rate
Buildings	Straight-line	20–30 years	5.00%	3.17%-4.75%
Traffic equipment	Straight-line	5–11 years	0.00%-10.00%	8.18%-20.00%
Mechanical equipment	Straight-line	5–20 years	4.00%-5.00%	4.75%-19.20%
Motor vehicles	Straight-line	5–6 years	5.00%	15.83%-19.00%
Office and other equipment	Straight-line	3–5 years	0.00%-5.00%	19.00%-33.33%

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.

16.3 Other particulars

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.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Fixed assets (continued)

16.3 Other particulars (continued)

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 account for any change as a change in an accounting estimate.

17. Construction in progress

Construction in progress is measured at its actual construction expenditures, including 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.

18. 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. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than three months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed. 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.

19. Intangible assets

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Intangible assets (continued)

(1) Concession intangible assets

(a) Toll road

Toll roads concession intangible assets refer to the rights granted by the respective concession grantors, which entitle the Group to receive the toll fees from users and the land use right obtained in conjunction with the concession arrangement. The concession intangible assets of the Group are calculated at the costs actually incurred.

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

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

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

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Intangible assets (continued)

(1) Concession intangible assets (continued)

(a) Toll road (continued)

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

Item	Operating period	Unit usage (RMB)
Meiguan Expressway	May 1995 to March 2027	0.53
Shenzhen Airport-Heao Expressway (Western Section)	May 1999 to March 2027	0.59
Shenzhen Airport-Heao Expressway (Eastern Section)	October 1997 to March 2027	2.95
Wuhuang Expressway	September 1997 to September 2022	5.82
Qinglian Expressway	July 2009 to July 2034	30.01
Shuiguan Expressway	March 2002 to February 2027	5.66
Yichang Expressway	January 2004 to December 2033	10.88
Changsha Ring Road (North-western Section) ("Changsha Ring Road")	November 1999 to October 2029	5.09
Coastal Expressway	December 2013 to December 2038	6.21
Outer Ring Expressway (Note)	December 2020 to December 2045	7.02
Longda Expressway	October 2005 to October 2027	0.25

Note: Tolling years of Outer Ring Expressway have not yet been approved.

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

(b) Kitchen waste disposal project

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Intangible assets (continued)

(1) Concession intangible assets (continued)

(b) Kitchen waste disposal project (continued)

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

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

(2) Other intangible assets

The amortization method, useful life and estimated net residual value rate of other intangible assets are as follows:

Item	Amortization method	Useful life (year)
Billboard use right	Straight-line	5
Patent	Straight-line	5–10
Land use rights	Straight-line	50
Software and others	Straight-line	2–10

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.

For details of the impairment test of intangible assets, see Note III "20. Impairment of long-term assets".

(3) Internal research and development expenditure

Expenditure during the research phase is recognized as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period:

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale,
- (2) The Group has the intention to complete the intangible asset and use or sell it,
- (3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset,
- (5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. Intangible assets (continued)

(3) Internal research and development expenditure (continued)

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period. Costs of intangible assets generated from internal development activities only include total expenditures incurred from the point of time that qualify for capitalization till the intangible asset is ready for intended use. Expenditures which have been recognized as expenses into profit or loss before the same intangible asset that qualify for capitalization during the development course will not be adjusted any longer.

20. Impairment of long-term assets

The Group reviews the long-term equity investments, investment properties using cost method, fixed assets, construction in progress and intangible assets with finite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with uncertain useful life or not yet ready for use is tested for impairment every year whether there is any indication the assets may be impaired.

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

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.

In determination of impairment loss of contract assets, firstly impairment loss of other assets recognized in accordance with other relevant ASBEs and related to the contract is recognized; secondly, the Group shall recognized an impairment loss to the extent that the carrying amount of an asset exceeds: (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less; (2) the estimated costs that relate to providing those goods or services.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Impairment of long-term assets (continued)

Except for impairment losses related to contract costs, once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period. The Group shall, after the impairment of assets related to contract costs has been provided, recognized in profit or loss a reversal of some or all of an impairment loss previously recognized when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the carrying amount that would have been determined if no impairment loss had been recognized previously.

21. Long-term prepaid expenses

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

22. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received or is expected to receive a consideration from the customer. Contract assets and contract liabilities under the same contract are listed on a net basis.

23. Employee benefits

23.1 Accounting treatment of 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 Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Employee benefits (continued)

23.2 Accounting treatment of post-employment benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

During the accounting period of rendering service to employees of the Group, amount which should be paid according to defined contribution plans is recognized as liabilities, and recognized in profit or loss or related costs of assets.

23.3 Accounting treatment of termination welfare

The Group provides termination welfare to employees, employee benefits liabilities generated from termination welfare are recognized at the earlier of the following two dates, and recognized in profit or loss of current period: When the Group cannot withdraw provided termination welfare because of severing labor relationship or reduction of suggested amount; When the Group recognizes costs or expenses related to termination welfare payment.

23.4 Accounting treatment of other long-term employee benefits

As to other welfare for the long-term employee, the group would apply to the related rules of deposit-benefit plan if they fulfill the requirement, besides, the net liability or asset would be confirmed. At the end of the report period, the compensation of other long-term employees should be confirmed in costs. And the net book value of the total of their net liability, assets or the variation due to recalculation would be counted in current gains/losses or other assets costs. Other long-term employee benefits that meet the above criteria of defined contribution plan are accounted for in accordance with requirements relating to defined contribution plan as described above.

24. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency such as products quality assurance, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

25. Revenue

25.1 Accounting policies used for revenue recognition and measurement

The Group's revenue is mainly derived from toll road, environmental protection and property development.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (continued)

25.1 Accounting policies used for revenue recognition and measurement (continued)

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. Transaction price refers to the consideration that the Group is expected to charge due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the 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 in progress during the Group's performance; (iii) goods 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 will recognize revenue at the point in time when the customer obtains control over relative goods or services.

If there are two or more of performance obligations included in the contract, at the contract inception, the Group allocates the transaction price to each single performance obligation based on the proportion of stand-alone selling price of goods or services promised in single performance obligation. However, if there is conclusive evidence indicating that the contract discount or variable consideration is only relative with one or more (not the whole) performance obligations in the contract, the Group will allocate the contract discount or variable consideration to relative one or more performance obligation. Stand-alone selling price refers to the price of single sales of goods or services. The stand-alone selling price cannot be observed directly, the Group estimates the stand-alone selling price through comprehensive consideration of all reasonably acquired relative information and maximum use of observable inputs.

If the contract includes variable consideration (such as sales discount, sales allowance etc.), the Group determines the best estimates of the variable consideration based on the expected value or the most likely amount. Transaction price comprising the variable consideration does not exceed the amount that it is highly probable that a significant reversal will not occur when relevant uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of variable consideration which should be recognized in transaction price.

If the customer pays non-cash consideration, the Group determines the transaction price based on the fair value of the non-cash consideration. If the Group cannot reasonably estimate the fair value of the non-cash consideration, it should determine the transaction price indirectly by reference to the stand-alone selling price of the goods or services promised to transfer to the customer.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (continued)

25.1 Accounting policies used for revenue recognition and measurement (continued)

For sales with sales return terms attached, as the customer obtains ownership of related goods, the Group recognizes revenue in accordance with the consideration (excluding expected refund amounts due to sales returns) that the Group is expected to charge due to the transfer of goods or services to the customer, and recognizes liabilities in accordance with expected refund amounts due to sales returns. The remaining amount, subsequent to deduction of expected costs from collecting the goods (including the decrease in value of the returned goods), is recognized as an asset in accordance with the book value during the expected transfer of returned goods.

For sales with quality assurance terms, if the quality assurance provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Group will account for the quality assurance responsibility in accordance with the Accounting Standard for Business Enterprises No. 13 – Contingencies.

If the contract includes significant financing component (such as property sales, etc.), the Group determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when “control” of the goods or services is obtained by the customer. The difference between the transaction price and the contract consideration shall be amortized within the contract period using effective interest rate. If the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the Group needs not to consider the significant financing component.

The Group determines whether it is a principal or an agent at the time of the transaction based on whether it owns the “control” of the goods or services before the transfer of such goods or services to the customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and the revenue shall be recognized based on the total consideration received or receivable; otherwise, the Group is an agent, and the revenue shall be recognized based on the amount of commission or handling fee that is expected to be charged, and such amount is determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties or according to the established commission amount or proportion.

When the Group collects amounts of sold goods or services in advance from the customer, the Group will firstly recognize the amounts as a liability and then transfer to revenue until satisfying relevant performance obligations. When the receipts in advance is non-refundable and the customer may give up all or part of contract right, and the Group is expected to be entitled to obtain amounts associated with contract rights given up by the customer, the above amounts shall be proportionally recognized as revenue in accordance with the model of exercising contract rights by the customer; otherwise, the Group will transfer the relevant balance of the above liability to revenue only when it is highly unlikely that the customer will require performance of the remaining performance obligations.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (continued)

25.1 Accounting policies used for revenue recognition and measurement (continued)

The specific revenue recognition criteria of the Group are as follows:

- (1) The Group's toll revenue from the operations of toll roads is recognized when the related services have been provided, revenue and total costs can be measured reliably and economic benefits with transactions can flow to the Group.
- (2) The contracts for the sale of goods between the Group and the customer usually contain the performance obligations for the transfer of the complete machine, components, and accessories of wind turbine generators, transfer kitchen waste disposal equipment and accessories, and the sales of electricity. The Group generally recognizes revenue at the point of transfer of control of the goods on the basis of a combination of the following factors: the current right to collect the goods, the transfer of major risks and benefits in the ownership of the goods, and the transfer of the legal ownership of the goods, the transfer of physical assets of the goods and that the customers have accepted the goods.
- (3) Service contracts between the Group and its customers usually include the obligation to perform construction management services. For construction management service projects, the Group is responsible for the construction and implementation of the entire project as the general contractor. For the construction unit, survey and design, consulting, etc., the Group is responsible for bidding and signing contracts with the third-party units and the government shall pay the total price of the project investment to the Group in accordance with the payment method agreed in the agency construction. The Group is the main responsible person and recognizes the revenue according to the total consideration received or receivable if it takes control over the projects under construction before transferring the goods to the owners, leads the third party to provide services to the owners, and bears the primary responsibility for transferring the construction to the owners. Otherwise, the Group is an agent and recognizes the revenue according to the amount of the commission or handling fee expected to receive. The amount shall be netted according to the total amount received or receivable, after deducting the price payable to other related parties, or the established commission amount or proportion is determined. As the services provided by the Group in the course of performance are irreplaceable and the Group has the right to calculate the revenue accumulated to date for the performance of the contract during the whole contract period, when the results of the construction management services can be estimated reliably, construction management service revenue is recognized using the input method and the input is measured with reference to the actual construction costs and related management expenses incurred till the end of the reporting period as a percentage of the total estimated construction costs and management expenses. When the results of the construction management services cannot be estimated reliably, construction management service revenue is recognized at the same amount of actual management expenses incurred only to the extent that such expenses are probable to be recovered.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (continued)

25.1 Accounting policies used for revenue recognition and measurement (continued)

- (4) For the Group's property sales revenue, after the completion and acceptance of the property, the Group and the client signed a sales contract, then obtains the proof of the buyer's payment and delivers the property to the buyer after the property is completed and passes the acceptance. When the buyer is informed of launch literally and does not have a proper reason to reject it, the related revenue is recognized after the time limit of the information is over.
- (5) Revenue from entrusted highway operation and management and maintenance services is recognized on a straight-line basis over the contract period. Revenue from entrusted operation and management service of kitchen waste disposal of the Group shall be recognized according to actual disposal volume and unit price agreed in the agreement.
- (6) The Group has signed government and social capital cooperation agreements ("PPP") with government departments to participate in the development, financing, operation and maintenance of toll road infrastructure. According to the PPP project contract, the Group has the right to charge fees to those who obtain public goods and services during the operation of the project. However, if the amount of fees is uncertain, this right does not constitute an unconditional right to receive cash. The consideration amount of relevant PPP project assets or the recognized construction income amount shall be recognized as intangible assets, and accounting treatment shall be carried out in accordance with the provisions of accounting Standards for Enterprises No. 6 – Intangible Assets. As agreed by the Group in the PPP project contract, during the operation of the project, the conditions for the right to receive cash (or other financial assets) in an identifiable amount shall be recognized as receivables when the social capital party has the right to receive the consideration (which is only dependent on the factors of the passage of time). And in accordance with the "Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments" for accounting treatment. When the PPP project assets reach the predetermined usable state, the Group recognizes the difference between the consideration amount of the relevant PPP project assets or the recognized construction income amount and the cash (or other financial assets) which is entitled to receive the ascertainable amount as intangible assets.
- (7) The Group and the government department signed franchise agreements via the build-operate-transfer method to engage in the kitchen waste disposal project, core equipment construction, and complete equipment system integration and maintenance. During the construction period, the construction service provided by the Group shall be regarded as the performance obligations performed within a certain period and the construction income shall be recognized by the completion percentage methods in accordance with the proportion of the incurred costs to estimated total costs. During the commercial operation period, the kitchen waste revenue of the restaurant shall be recognized according to the actual amount of waste disposal and the unit price agreed in the franchise agreement or the waste disposal agreement. Income from biogas power generation shall be recognized according to the unit price agreed in the electricity generation and electricity purchase and sale contracts. Grease sales revenue shall be confirmed according to the actual grease sales volume and the unit price agreed in the agreement.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Contract cost

26.1 Costs of obtaining contracts

If the incremental costs (costs that will not occur if no contract obtained) incurred for obtaining the contract are expected to be recovered, the Group recognizes it as an asset and adopts goods or service income related to the assets to confirm the same basis for amortization and recognizes it in profit or loss. Other expenses incurred by the Group for obtaining the contract are recognized in profit or loss for the period in which it occurs, except as expressly borne by the customer.

26.2 Costs to fulfill contracts

If the costs incurred in fulfilling a contract are not within the scope of other standards other than standards on revenue, the Group shall recognized an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: 1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; 2) the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and 3) the costs are expected to be recovered. The assets recognized shall be amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates and recognized in profit or loss for the period.

27. Categories of government grants and accounting treatment methods

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. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the period.

27.1 Accounting treatment and determining basis of government grant related to assets

Government grants of the group included equipment subsidy. These payments are government grant of related assets.

A government grant related to an asset is recognized as deferred income and will be included in profit or loss according to the progress of depreciation and amortization of such asset by stages over the useful life of the related asset.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Categories of government grants and accounting treatment methods (continued)

27.2 Accounting treatment and determining basis of government grant related to income

Government grants of the Group included tax refunds and government incentive funds, these are government grant related to income.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period.

A government grant related to the Group's daily activities is recognized in other income based on the nature of economic activities; a government grant is not related to the Group's daily activities is recognized in non-operating income.

For repayment of a government grant already recognized, if there is related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognized in profit or loss for the period.

28. Deferred tax assets/deferred tax liabilities

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

28.1 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.

28.2 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Deferred tax assets/deferred tax liabilities (continued)

28.2 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.

28.3 Offsetting of income tax

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.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Leases

A lease is a contract in which the lessor, for a certain period of time, gives the lessee the right to use the assets to obtain a consideration.

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. Unless the terms and conditions of the contracts change, the Group does not reassess whether the contracts are leases or include leases.

29.1 The Group as lessee

29.1.1 Separating components of a lease

If the contract contains one or more lease and non-lease components, the Group splits each individual lease and non-lease component to distribute the consideration of the contract in proportion to the sum of the individual price of each lease component and the separate price of the non-lease component.

29.1.2 Right-of-use assets

Except for short-term leases and lease of low value assets, the Group recognizes the right-to-use assets of the leases on the commencement date of the lease term. The Group's right-to-use assets consist mainly of buildings, motor vehicles, billboard, etc. The Group's right-to-use asset classes mainly include buildings, motor vehicles, billboard, etc.

The beginning date of the lease period is the date from which the tenant provides the leased assets to make them available for use by the Group. Right-to-use assets are initially measured at cost. The cost includes:

- The initial measured amount of Lease obligation;
- The amount of lease payments paid on or before the start date of the lease term, less the amount of the lease incentives that have been enjoyed, if there is a lease incentive;
- The initial direct expenses incurred by the Group;
- The Group's activities to remove and remove leased assets, The cost that is expected to occur to reinstate the leased asset at its site or to restore the leased asset to the agreed state of the lease term, excluding costs incurred to produce the inventory.

The Group has referred to ASBE 4 Fixed assets Depreciation regulation, Depreciation is applied to the right-to-use assets. If there is reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

The Group applies ASBE 8 Impairment of Assets, to determine whether the right-of-use assets are impaired and to account for any impairment loss identified.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Leases (continued)

29.1 The Group as lessee (continued)

29.1.3 Lease liabilities

Except for short-term leases and lease of low value assets, the Group initially measures Lease obligation at the beginning of the lease term at the present value of the outstanding lease payments at that date. In calculating the present value of the lease payments, the Group uses the interest rate included in the lease as the discount rate and, if it is not possible to determine the interest rate included in the lease, uses the incremental borrowing rate as the discount rate.

Lease payments represent payments made by the Group to lessor in connection with the right to use the leased assets during the lease term, including:

- The fixed amount of payment and the real fixed amount of payment, less the relevant amount of the lease incentive, if there is a lease incentive;
- The amount of variable lease payments depending on an index or ratio;
- The exercise price of the purchase option to be exercised is reasonably determined by the Group;
- The lease term reflects the amount to be paid for the exercise of the termination option if the Group will exercise the termination option;
- The amount expected to be paid under the residual value of the guarantee provided by the Group.

After the beginning of the lease period, the Group calculates the interest expense of Lease obligation for each period of the lease period at a fixed recurring rate and includes the profit or loss or the cost of the underlying assets in the current period.

After the beginning of the lease period, the Group recalculates Lease obligation and adjusts the corresponding right-to-use assets, and if the carrying value of the right-to-use assets has been reduced to zero, but Lease obligation still needs to be further adjusted, the Group includes the difference in profit or loss for the current period:

- The Group's present value, calculated on the basis of the after-change lease payments and the revised discount rate, is recalculated by Lease obligation as a result of changes in the lease period or changes in the valuation of the purchase option;
- Based on a change in the expected amount payable on the guarantee balance or the index or ratio used to determine the lease payment amount, the Group's present value, calculated on the basis of the changed lease payment amount and the original discount rate, is recalculated at Lease obligation. If the changes in lease payments result from changes in floating interest rates, the present value is calculated using the revised discount rate.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Leases (continued)

29.1 The Group as lessee (continued)

29.1.4 Short-term leases and lease of low value assets

For short-term leases and lease of low value assets of transport vehicles, mechanical equipment/others (please indicate the specific type of leased assets), the Group chose not to recognize the right-to-use assets and Lease obligation. Short-term leases are leases that, on the beginning of the lease period, have a lease term not exceeding 12 months and do not include the option to buy. A lease of a low-value asset, is a lease that the single underlying asset, when is new, is no more than RMB50,000.00. The Group includes the lease payments for short-term leases and lease of low-value assets on a straight-line basis in current profit or loss or the cost of the underlying assets for each period of the lease term.

29.1.5 Lease modification

If a lease modification and the following conditions are met, the Group will treat the lease change as a separate lease:

- The lease modification expands the scope of the lease by adding the right to use one or more of the leased assets;
- The increased consideration was equivalent to the individual price of the extended portion of the lease, adjusted for the circumstances of the contract.

If the lease modification is not accounted for as a separate lease, on the effective date of the lease change, the Group revalued the consideration of the changed contract, redefined the lease term, and recalculated the Lease obligation at its present value, calculated on the basis of the modified lease payment amount and the revised discount rate.

If the lease modification results in a reduction in the scope of the lease or a reduction in the lease term, the Group reduces the carrying amount of the right-to-use assets accordingly, and includes in the current profit or loss the associated gains or losses from partial or total termination of the lease. If other lease changes result in Lease obligation being re-measured, the Group adjusts the book value of the right-to-use assets accordingly.

29.2 The Group as lessor

29.2.1 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 Revenue Standards on the basis of the relative stand-alone price of the lease components and the non-lease components.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Leases (continued)

29.2 The Group as lessor (continued)

29.2.2 Classification of leasing

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.

29.2.2.1 The Group as lessee under operating leases

The Group recognizes lease payments from operating leases as rental income on a straight-line basis. The Group capitalizes initial direct costs incurred in obtaining an operating lease and recognizes those costs as an expense over the lease term on the same basis as the lease income.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in the lease receipts are recognized in current profit or loss when they are actually incurred.

29.2.2.2 The Group as lessor under finance leases

At the commencement date, the Group recognizes a finance lease receivable at the amount equal to the net investment in the lease with finance lease assets derecognized. The net investment in the lease is the sum of any unguaranteed residual value and lease payments receivable from the commencement date, discounted at the interest rate implicit in the lease.

The amount of the lease payments receivable refers to the amount that the Group should collect from the lessee for the purpose of transferring the leased assets during the lease term, including:

- Fixed payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or a rate;
- Exercise price of the purchase option, if it is reasonably determined that the lessee will exercise the option;
- Payments for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease;
- Residual value of guarantee provided to the Group by the lessee, a party related to the lessee and an independent third party with the financial ability to fulfill the guarantee obligations.

Variable payments receivable not included in the net investment in the lease are recognized in profit or loss when they arise.

Interest income for each period over the lease term is recognized by the Group at the fixed periodic rate.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Leases (continued)

29.2 The Group as lessor (continued)

29.2.3 Subleases

As a lessor of the sublease, the Group accounts for the original lease contract and the sublease contract as two separate contracts. The Group classifies the subleases based on the right-of-use assets generating from the original lease rather than the underlying assets of the original lease.

29.2.4 Lease modifications

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any lease advances or receivables relating to the original lease as the lease receipts for the new lease.

The Group will account for the lease change as an individual lease, when they satisfy all the following criteria:

- The lease change expanded the scope of the lease by adding the right-of-use of one or more lease assets;
- The increased consideration is equivalent to the amount of individual price of the expanded lease scope adjusted according to the contract.

For a modification to a finance lease that is not accounted for as a separate lease, the Group should account for the modification as follows:

- If the lease would have been classified as an operating lease had the modification been effect at the inception date, the Group should account for the lease modification as a new lease from the effective date of the modification, and measure the carrying amount of the underlying asset as the net investment in the lease before the effective date of the lease modification.
- If the lease would have been classified as an operating lease if the modification had been in effect at the inception date, the Group should apply the requirements of contract modification and renegotiation under the ASBE No. 22 Financial Instruments: Recognition and Measurement.

29.2.5 Sale and leaseback transactions

29.2.5.1 The Group as the seller-lessee

The Group applies the requirements of the ASBE No. 14 Revenue to determine whether the transfer of an asset is accounted for as a sale of that asset. If the transfer of an asset does not constitute a sale, the Group should continue to recognize the transferred assets and should recognize a financial liability equal to the transfer proceeds applying ASBE No. 22 Financial Instruments: Recognition and Measurement. If the transfer of an asset is a sale, the Group should measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use, and recognize only the amount of any gain or loss that relates to the rights transferred to the lessor.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Leases (continued)

29.2 The Group as lessor (continued)

29.2.5 Sale and leaseback transactions (continued)

29.2.5.2 The Group as the buyer-lessee

If the transfer of an asset in a sale and leaseback transaction is not a sale, the Group does not recognize the transferred asset, but recognizes the transferred assets and should recognize a financial liability equal to the transfer proceeds applying ASBE No. 22 Financial Instruments: Recognition and Measurement. If the transfer of an asset is a sale, the Group accounts for the purchase of the asset in accordance with other applicable ASBEs and accounts for the lease of the asset.

29.3 Rent reduction during COVID-19

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

- (1) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (2) any reduction in lease payments affects only payments originally due on or before 30 June 2022;
- (3) there is no substantive change to other terms and conditions of the lease.

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

30. Other significant accounting policies and accounting estimates

Segment information

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

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Other significant accounting policies and accounting estimates (continued)

Segment information (continued)

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

31. Changes in significant accounting policies and accounting estimates

31.1 Newly published and revised Accounting Standards for Business Enterprises

Since 1 January 2021, the Group implements the "Accounting Standards for Business Enterprises Interpretation No. 14" (Cai Kuai [2021] No. 1, hereinafter referred to as "Interpretation No. 14") published by the Ministry of Finance on 26 January 2021. Interpretation No. 14 issue 1 "Accounting Treatment on the Contracts of Public-private Partnership (PPP) Project by the Private Party" stipulates that when providing construction services or contracting to other parties, the private party shall make accounting treatment complying with the provisions of "Accounting Standards for Business Enterprises No. 14 – Revenue". Interpretation No. 14 issue 2 "Accounting Treatment on Changes in the Basis for Determining Contractual Cash Flows Due to the Reform of the Benchmark Interest Rate" stipulates the accounting treatments for changes in the basis for determining the contractual cash flows of financial assets or financial liabilities and lease changes due to the reform of the benchmark interest rate. The Group adjusts the retained earnings at the beginning of the period and the amounts of other related items in the financial statements based on the cumulative impact from the initial implementation of Interpretation No. 14. The information in comparable period is not adjusted.

The implementation of Interpretation No. 14 has no significant impact on the Group's balance sheet as at 1 January 2021.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates

In the application of accounting policies as set out in Note III, the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of the operating activities. These judgements, estimates and assumptions are based on historical experience 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.

32.1 Critical judgements in applying accounting policies

(1) *Business model*

The classification of financial assets at initial recognition depends on the business model of the Group's management of financial assets. When determining whether the business model is still likely to be based on the collection of contractual cash flows, the Group needs to analyze the sale reasons, time, frequency and value of financial assets before the maturity date.

(2) *Contractual cash flow characteristics*

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

(3) *Principal responsible person/agent*

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

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

32.1 Critical judgements in applying accounting policies (continued)

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

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

32.2 Key assumptions and uncertainties in accounting estimates

The followings are the critical judgments that the Group has made in the process of applying the accounting policies and that have significant effect on the amounts recognized in the financial statements:

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

As stated in Note III. 25.1(3), the Group recognizes revenue from construction management services using the input method when the outcome of the construction management services can be estimated reliably.

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

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

(2) *Amortization of concession intangible assets*

As stated in Note III. 19 (1) (a), amortization of concession intangible assets is provided under the traffic volume amortization method. Appropriate adjustments to the amortization of concession intangible assets will be made when there is a material difference between total projected traffic volume and the actual results.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

32.2 Key assumptions and uncertainties in accounting estimates (continued)

(2) *Amortization of concession intangible assets (continued)*

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

(3) *Impairment of goodwill*

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

(4) *Income tax and deferred tax*

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

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

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

32.2 Key assumptions and uncertainties in accounting estimates (continued)

(5) *Impairment of long-term equity investments*

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

(6) *Estimate of contingent consideration arising from acquisition*

During the year 2019, the Company's wholly-owned subsidiary, Shenzhen Expressway Environment Construction Management Co., Ltd. ("Environment Company"), completed the acquisition of 51% of the shares of Nanjing Wind Power Technology Co., Ltd. ("Nanjing Wind Power"); During the year 2020, the Company's subsidiary, Environment Company, has completed the acquisition of 67.14% of the shares of Bioland Environmental Technology Group Holdings Co., Ltd. ("Bioland Company"); During the year 2020, the Company's subsidiary, Shenzhen Expressway Infrastructure Environment Protection Development Co., Ltd. ("Infrastructure Environment Protection Development Company"), has completed the acquisition of 50% of the shares of Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Co., Ltd. ("Qiantai Company"). The above-mentioned equity acquisition agreement includes a number of performance gambling terms. The management of the Group continues to pay attention to the achieved performance of the above-mentioned acquired companies, and carefully evaluates the achievable performance in future as well as regards the corresponding evaluation results in combination with all the facts and circumstances of the acquired companies as the measurement basis for contingent consideration. As of 30 June 2021, the estimated value of the above-mentioned contingent consideration arising from acquisition is zero.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

32.2 Key assumptions and uncertainties in accounting estimates (continued)

(7) *Impairment of concession intangible assets*

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

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

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

(8) *Depreciation and amortization*

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

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

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

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

32.2 Key assumptions and uncertainties in accounting estimates (continued)

(10) *Impairment of financial instruments and contract assets*

The Group uses the expected credit loss model to assess the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgments and estimations, and all reasonable and evidenced information, including forward-looking information, should be considered. In making such judgments and estimations, the Group infers the expected changes in the debtor's credit risk based on the historical repayment data in combination with economic policies, macroeconomic indicators, and industry risks. Different estimates may affect the provision for impairment, and the provision for impairment made may not equal the actual amount of future impairment losses.

(11) *Fair value of unlisted equity investments*

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

(12) *Quality assurance*

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

(13) *Estimated compensation*

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

IV. TAXATION

1. Main categories and rates of taxes:

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

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

The Company	Income tax rate
China Logistics Finance Services Co., Ltd. ("Logistics Finance Company") ⁽¹⁾	16.5%
Bioland Environmental Technologies Group (Hongkong) Co., Ltd. ("Hongkong Bioland Company")	16.5%

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

(2) Announcement 2020 No. 9 of the State Administration of Taxation: If no waste is produced after specialized treatment by landfill or incineration, the processing fee charged is subject to the VAT rate of 6% for "professional technology services" in the category of "modern services" of entrusted party; if waste is produced after specialized treatment and the waste belongs to the entrusting party, the processing fee charged is subject to the tax rate of 13% for "processing services" provided by the entrusted party; if waste is produced after specialized treatment and the waste belongs to the entrusted party, the processing fee charged is subject to the VAT rate of 6% for "professional technology services". If the entrusted party sells the waste, it is subject to the VAT rate for waste.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

IV. TAXATION (CONTINUED)

2. Tax preference

(a) The preferential policy of 50% VAT refund on collection

Cai Shui [2015] No. 74 Notice of the State Administration of Taxation on Wind Power VAT Policy: In order to encourage the use of wind power and promote the healthy development of related industries, the VAT policy for wind power is hereby notified: As of 1 July 2015, Taxpayers who sell their self-produced power products using wind power are subject to a 50% VAT refund policy. Baotou Nanfeng Wind Power Technology Co., Ltd. ("Baotou Nanfeng") and its wholly-owned subsidiaries, Mulei Qianxin Energy Development Co., Ltd. ("Qianxin Company"), Mulei Qianzhi Energy Development Co., Ltd. ("Qianzhi Company") and Mulei Qianhui Energy Development Co., Ltd. ("Qianhui Company") are wind power enterprises who enjoy the following tax preferences.

(b) Preferential policies for three years exemptions

Cai Shui [2016] No. 36 Notice taxpayers who provide the service will enjoy a VAT refund for the actual VAT that exceeds 3%. Shenzhen International Financial Leasing Co., Ltd. ("Financial Leasing Company") enjoys the following tax preferences.

(c) Preferential policies for differential taxation of VAT

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

(d) Preferential policies for three years exemptions, three years half reduction of enterprise income tax

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

Baotou Nanfeng started grid-connected power generation in 2018, and obtained first production and operation income. The "three years exemptions, three years half reduction" tax incentive period began in 2018 and ends in 2023. Qianxin Company has been connected to the grid since 2016 and obtained the first income from production and operation. The period of "three years exemptions, three years half" tax preference began in 2016 and end in 2021. Qianzhi Company and Qianhui Company start to connect to the grid and generate electricity from 2021, and obtain the first income from production and operation. The tax preferential period of "three years exemptions, three years half" began in 2021 and end in 2026.

IV. TAXATION (CONTINUED)

2. Tax preference (continued)

(d) Preferential policies for three years exemptions, three years half reduction of enterprise income tax (continued)

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

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

Dezhou Bioland Renewable Resources Co., LTD. ("Dezhou Bioland") and Huangshi Huantou Bioland Renewable Energy Co., LTD. ("Huangshi Bioland") are in loss. Fuzhou Bioland Environmental Protection Technology Co., LTD. ("Fuzhou Bioland"), Guilin Bioland Renewable Energy Co., LTD. ("Guilin Bioland"), Handan Bioland Renewable Energy Co., LTD. ("Handan Bioland"), Shangrao Environmental Protection Technology Co., LTD. ("Shangrao Bioland"), Sichuan Lansheng Environmental Protection Technology Co., LTD. ("Sichuan Lansheng"), Taizhou Bioland High-tech Environmental Protection Equipment Co., LTD. ("Taizhou Bioland") and Xinyu Bioland Renewable Resources Co., LTD. ("Xinyu Bioland") are under construction, and none of the above subsidiaries actually enjoy the preferential tax policies.

(e) 40% reduction and exemption of enterprise income tax

Ao Cai fa [2017] No. 11 Notice of Joint Implementation of Preferential Enterprise Income Tax Policies for Ethnic Minority Autonomous Regions by Guangdong Department of Finance, Guangdong Local Taxation Bureau and Guangdong State Taxation Bureau: It is agreed that the enterprises in Lianshan Zhuang and Yao Autonomous Counties, Liannan Yao Autonomous County and other minority areas will be exempted from the local sharing part of enterprise income tax payable (including provincial and municipal and county levels), i.e., enterprise income tax is reduced and exempted by 40%. This policy will be implemented from 1 January 2018 to 31 December 2025. New Energy Investment Company is registered in Liannan Yao Autonomous County, and can enjoy a 40% reduction or exemption of enterprise income tax when filing and paying enterprise income tax.

(f) Enterprise income tax at 15%

Announcement No. 23 (2020) of the Ministry of Finance, State Administration of Taxation and National Development and Reform on the Continuation of the Income Tax Policy for Western Development Enterprise: From 1 January 2021 to 31 December 2030, the enterprise income tax will be levied at 15% for enterprises in encouraging industries located in Western China. The catalogue of encouraging industries in Western China includes wind, photovoltaic power plant construction and operation projects. Qianxin Company, Qianzhi Company and Qianhui Company enjoy the preference.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

IV. TAXATION (CONTINUED)

2. Tax preference (continued)

(g) Preferential policies for high-tech enterprises

Bioland Company obtained the high-tech Enterprise Certificate (Certificate No. GR202041000586) in 9 September 2020, and the high-tech enterprise certificate was valid for three years. According to the law of the People's Republic of China on enterprise income tax law and related regulations, the company from 2020 to 2022 enjoyed enterprise income tax preferential policies according to the tax rate of 15%. In accordance with the measures for the administration of the recognition of hi-tech enterprises, high-tech enterprise qualification from the date of issue the certificate is valid for three years, and the enterprise income tax rate in 2021 will be 15%.

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

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

Nanjing Wind Power enjoys the policy of pre-tax additional deduction for R&D expenses. According to the Notice of the Ministry of Finance, the State Administration of Taxation and the Ministry of Science and Technology for Increasing the Proportion of Weighted Pre-tax Deduction on Research and Development Expenses (Cai Shui [2018] No. 99), the actual R&D expenses incurred by enterprises in carrying out R&D activities, from which no intangible assets are formed and included in the current profit and loss, enjoy a pre-tax additional deduction for 75% of the actual amount in addition to the deduction made in accordance with the regulations.

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

3. Others

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

According to the Shenzhen Taxation Bureau of the State Administration of Taxation, Shen Shui Shui Ju Gao [2020] No. 4 "Certificate of Resident Status of Overseas Registered Chinese Holding Enterprises", Fameluxe Investment Limited was recognized as a resident enterprise of China and would be subject to the relevant taxation administration, which came into effect in 2020.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at banks and on hand

	RMB	
Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash on hand:	8,593,653.41	8,148,179.86
RMB	8,545,452.64	8,099,522.42
HKD	47,983.41	48,429.65
Euro	92.23	96.30
Yen	22.20	24.02
Franc	82.06	86.59
Peseta	20.87	20.88
Bank deposits:	4,427,201,714.70	5,242,004,245.67
RMB	4,403,190,498.08	5,231,040,518.74
HKD	23,999,239.72	10,951,620.24
USD	11,976.90	12,106.69
Others:	14,626,056.79	299,151,926.91
RMB	14,626,056.79	294,839,854.99
HKD	–	4,312,071.92
Total	4,450,421,424.90	5,549,304,352.44
Including: Total amount deposited abroad	26,439,127.97	18,975,467.53

As of 30 June 2021, the Group's restricted funds are listed as follows:

	RMB	
Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Project management special account	611,555,122.99	1,789,556,126.60
Guarantee deposits for performance bonds	38,302,728.51	28,000,000.00
Bill margin	911,893.68	283,557,145.56
Margin wages of migrant workers	646,894.70	1,201,768.77
Regulated equity acquisition	210,000,000.00	210,000,000.00
Litigation freeze	16,325,460.05	3,408,131.24
Total	877,742,099.93	2,315,723,172.17

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Bills receivable

(1) Classification of bills receivable

RMB

Category	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Bank acceptance bills	49,937,512.70	52,953,063.65
Commercial acceptance bills	5,680,979.89	325,579,650.00
Total	55,618,492.59	378,532,713.65

(2) Bills receivable that had been endorsed or discounted by the Group but were not due as at the balance sheet date

RMB

Item	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Amount derecognized at the end of the period	Amount not derecognized at the end of the period	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Bank acceptance bills	26,900,000.00	27,412,500.00	41,410,185.83	33,962,000.00
Commercial acceptance bills	–	5,680,979.89	–	295,514,920.11
Total	26,900,000.00	33,093,479.89	41,410,185.83	329,476,920.11

(3) As of 30 June 2021, the Group had no bills that were converted into accounts receivable due to the default of the drawer.

3. Accounts receivable

(1) Accounts receivable disclosed by aging:

RMB

Aging	30 June 2021 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Within 1 year	567,798,252.57	819,272.13	0.14
1 to 2 years	139,964,925.84	486,232.87	0.35
2 to 3 years	18,580,923.19	1,093,162.22	5.88
Over 3 years	19,967,776.00	4,864,107.14	24.36
Total	746,311,877.60	7,262,774.36	0.97

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (continued)

(2) Accounts receivable disclosed by the provision method for bad debt:

RMB

Category	30 June 2021 (Unaudited)					31 December 2020 (Audited)				
	Accounts receivable		Bad debt provision			Accounts receivable		Bad debt provision		
	Book value	Proportion (%)	Amount	Proportion (%)	Carrying amount	Book value	Proportion (%)	Amount	Proportion (%)	Carrying amount
Provision for credit loss by groups with similar credit risk characteristics										
Group 1	89,456,193.62	11.98	-	-	89,456,193.62	68,748,253.75	8.45	-	-	68,748,253.75
Group 2	384,547,141.60	51.53	916,513.98	0.24	383,630,627.62	494,729,302.36	60.84	916,513.98	0.19	493,812,788.38
Group 3	40,804,808.63	5.47	3,988,012.20	9.77	36,816,796.43	53,474,048.23	6.57	3,988,012.20	7.46	49,486,036.03
Group 4	231,503,733.75	31.02	2,358,248.18	1.02	229,145,485.57	196,378,024.97	24.14	10,354,741.37	5.27	186,023,283.60
Total	746,311,877.60	100.00	7,262,774.36	0.97	739,049,103.24	813,329,629.31	100.00	15,259,267.55	1.88	798,070,361.76

Accounts receivable for which the bad debt provision is accrued by groups:

The accounts receivable for which the bad debt provision is accrued by aging in group 2, group 3 and group 4:

RMB

Group 2	30 June 2021 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Item			
Within 1 year	256,876,478.99	579,784.53	0.23
1 to 2 years	127,670,662.61	336,729.45	0.26
2 to 3 years	-	-	-
Over 3 years	-	-	-
Total	384,547,141.60	916,513.98	0.24

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (continued)

(2) Accounts receivable disclosed by the provision method for bad debt: (continued)

RMB

Group 3	30 June 2021 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Item			
Within 1 year	19,263,230.58	449,084.95	2.33
1 to 2 years	12,077,964.06	519,261.41	4.30
2 to 3 years	6,504,700.96	60,752.80	0.93
Over 3 years	2,958,913.03	2,958,913.04	100.00
Total	40,804,808.63	3,988,012.20	9.77

RMB

Group 4	30 June 2021 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Item			
Within 1 year	221,808,083.70	370,187.17	0.17
1 to 2 years	343,135.22	61,424.03	17.90
2 to 3 years	177,554.23	21,442.87	12.08
Over 3 years	9,174,960.60	1,905,194.11	20.77
Total	231,503,733.75	2,358,248.18	1.02

(3) Bad debt provision

RMB

Item	1 January 2021 (Audited)	Changes for the period			30 June 2021 (Unaudited)
		Provision	Received or reversed	Written off or cancelled	
Provision for credit loss by group with similar credit risk characteristics	15,259,267.55	1,003,506.81	(3,010,591.34)	(5,989,408.66)	7,262,774.36

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (continued)

(3) Bad debt provision (continued)

Changes in bad debt provision of accounts receivable:

RMB

Bad debt provision	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
1 January 2021 (Audited)	15,259,267.55	–	15,259,267.55
– Transfer into credit-impaired	–	–	–
– Transfer out of not credit-impaired	–	–	–
Provisions	1,003,506.81	–	1,003,506.81
Reversals	(3,010,591.34)	–	(3,010,591.34)
Transfer out due to derecognition of financial assets (including direct write-down)	(5,989,408.66)	–	(5,989,408.66)
Other changes	–	–	–
30 June 2021 (Unaudited)	7,262,774.36	–	7,262,774.36

The received or reversed bad debt provision in the current period that are significant:

RMB

Company	Received or reversed	Method
Tempus Logistics Group Co., Ltd.	3,010,591.34	Cash

(4) Accounts receivable actually written off in the current period:

RMB

Name of entity	Nature	Amount	Reason	Procedure	Due to related party transactions or not
Tempus Logistics Group Co., Ltd.	Factoring	5,989,408.66	Uncollectable	Approved by the management	No

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (continued)

(5) Accumulated closing accounts receivable from the five largest debtors:

RMB

Name of entity	Book value	Bad debt provision	Proportion to the total accounts receivable (%)
Accumulated accounts receivable from the five largest debtors as at 30 June 2021	410,718,461.58	6,439,123.05	55.03

4. Prepayments

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

RMB

Aging	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	303,192,692.67	63.39	243,676,587.11	60.44
1 to 2 years	19,591,286.17	4.10	24,647,828.03	6.11
2 to 3 years	22,112,510.63	4.62	132,868,330.44	32.95
Over 3 years	133,391,087.46	27.89	1,997,558.69	0.50
Total	478,287,576.93	100.00	403,190,304.27	100.00

(2) Prepayments presented by nature:

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Prepaid land-transferring fund	146,557,747.25	145,820,495.00
Prepaid material payment	208,492,859.87	145,718,896.27
Others	123,236,969.81	111,650,913.00
Total	478,287,576.93	403,190,304.27

As at 30 June 2021, the prepayments aged over 1 year mainly represent the prepaid land-transferring fund, prepaid material payment and prepaid construction payment. The prepayments have not been settled because the construction or projects have not been completed.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Prepayments (continued)

(3) Accumulated closing prepayments to the five largest suppliers:

RMB

Name of entity	Relationship with the Group	Book value	Aging	Proportion to the total prepayments (%)
Accumulated prepayments to the five largest suppliers as at 30 June 2021	Non-related party	287,706,715.40	Within 1 year, over 3 years	60.15

5. Other receivables

5.1 Other receivables are classified as follows:

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Interest receivable	–	9,588,821.98
Dividends receivable	35,154,490.00	–
Other receivables	839,183,979.98	763,450,510.06
Total	874,338,469.98	773,039,332.04

5.2 Dividends receivable

RMB

Investee	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Dividends receivable within 1 year		
Guizhou Bank Co., Ltd. (“Guizhou Bank”)	35,154,490.00	–
Total	35,154,490.00	–

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (continued)

5.3 Other receivables

(1) The aging analysis of other receivables is as below:

RMB

Aging	30 June 2021 (Unaudited)		
	Other receivables	Bad debt provision	Proportion of provision (%)
Within 1 year	420,364,582.21	–	–
1 to 2 years	292,532,843.74	–	–
2 to 3 years	114,795,396.92	–	–
Over 3 years	12,174,146.46	682,989.35	5.61
Total	839,866,969.33	682,989.35	0.08

(2) Classification of other receivables by nature:

RMB

Nature	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Advances receivable	480,703,370.74	492,041,718.06
Deposits and guarantees	197,705,638.07	182,244,199.27
Receivable from third parties	55,245,293.85	32,818,954.76
Accounts receivable due to cancellation of toll stations of Yanpai and Yanba road sections	9,209,048.19	9,209,048.19
Receivables from related parties (Note X. 6(1))	8,886,008.12	104,050.00
Employee advance loan	8,869,448.78	8,436,704.73
Refund receivable of equity transfer from Hotai Investment Limited	8,287,300.00	16,890,000.00
Administrative reserves	3,644,661.22	4,929,923.93
Receivable overpaid tax on the government's grants for the renovation and expansion of Meiguan	1,652,513.86	–
Others	64,980,697.15	16,775,911.12
Total	839,183,979.98	763,450,510.06

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (continued)

5.3 Other receivables (continued)

(3) The details of bad debt provision are as follows:

RMB

Category	31 December 2020 (Audited)	Changes in the period			30 June 2021 (Unaudited)
		Provision	Received or reversed	Written off or cancelled	
Other receivables of which the provision for credit loss is made by group with similar credit risk characteristics	25,146.76	663,202.44	(5,359.85)	–	682,989.35

Changes in the provision for credit losses of other receivables are as follows:

RMB

Provision for credit loss	The first stage	The second stage	The third stage	Total
	Future 12-month expected credit loss	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
31 December 2021 (Audited)	25,146.76	–	–	25,146.76
– Transfer into the second stage	–	–	–	–
– Transfer into the third stage	–	–	–	–
– Reverse to the second stage	–	–	–	–
– Reverse to the first stage	–	–	–	–
Provision	663,202.44	–	–	663,202.44
Reversal	(5,359.85)	–	–	(5,359.85)
Transfer out due to derecognition of financial assets (including direct write-down)	–	–	–	–
Other changes	–	–	–	–
30 June 2021 (Unaudited)	682,989.35	–	–	682,989.35

(4) The accumulated five largest other receivables are analyzed as follows:

RMB

Name of entity	Nature	Book value	Aging	% of total other receivables	Provision for bad debts
Total other receivables as at 30 June 2021	Advances receivable, guarantees	542,790,741.82	Within 1 year, 1-2 years, 1-3 years	64.63	–

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Inventories

(1) Inventory classification

RMB

Item	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Book balance	Allowance for impairment	Carrying amount	Book balance	Allowance for impairment	Carrying amount
Properties held for development (Note 1)	104,810,706.02	-	104,810,706.02	103,918,051.88	-	103,918,051.88
Properties under development (Note 2)	331,673,226.15	-	331,673,226.15	213,644,249.47	-	213,644,249.47
Properties held for sale (Note 3)	134,142,150.95	-	134,142,150.95	256,963,485.78	-	256,963,485.78
Raw materials	205,508,838.81	116,143.51	205,392,695.30	191,271,917.73	116,143.51	191,155,774.22
Goods in progress	160,849,988.51	-	160,849,988.51	27,168,786.90	-	27,168,786.90
Finished goods	124,751,282.76	-	124,751,282.76	141,440,322.60	-	141,440,322.60
Low value consumables and others	5,517,041.37	-	5,517,041.37	5,509,175.89	-	5,509,175.89
Total	1,067,253,234.57	116,143.51	1,067,137,091.06	939,915,990.25	116,143.51	939,799,846.74

Note 1: Properties held for development were the lands held by the Company's subsidiary, Guizhou Shenzhen Expressway Land Co., Ltd. ("Guizhou Land"), which were planned to be developed under Phase II and Phase V of the "Interlaken Town Project".

Note 2: Properties under development

RMB

Name of project	Start time	Estimated completion date	The amount of estimated investment	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Phase III Stage III of "Interlaken Town Project"	September 2020	June 2022	960,479,500.00	260,700,850.19	151,306,227.06
Public area	December 2015	-	-	70,972,375.96	62,338,022.41
Total				331,673,226.15	213,644,249.47

Note 3: Properties held for sale

RMB

Name of project	Completion date	1 January 2021 (Audited)	Addition	Reduction	30 June 2021 (Unaudited)	Allowance for impairment
Phase I Stage I of "Interlaken Town Project"	December 2016	15,312,898.68	-	-	15,312,898.68	-
Phase II Stage II of "Interlaken Town Project"	April 2019	47,833,430.05	-	-	47,833,430.05	-
Phase I Stage III of "Interlaken Town Project"	November 2020	193,817,157.05	-	122,821,334.83	70,995,822.22	-
Total		256,963,485.78	-	122,821,334.83	134,142,150.95	-

(2) Provision for impairment of inventories

RMB

Item	1 January 2021 (Audited)	Provision	Reversal	Written off	30 June 2021 (Unaudited)
Raw materials	116,143.51	-	-	-	116,143.51

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Inventories (continued)

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

In the current period, the capitalized borrowing expense included in the inventories was RMB607,647.75 (2020: RMB6,359,622.38), and the capitalized rate used to recognised capitalization amount was 4.75% (2020: 4.75%). As at 30 June 2021, the capitalized interest expenses in the inventory closing balance was RMB1,887,524.74 (31 December 2020: RMB7,982,421.84).

7. Contract assets

(1) The details of contract assets are as follows:

RMB

Item	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Book balance	Allowance for impairment	Carrying amount	Book balance	Allowance for impairment	Carrying amount
Construction receivables	221,831,197.12	-	221,831,197.12	191,552,442.89	-	191,552,442.89
Kitchen waste engineering construction receivables	156,584,266.99	67,467,929.94	89,116,337.05	159,205,902.63	73,262,828.27	85,943,074.36
Warranty receivables	65,873,700.00	329,368.50	65,544,331.50	65,873,700.00	329,368.50	65,544,331.50
Others	2,875,605.41	-	2,875,605.41	1,025,944.50	-	1,025,944.50
Total	447,164,769.52	67,797,298.44	379,367,471.08	417,657,990.02	73,592,196.77	344,065,793.25

(2) The amount and reason for the significant changes of carrying amount during the current period

RMB

Item	Amount of changes	Reason for changes
Construction receivables	30,278,754.23	The increase of contract assets is recognised according to the project progress in current period

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Contract assets (continued)

(3) Allowance for impairment of contract assets in the current period:

RMB

Item	Allowance	Reversal	Written off/ Cancellation	Reason
Kitchen waste engineering construction receivables	–	(5,718,837.99)	(76,060.34)	Bioland Company made supplementary allowance for impairment of contract assets.

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

RMB

Bad debt provision	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
1 January 2021 (Audited)	73,592,196.77	–	73,592,196.77
– Transfer into credit-impaired	–	–	–
– Transfer out of not credit-impaired	–	–	–
Provisions	–	–	–
Reversal	(5,718,837.99)	–	(5,718,837.99)
Transfer out due to derecognition	–	–	–
Other changes	(76,060.34)	–	(76,060.34)
30 June 2021 (Unaudited)	67,797,298.44	–	67,797,298.44

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Non-current assets due within one year

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Receivables from Guizhou Longli County Government in relation to Longli BT Project (Note V. 11)	22,548,751.19	22,548,751.19
Financial leasing receivables (Note V. 11)	63,527,663.99	52,879,136.63
Receivable from Hotai Investment to return the equity transfer payment (Note V, 11)	8,000,000.00	–
Sub-total	94,076,415.18	75,427,887.82
Less: Provision for bad debts	412,634.59	557,805.03
Total	93,663,780.59	74,870,082.79

9. Other current assets

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Expected return of equity investment in Wanhe Securities (Note)	950,000,000.00	–
Pending deduction of input value-added tax	502,951,840.86	325,713,547.29
Prepaid tax	13,577,230.70	9,443.73
Total	1,466,529,071.56	325,722,991.02

Notes: As at 30 June 2021, the Company had a receivable of RMB950,000,000.00 from Wanhe Securities for the equity investment pursuant to the agreement. As at the approval date of the financial report, the Company has received the aforesaid amount.

10. Long-term prepayments

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Construction prepayments from the Shenzhen Outer Ring Expressway Investment Company Limited (“Outer Ring Company”)	41,453,848.85	104,418,379.86
Prepayments for Shenzhen Airport-Heao Expressway reconstruction and expansion	241,111,769.07	213,883,489.53
Finance lease prepayments for equipment from finance lease company	260,000,000.00	–
Total	542,565,617.92	318,301,869.39

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term receivables

(1) General information:

Item	30 June 2021 (Unaudited)			31 December 2020 (Audited)			Range of discount rate
	Book balance	Allowance for impairment	Carrying amount	Book balance	Allowance for impairment	Carrying amount	
Advances due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd	176,535,658.82	-	176,535,658.82	166,378,392.13	-	166,378,392.13	/
Due from Guizhou Longli County Government in relation to Longli BT Project (Note 1)	22,548,751.19	-	22,548,751.19	22,548,751.19	-	22,548,751.19	/
Electricity compensation income (Note 2)	532,979,401.97	1,536,866.45	531,442,535.52	307,076,579.09	810,495.51	306,266,083.58	4.35%
Financial leasing receivables (Note 3)	548,424,286.83	4,883,729.37	543,540,557.46	548,313,304.01	3,341,173.42	544,972,130.59	/
Receivables due from non-controlling interest shareholders	59,639.61	-	59,639.61	59,639.61	-	59,639.61	/
Receivables due from Hotai Investment to return the equity transfer payment (Note 4)	32,000,000.00	-	32,000,000.00	32,000,000.00	-	32,000,000.00	/
Sub-total	1,312,547,738.42	6,420,595.82	1,306,127,142.60	1,076,376,666.03	4,151,668.93	1,072,224,997.10	/
Less: Long-term receivables due within one year							/
Including: Due from Guizhou Longli County Government in relation to Longli BT Project (Note 1)	22,548,751.19	-	22,548,751.19	22,548,751.19	-	22,548,751.19	/
Financial leasing receivables (Note 3)	63,527,663.99	412,634.59	63,115,029.40	52,879,136.63	557,805.03	52,321,331.60	/
Receivable from Hotai Investment to return the equity transfer payment (Note 4)	8,000,000.00	-	8,000,000.00	-	-	-	/
Sub-total	94,076,415.18	412,634.59	93,663,780.59	75,427,887.82	557,805.03	74,870,082.79	/
Total	1,218,471,323.24	6,007,961.23	1,212,463,362.01	1,000,948,778.21	3,593,863.90	997,354,914.31	

Note 1: The Longli BT project entrusted to Guizhou Guishen Investment Development Company Limited ("Guishen Company") was completed at the end of 2014. As at 30 June 2021, accounts receivable from the Longli BT project was RMB22,548,751.19 (31 December 2020: RMB22,548,751.19).

Note 2: The balance of electricity compensation income receivable of Baotou Nanfeng, Qianzhi Company, Qianxin Company and Qianhui Company at 30 June 2021 amounted to RMB532,979,401.97 (31 December 2020: RMB307,076,579.09).

Note 3: The Company's subsidiary Financial Leasing Company had financial leasing and interest receivables of RMB543,540,557.46 at 30 June 2021 (31 December 2020: RMB544,972,130.59).

Note 4: The Company's subsidiary, Shenzhen Qinglong Expressway Company Limited ("Qinglong Company"), has not yet signed an agreement to adjust the fee for expressway with the Shenzhen Municipal Government, which results in the adjustment for acquisition consideration between the Company's subsidiary Meihua Company and Hotai Investment, the original shareholder of Qinglong Company.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-term receivables (continued)

(2) Provision for bad debts

RMB

Item	31 December 2020 (Audited)	Provision	Reversal	30 June 2021 (Unaudited)
Provision for credit loss	3,593,863.90	4,081,648.53	1,667,551.20	6,007,961.23

12. Long-term equity investments

RMB

Investee	Changes in the current period										
	1 January 2021 (Audited)	Addition	Reduction	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Cash dividend or profit declared	Allowance for impairment	Others	30 June 2021 (Unaudited)	Shareholdings (%)	Allowance for impairment 30 June 2021 (Unaudited)
Associates and joint ventures											
Nanjing Yangtze River Third Bridge Company Limited ("Nanjing Third Bridge Company")	311,445,639.53	-	-	25,788,765.46	-	(29,989,169.32)	-	-	307,245,235.67	25.00	-
Guangdong Yangmao Expressway Company Limited ("Yangmao Company")	539,786,613.72	126,875,000.00	-	32,120,747.88	-	(30,147,171.24)	-	-	668,635,190.36	25.00	-
Guangzhou Western Second Ring Expressway Company Limited ("GZ W2 Company")	326,860,559.00	-	-	29,447,976.61	-	-	-	-	356,308,535.61	25.00	-
Shenzhen International United Land Company Limited ("United Land Company")	1,475,180,256.93	-	-	(7,112,308.29)	-	(327,130,605.57)	-	-	1,140,937,343.07	34.30	-
Chongqing Derun Environment Co., Limited ("Derun Environment")	4,731,388,972.99	-	-	163,092,910.25	(13,812,118.48)	-	-	24,652,998.89	4,905,322,763.65	20.00	-
Foshan Shunde Shengchuang Shenzhen Expressway Environmental Technology Industry M&A Investment Partnership (Limited Partnership) ("Environmental Technology Industry M&A Fund")	130,718,169.36	-	-	(2,921,783.74)	-	-	-	-	127,796,385.62	45.00	-
Others (Note 1)	1,423,945,238.25	31,500,000.00	-	88,506,843.91	-	(78,354,489.92)	-	-	1,465,597,592.24	-	-
Total	8,939,325,449.78	158,375,000.00	-	328,923,152.08	(13,812,118.48)	(465,621,436.05)	-	24,652,998.89	8,971,843,046.22	-	-

Note 1: Others include the Company's associate and joint venture Shenzhen Expressway Engineering Consulting Co., Ltd. ("Consulting Company"), Shenzhen Huayu Expressway Investment Co., Ltd. ("Huayu Company"), Guizhou Hengtongli Property Co., Ltd. ("Guizhou Hengtongli"), and Guizhou Bank Co., Ltd. ("Guizhou Bank").

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Other non-current financial assets

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Vanho Securities Co., Ltd.	–	950,000,000.00
Shenzhen State Owned Cooperative Development Private Equity Fund Partnership (Limited Partnership) (“Cooperative Development Fund”)	308,486,714.70	308,486,714.70
Shenzhen Water Planning & Design Institute Co., Ltd. (“Water Planning & Design Institute”)	188,515,110.00	188,515,110.00
Guangdong United Electronic Service Co., Ltd. (“United Electronic”)	123,209,972.45	124,961,491.84
Guangdong Heyuan Rural Commercial Bank Co., Ltd.	22,503,680.00	22,503,680.00
Guangdong Zijin Rural Commercial Bank Co., Ltd.	9,180,560.00	9,180,560.00
Yiwu Shenneng Renewable Resources Utilization Co., Ltd.	2,243,730.00	2,243,730.00
Total	654,139,767.15	1,605,891,286.54

In the current period, the loss from changes in fair value of such equity investment is RMB1,751,519.39 (for the six months ended 30 June 2021: gain from changes in fair value of RMB10,523,140.00). Please refer to Note V. 54 for details.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Investment properties

(1) Investment properties measured at cost:

RMB

Item	Parking space
I. Cost	
1. Opening balance (Audited)	18,180,000.00
2. Closing balance (Unaudited)	18,180,000.00
II. Accumulated amortization	
1. Opening balance (Audited)	6,957,001.20
2. Additions in the period	287,971.20
Provision	287,971.20
3. Closing balance (Unaudited)	7,244,972.40
III. Carrying amount	
1. Closing balance	10,935,027.60
2. Opening balance	11,222,998.80

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

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

(2) As at 30 June 2021, the investments properties without the certificate of ownership are listed as follows:

RMB

Item	Carrying amount	Reason for not yet obtaining the certificate of ownership
The parking space beneath the Jiangsu Building	10,935,027.60	All the certificates of ownership of the parking space in Shenzhen are not available.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Fixed assets

(1) Fixed assets movements

RMB

Item	Buildings	Traffic equipment	Motor vehicles	Office and other equipment	Mechanical equipment	Total
1. Cost						
31 December 2020 (Audited)	1,125,320,361.30	1,701,800,680.17	38,432,065.32	90,356,297.43	1,835,128,249.52	4,791,037,653.74
Current period additions	79,816,190.93	6,986,688.56	4,128,811.16	17,071,973.50	2,066,475,048.70	2,174,478,712.85
– Purchase	–	1,033,032.38	3,404,539.85	12,068,475.56	5,416,716.80	21,922,764.59
– Transfer from construction in progress	4,967,205.41	5,953,656.18	–	4,986,746.05	2,132,066.77	18,039,674.41
– Acquisition of subsidiaries	74,848,985.52	–	724,271.31	16,751.89	865,178,882.02	940,768,890.74
– Others (Note)	–	–	–	–	1,193,747,383.11	1,193,747,383.11
Current period reductions	–	61,040.57	1,846,729.58	10,728,376.67	624,632.46	13,260,779.28
– Disposals or retirement	–	61,040.57	1,846,729.58	10,728,376.67	624,632.46	13,260,779.28
30 June 2021 (Unaudited)	1,205,136,552.23	1,708,726,328.16	40,714,146.90	96,699,894.26	3,900,978,665.76	6,952,255,587.31
2. Accumulated depreciation						
31 December 2020 (Audited)	260,837,577.15	847,602,977.69	23,319,338.68	43,183,971.56	122,792,608.87	1,297,736,473.95
Current period additions	31,772,992.32	72,021,772.56	2,282,227.86	6,976,518.68	99,148,288.41	212,201,799.83
– Addition	31,772,992.32	72,021,772.56	2,282,227.86	6,976,518.68	99,148,288.41	212,201,799.83
Current period reductions	–	–	1,743,746.94	6,613,081.38	467,926.34	8,824,754.66
– Disposals or retirement	–	–	1,743,746.94	6,613,081.38	467,926.34	8,824,754.66
30 June 2021 (Unaudited)	292,610,569.47	919,624,750.25	23,857,819.60	43,547,408.86	221,472,970.94	1,501,113,519.12
3. Carrying amount						
30 June 2021 (Unaudited)	912,525,982.76	789,101,577.91	16,856,327.30	53,152,485.40	3,679,505,694.82	5,451,142,068.19
31 December 2020 (Audited)	864,482,784.15	854,197,702.48	15,112,726.64	47,172,325.87	1,712,335,640.65	3,493,301,179.79

Note: Other additions are the new fixed assets added after the Company's subsidiaries, Qianzhi Company and Qianhui Company, have repaid all the financing lease loans.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Fixed assets (continued)

(2) Fixed assets without certificates of ownership

RMB

Item	Carrying amount	Reason for not yet obtaining the certificate of ownership
Buildings	755,595,828.85	As all toll roads and the affiliated buildings and structures would be returned to the government when the approved operating periods expire, the Group has no intention to acquire the related property ownership certificates except that the certificate for the building of Qiantai Company of RMB123,365,821.72 is in process.

In the current period, depreciation expenses amounting to RMB202,571,096.68 were charged to cost of services (2020: RMB125,000,344.55), and depreciation expenses amounting to RMB8,920,245.00 were charged to general and administrative expenses (2020: RMB3,681,879.56), and depreciation expenses amounting to RMB250,682.20 were charged to sales expenses (2020: RMB148,410.36), and depreciation expenses amounting to RMB459,775.94 were charged to research and development expenses (2020: RMB116,828.22).

16. Construction in progress

(1) General information of construction in progress

RMB

Item	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Book balance	Allowance for impairment	Carrying amount	Book balance	Allowance for impairment	Carrying amount
Hanjing Headquarter Building	1,529,844,551.62	-	1,529,844,551.62	-	-	-
Langfang factory project	61,097,875.99	-	61,097,875.99	60,395,031.28	-	60,395,031.28
Office building decoration and rectification civil engineering	48,649,379.10	-	48,649,379.10	47,670,190.46	-	47,670,190.46
Kitchen equipment installation and furniture procurement project	-	-	-	4,986,746.05	-	4,986,746.05
Others	3,743,896.78	-	3,743,896.78	10,543,790.37	-	10,543,790.37
Total	1,643,335,703.49	-	1,643,335,703.49	123,595,758.16	-	123,595,758.16

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Construction in progress (continued)

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

RMB

Item	Budget amount	1 January 2021 (Audited)	Current period additions	Transfer to fixed assets	Transfer to intangible assets	Current period other reductions	30 June 2021 (Unaudited)	The proportion of the accumulated project investment to total budget (%)	Project progress (%)	Cumulative amount of interest capitalized	Including: interest capitalized for current period	Interest capitalization rate for current period (%)	Source of funds
Hanjing Headquarter Building	1,734 million	-	1,529,844,551.62	-	-	-	1,529,844,551.62	88.20	88.20	-	-	-	Self-owned funds and bank loans
Langfang factory project	163 million	60,395,031.28	702,844.71	-	-	-	61,097,875.99	37.48	37.48	-	-	-	Self-owned funds
Office building decoration and rectification civil engineering	72 million	47,670,190.46	979,188.64	-	-	-	48,649,379.10	67.14	67.14	-	-	-	Self-owned funds
Kitchen equipment installation and furniture procurement project	5 million	4,986,746.05	-	4,986,746.05	-	-	-	100.00	100.00	-	-	-	Self-owned funds
Others	-	10,543,790.37	6,482,635.93	13,052,928.36	-	229,601.16	3,743,896.78	-	-	-	-	-	Self-owned funds
Total	-	123,595,758.16	1,538,009,220.90	18,039,674.41	-	229,601.16	1,643,335,703.49	-	-	-	-	-	-

17. Right-of-use assets

RMB

Item	Buildings	Billboards	Equipment	Total
1. Cost				
Opening balance (Audited)	193,498,661.67	22,663,598.67	-	216,162,260.34
Current period additions	7,783,978.66	-	1,193,747,383.11	1,201,531,361.77
- Additions	7,783,978.66	-	-	7,783,978.66
- Business combinations not under common control	-	-	1,193,747,383.11	1,193,747,383.11
Current period reductions	104,978.57	335,524.16	1,193,747,383.11	1,194,187,885.84
- Other reductions	104,978.57	335,524.16	1,193,747,383.11	1,194,187,885.84
Closing balance (Unaudited)	201,177,661.76	22,328,074.51	-	223,505,736.27
2. Accumulated amortization				
Opening balance (Audited)	66,969,002.67	9,886,502.68	-	76,855,505.35
Current period additions	19,229,194.85	2,161,637.32	-	21,390,832.17
- Additions	19,229,194.85	2,161,637.32	-	21,390,832.17
Current period reductions	99,874.79	276,498.66	-	376,373.45
- Other reductions	99,874.79	276,498.66	-	376,373.45
Closing balance (Unaudited)	86,098,322.73	11,771,641.34	-	97,869,964.07
3. Carrying amount				
Closing balance (Unaudited)	115,079,339.03	10,556,433.17	-	125,635,772.20
Opening balance (Audited)	126,529,659.00	12,777,095.99	-	139,306,754.99

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Intangible assets

(1) General information of intangible assets

RMB

Item	Concession intangible assets	Office software and others	Billboard land use rights	Land use right	Contract rights	Patent	Total
1. Cost							
Opening balance (Audited)	40,900,446,255.43	35,746,781.17	59,953,840.88	165,636,693.14	68,866,700.00	131,346,800.34	41,361,997,070.96
Current period additions	558,205,222.48	2,372,664.99	-	42,460,417.16	-	-	603,038,304.63
- Purchased	-	2,372,664.99	-	-	-	-	2,372,664.99
- Constructions	558,205,222.48	-	-	-	-	-	558,205,222.48
- Business combinations	-	-	-	42,460,417.16	-	-	42,460,417.16
Current period reductions	1,167,042.92	-	-	-	-	-	1,167,042.92
- Disposals	1,167,042.92	-	-	-	-	-	1,167,042.92
Closing balance (Unaudited)	41,457,484,434.99	38,119,446.16	59,953,840.88	208,097,110.30	68,866,700.00	131,346,800.34	41,963,868,332.67
2. Accumulated amortization							
Opening balance (Audited)	10,597,788,413.91	16,832,484.42	59,336,289.45	2,190,279.97	-	22,095,992.75	10,698,243,460.50
Current period additions	905,538,241.08	3,880,225.92	83,422.20	2,024,704.24	4,436,678.80	3,280,708.42	919,243,980.66
- Additions	905,538,241.08	3,880,225.92	83,422.20	2,024,704.24	4,436,678.80	3,280,708.42	919,243,980.66
Current period reductions	930,576.43	-	-	-	-	-	930,576.43
- Disposals	930,576.43	-	-	-	-	-	930,576.43
Closing balance (Unaudited)	11,502,396,078.56	20,712,710.34	59,419,711.65	4,214,984.21	4,436,678.80	25,376,701.17	11,616,556,864.73
3. Impairment							
Opening balance (Audited)	3,810,235,294.61	-	-	-	-	-	3,810,235,294.61
Current period additions	-	-	-	-	-	-	-
Closing balance (Unaudited)	3,810,235,294.61	-	-	-	-	-	3,810,235,294.61
4. Carrying amount							
Closing balance (Unaudited)	26,144,853,061.82	17,406,735.82	534,129.23	203,882,126.09	64,430,021.20	105,970,099.17	26,537,076,173.33
Opening balance (Audited)	26,492,422,546.91	18,914,296.75	617,551.43	163,446,413.17	68,866,700.00	109,250,807.59	26,853,518,315.85

(2) The intangible asset without the certificate of ownership is listed as follows:

RMB

Item	Carrying amount	Reason for not yet obtaining the certificate of ownership
Land use right of Damaoqi wind power project and Mulei project	54,015,207.61	In progress

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Intangible assets (continued)

(3) The detailed information of concession intangible assets is analyzed as below:

RMB

Toll Roads	Cost	1 January 2021 (Audited)	Current period additions	Current period reductions	Current period amortization	30 June 2021 (Unaudited)	Accumulated amortization	Allowance for impairment
Qinglian Expressway (Note 1)	9,286,032,976.89	6,126,097,557.95	-	-	171,798,767.36	5,954,298,790.59	2,711,734,186.30	620,000,000.00
Shenzhen Airport-Heao Expressway – Eastern Section	3,086,787,505.32	981,686,177.63	-	-	93,187,038.87	888,499,138.76	2,198,288,366.56	-
Meiguan Expressway	604,588,701.64	197,610,162.70	-	-	16,834,034.64	180,776,128.06	423,812,573.58	-
Shenzhen Airport-Heao Expressway – Western Section	842,350,639.33	182,646,639.17	-	236,466.49	16,410,479.87	165,999,692.81	676,350,946.52	-
Outer Ring Expressway (Note 1)	5,314,771,681.12	5,046,682,397.72	267,018,910.00	-	110,877,388.78	5,202,823,918.94	111,947,762.18	-
Shiuguan Expressway	4,448,811,774.58	2,133,075,269.23	-	-	197,711,097.47	1,935,364,171.76	1,961,447,602.82	552,000,000.00
Yichang Expressway	3,123,065,164.24	2,590,831,792.43	-	-	89,503,276.76	2,501,328,515.67	621,736,648.57	-
Changsha Ring Road	602,716,559.80	516,216,490.45	-	-	35,162,797.04	481,053,693.41	121,662,866.39	-
Coastal Expressway Shenzhen Section (Note 1)	9,362,634,840.03	5,755,570,518.57	7,223,913.02	-	91,022,992.09	5,671,771,439.50	1,052,628,105.92	2,638,235,294.61
Wuhuang Expressway	1,523,192,561.64	175,133,243.90	-	-	49,081,994.84	126,051,249.06	1,397,141,312.57	-
Longda Expressway	251,559,214.13	96,302,602.00	-	-	6,900,822.98	89,401,779.02	162,157,435.11	-
Kitchen waste disposal projects (Note 1)	3,008,689,245.14	2,690,569,695.16	281,678,828.33	-	27,047,550.38	2,945,200,973.11	63,488,272.04	-
Guang Ming kitchen project	2,283,571.13	-	2,283,571.13	-	-	2,283,571.13	-	-
Total	41,457,484,434.99	26,492,422,546.91	558,205,222.48	236,466.49	905,538,241.08	26,144,853,061.82	11,502,396,078.56	3,810,235,294.61

Note 1: For the pledge of charging rights/equity/rights of management related to Qinglian Expressway, Outer Ring Expressway, Coastal Expressway and Bioland Company kitchen waste disposal projects, please refer to Notes V. 33 (2) and V. 61.

Note 2: During the current period, both the amount of intangible assets amortized and the amount included in profit or loss were RMB919,407,178.15 (for the six months ended 30 June 2020: RMB638,082,384.12).

Note 3: During the current period, the Group capitalized borrowing costs on intangible assets amounting to RMB15,130,956.85 (for the six months ended 30 June 2020: RMB119,499,351.93).

19. Goodwill

RMB

Investee	1 January 2021 (Audited)	Current period additions Business combinations not under common control	Current period reductions	30 June 2021 (Unaudited)
Nanjing Wind Power	156,039,775.24	-	-	156,039,775.24

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Goodwill (continued)

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

- Wind turbines manufacturing asset group

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

RMB

Item	Wind turbines manufacturing asset group	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Book value of goodwill	156,039,775.24	156,039,775.24

20. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets without offsetting of balances

RMB

Item	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Depreciation and amortization difference of intangible assets along Coastal Expressway (Note 1)	833,447,525.48	208,361,881.37	927,369,279.48	231,842,319.87
Deductible losses of Coastal Expressway (Note 1)	580,157,797.12	145,039,449.28	508,903,441.96	127,225,860.49
Operating compensation of newly built toll station of Three Expressways (Note 2)	254,844,931.35	63,711,232.84	268,104,931.36	67,026,232.84
Operating compensation of newly built toll station of Longda Expressways (Note 2)	180,644,924.86	45,161,231.24	191,394,147.62	47,848,536.93
Amortization of Concession intangible assets (Note 3)	173,122,068.60	43,280,517.15	47,803,177.28	11,950,794.32
Fair value adjustments arising from acquisition of Changsha Shenchang High Speed Trunk Road Co., Ltd in Changsha, Hunan ("ShenChang Company"), etc. (Note 3)	152,015,350.87	38,003,837.72	163,472,282.47	40,868,070.62
Expenses accrued but not paid (Note 5)	148,881,507.84	37,220,376.96	82,833,782.72	20,708,445.68
Payroll accrued but not paid	134,134,111.12	33,533,527.78	136,678,000.60	34,169,500.15
Foreign exchange forwards (Note 6)	125,543,909.68	31,385,977.42	83,677,813.24	20,919,453.31
Operating compensation of newly built road ramp of Meiguan Expressway (Note 7)	75,212,258.20	18,803,064.55	81,752,454.52	20,438,113.63
Property compensation of Meiguan Company (Note 8)	72,070,951.44	18,017,737.86	72,070,951.44	18,017,737.86

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Deferred tax assets/deferred tax liabilities (continued)

(1) Deferred tax assets without offsetting of balances (continued)

RMB

Item	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provisions (Note 9)	63,520,380.96	14,266,609.10	174,309,374.84	40,023,231.37
Credit impairment losses	80,335,455.02	13,880,783.63	85,625,144.76	14,077,889.05
Interest receivable from United Land Company's capital reduction (Note 10)	14,614,825.64	3,653,706.41	17,278,947.52	4,319,736.88
Guizhou Land's advance payment of prepaid income tax	12,699,461.96	3,174,865.49	12,699,461.96	3,174,865.49
Allowance for depreciation of intangible assets	7,246,350.70	1,811,587.68	17,309,482.62	4,327,370.66
Compensation for demolition costs of old toll station of Three Expressways and Longda Expressways	7,176,461.64	1,794,115.41	7,375,937.57	1,843,984.39
The financing component of property advances of Guizhou Land	13,111.72	3,277.93	11,837,489.76	2,959,372.44
Others	18,632,345.95	4,153,365.24	13,823,153.31	3,738,235.61
Total	2,934,313,730.15	725,257,145.06	2,904,319,255.03	715,479,751.59

Note 1: Based on the profits earnings of Shenzhen Guangshen Coastal Expressway Investment Company Limited ("Coastal Expressway"), a subsidiary of the Company, the Group recognized deferred tax assets against the intangible asset impairment, the accumulative amortization tax differences and the previous year losses can be partially offset, respectively.

Note 2: The Company received a prepayment from the Shenzhen Government for the arrangement of compensation for the toll adjustment and asset transfer agreement of the Three Expressways and Longda Expressways, and recognized the differences between the tax base and book value as deferred tax assets.

Note 3: The Group has recognized the differences between the tax base and book value of concession intangible assets of toll highways, including Shenzhen Airport-Heao Expressway – Eastern Section, Shenzhen Airport-Heao Expressway – Western Section and Meiguan Expressway, as deferred tax assets.

Note 4: After confirming the fair value of each identifiable asset and liability due to the acquisition of Shenchang Company, the Company confirmed the corresponding deferred tax asset for the temporary difference between its tax base and book value.

Note 5: The costs incurred by the highway companies in the group are deferred income tax assets that have not been paid and have been taxed before the final settlement.

Note 6: Changes in the fair value of the foreign exchange forwards contract signed by the Company and the bank are recognized as deferred tax assets.

Note 7: In 2015, the Group received a prepayment from the Shenzhen Government for compensation for the toll adjustment of Meiguan Expressway, and recognized the differences between the tax base and book value as deferred tax assets.

Note 8: Meiguan Company, the Company's subsidiary, recognized the future reverted property compensation granted by United Land Company as non-current assets and confirmed the gains on disposal of assets. Considering the impact of the unrealized profits of the associates, the Group confirmed the gains on disposal of assets and recognized the differences between the tax base and book value as deferred tax assets.

Note 9: Deferred income tax assets accrued by Bioland Company for the provisions liabilities were recognized in pending litigation or arbitration and subsequent expenditures of BOT projects.

Note 10: In the current period, United Land Company, an associate company of the Company, capitalized the interest of the capital reduction of the Company. Considering the impact of the unrealized profits of the associate, the Group recognized the corresponding deferred income tax assets formed by the difference between the tax base and the book value based on its shareholding ratio of 34.30%.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Deferred tax assets/deferred tax liabilities (continued)

(2) Deferred tax liabilities without offsetting of balances

RMB

Item	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
The amortization of concession intangible assets (Note)	577,397,807.16	144,349,451.79	479,162,951.92	119,790,737.98
Business combinations involving enterprises not under common control				
– Qinglong Company	1,187,614,441.61	296,903,610.41	1,308,856,737.53	327,214,184.39
– Hunan Yichang Expressway Development Co., Ltd. (“Yichang Company”)	912,872,429.02	228,218,107.26	945,229,954.18	236,307,488.55
– Airport-Heao Eastern Company	622,939,148.52	155,734,789.12	688,264,394.24	172,066,100.55
– Guangdong Qinglian Highway Development Co., Ltd (“Qinglian Company”)	553,075,721.04	134,964,123.35	569,033,050.80	138,953,455.79
– JEL Company	95,852,747.09	23,827,353.22	132,668,515.92	33,031,295.43
– Meiguan Company	5,791,610.36	1,447,902.59	7,082,832.36	1,770,708.09
– Nanjing Wind Power	37,674,475.48	9,418,618.87	38,943,796.48	9,735,949.12
– Baotou Nanfeng	33,189,383.24	8,297,345.81	34,067,010.92	8,516,752.73
– Bioland Company	493,626,538.91	123,500,632.35	500,944,661.87	125,330,163.09
– Qiantai Company	147,518,921.77	22,009,899.13	148,698,313.13	22,304,746.97
Shenzhen Expressway New Energy Holding Co., LTD. (“New Energy Company”)	14,736,308.72	3,684,077.18	–	–
Others	919,458,515.86	229,864,628.97	903,246,458.46	225,811,614.62
Total	5,601,748,048.78	1,382,220,540.05	5,756,198,677.81	1,420,833,197.31

Note: The deferred tax liability was recognized based on the temporary difference between the accounting base (traffic volume basis) and tax base (straight-line basis) for the amortization of toll road concession intangible assets.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Deferred tax assets/deferred tax liabilities (continued)

(3) Offsetting of balances of deferred tax assets or liabilities:

RMB

Item	Deferred tax assets and liabilities offset as at 30 June 2021	Net values of deferred tax assets/liabilities as at 30 June 2021 (Unaudited)	Deferred tax assets and liabilities offset as at 31 December 2020	Net values of deferred tax assets/liabilities as at 31 December 2020 (Audited)
Deferred tax assets	224,769,894.21	500,487,250.85	121,705,841.11	593,773,910.48
Deferred tax liabilities	224,769,894.21	1,157,450,645.84	121,705,841.11	1,299,127,356.20

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

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Deductible tax losses	799,058,614.33	691,593,443.60
Deductible temporary difference	26,982,177.55	26,135,034.55
Total	826,040,791.88	717,728,478.15

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

RMB

Year	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Year 2021	252,330,647.24	252,330,647.24
Year 2022	164,998,396.43	170,392,532.12
Year 2023	61,657,228.91	61,657,228.91
Year 2024	79,638,898.54	79,638,898.54
Year 2025	127,574,136.79	127,574,136.79
Year 2026	112,859,306.42	–
Total	799,058,614.33	691,593,443.60

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Other non-current assets

RMB

Item	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Book balance	Allowance for impairment	Carrying amount	Book balance	Allowance for impairment	Carrying amount
Meiguan Company-relocation property compensation (Note 1)	342,599,500.00	-	342,599,500.00	342,599,500.00	-	342,599,500.00
Contract assets over one year (Note 2)	1,500,510,417.96	-	1,500,510,417.96	1,427,952,459.38	-	1,427,952,459.38
Total	1,843,109,917.96	-	1,843,109,917.96	1,770,551,959.38	-	1,770,551,959.38

Note 1: According to the "Compensation Agreement for Meilinguan Urban Renewal Project of Shenzhen Longhua New District Minzhi Office", in July 2016, United Land Company paid the compensation for demolition of RMB28,328,230.00 to Meiguan Company, a subsidiary of the Company. On 27 April 2018, the two parties entered into the "Supplementary agreement for compensation Agreement for Meilinguan Urban Renewal Project of Shenzhen Longhua New District Minzhi Office", which stipulates that United Land Company will increase the property compensation on the basis of the above monetary compensation, the compensated relocated property is the office building property of United Land Company, and the compensated building area is 9,120 square meters. The relocated property will be built in 2 to 3 years. On the date of signing the supplementary agreement, according to the evaluation report issued by Shenzhen Pengxin Assets Appraisal Co., Ltd. (Pengxin Valuing Newspaper [2018] No. 062), the fair value of the relocated property was RMB342,599,500.00, unchanged in this period.

Note 2: It includes the contract assets corresponding to the revenue that are recognized by the Company based on its understanding and judgment of the documents regarding the exemption of road tolls during the outbreak of COVID-19 by Guangdong Provincial Transportation Management Department.

22. Short-term borrowings

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Pledged loans (Note 1)	118,769,031.85	105,288,805.67
Credit loans (Note 2)	1,822,788,726.07	1,076,426,920.76
Discounted notes (Note 3)	11,616,250.00	159,502,400.00
Total	1,953,174,007.92	1,341,218,126.43

Note 1: At 30 June 2021, RMB104,012,500.00 (original currency: HKD125,000,000.00) was a pledged loan of Mei Wah in the Hong Kong head office of HSBC. The borrowing period of HKD50,000,000.00 is from 3 December 2020 to 3 December 2021; The borrowing period of remaining HKD75,000,000.00 is from 15 June 2021 to 15 June 2022. Interest was charged at Hong Kong Interbank Offered Rate (HIBOR) + 0.8% p.a., with 45% equity of JEL pledged as collateral. In addition, the balance of interest payable is RMB92,432.86.

RMB14,650,000.00 of the above borrowings was a pledged loan of Financial Leasing Company from Shanghai Bank Shenzhen branch. The borrowing period is from 1 February 2021 to 1 February 2022. The interest rate on the loan is 4.35%. The loan was pledged by the collection rights of accounts receivable for the Anhui Ruishuo Construction Co., Ltd. In addition, the balance of interest payable is RMB14,098.99.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Short-term borrowings (continued)

Note 2: RMB519,000,000.00 of the above borrowings represents the Company's credit loan from China Bank Shenzhen Central District Sub-branch. The interest rate on the loan is 3.2%. The borrowing period is from 27 January 2021 to 26 January 2022. In addition, the balance of interest payable is RMB461,333.33.

RMB430,000,000.00 of the above borrowings represents the credit loans from ICBC Shenzhen Futian Sub-branch, including RMB350,000,000.00 at the interest rate of 3.7%, with a term from 9 June 2021 to 4 June 2022; and RMB80,000,000.00 at the interest rate of 3.6%, with a term from 9 February 2021 to 7 February 2022. The balance of interest payable is RMB439,722.22.

RMB191,803,000.00 of the above borrowings represents the Financial Leasing Company's credit loan from China Everbright Bank at the interest rate of 4.5%, with a term from 24 July 2020 to 23 July 2021. The balance of interest payable is RMB190,954.33.

RMB200,000,000.00 of the above borrowings represents the Company's credit loan from Agricultural Bank of China Shenzhen Branch at the interest rate of 3.23%, with a term from 28 January 2021 to 27 January 2022. The balance of interest payable is RMB179,444.44.

RMB150,000,000.00 of the above borrowings represents the Company's credit loan from Zheshang Bank Shenzhen Branch at the interest rate of 3.7%, with a term from 29 June 2021 to 10 September 2021. The balance of interest payable is Nil.

RMB81,900,000.00 of the above borrowings represents the credit loan of Nanjing Wind Power from PingAn Bank Shenzhen Branch at the interest rate of 4.6%, with a term from 15 January 2021 to 15 January 2022. The balance of interest payable is RMB104,650.00.

RMB120,000,000.00 of the above borrowings represents the credit loans of Nanjing Wind Power from CCB Chengnan Sub-branch, including RMB25,000,000.00 at the interest rate of 4.1%, with a term from 31 March 2021 to 30 March 2022; RMB25,000,000.00 at the interest rate of 4.1%, with a term from 24 June 2021 to 23 July 2022; RMB70,000,000.00 at the interest rate of 4%, with a term from 14 May 2021 to 13 June 2022. The balance of interest payable is RMB115,069.44.

RMB104,371,596.70 of above borrowings represents the credit loans of Nanjing Wind Power from HSBC Shenzhen Branch, including RMB8,037,200.00 at the interest rate of 4.1325%, with a term from 31 December 2020 to 31 December 2021; RMB16,047,300.00 at the interest rate of 4.1325%, with a term from 5 January 2021 to 5 January 2022; RMB5,294,496.70 at the interest rate of 4.1325%, with a term from 26 January 2021 to 26 January 2022; and RMB74,992,600.00 at the interest rate of 4%, with a term from 14 May 2021 to 13 May 2022. The balance of interest payable is RMB339,360.19.

RMB22,107,513.28 of the above borrowings represents the supply chain financing borrowings of Bioland from Shanghai Bank Shenzhen Branch at the interest rate of 4.35%, with a term of 12 months.

Note 3: At 30 June 2021, the trade acceptance bills discounted but unmaturing amounted to RMB5,616,250.00.

Note 4: At 30 June 2021, the Group had no overdue loans.

23. Held-for-trading financial liabilities

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Financial liabilities at FVTPL	125,543,909.59	83,677,813.21
Including: Foreign exchange forwards contracts	125,543,909.59	83,677,813.21
Total	125,543,909.59	83,677,813.21

24. Bills payable

Item	RMB	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Bank acceptance bills	1,750,163.20	283,557,145.56
Commercial acceptance bills	111,910,185.83	11,910,185.83
Total	113,660,349.03	295,467,331.39

At 30 June 2021, the Group had no overdue bills payable.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Accounts payable

(1) Analysis of accounts payable

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Payables for construction projects, quality deposits and margins	1,529,395,662.00	1,191,102,313.21
Payables for goods	456,742,070.73	544,289,020.23
Others	200,512,554.66	134,498,082.71
Total	2,186,650,287.39	1,869,889,416.15

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

RMB

Item	30 June 2021 (Unaudited)	Reason for unsettlement
The top five total accounts payables, which aged over 1 year as at 30 June 2021	163,786,289.61	Construction payment not settled

26. Advances from customers

(1) Items of advances from customers

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Rental advances	16,142,555.48	–

27. Contract liabilities

(1) Items of contract liabilities

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Advances from sales of real estate	66,819,842.43	290,892,248.44
Advances from sales of goods	19,481,869.25	8,191,055.74
Advances from operating and management fees	9,856,039.33	7,333,333.33
Advances from sales of wind turbine operation and maintenance service charge	5,994,340.20	5,993,361.00
Advances from advertising customers	–	2,329,217.97
Others	3,641,250.70	5,114,754.63
Total	105,793,341.91	319,853,971.11

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Contract liabilities (continued)

(2) The amount and reason for the significant changes in the carrying amount during the year

RMB

Item	Amount	Reason
Advances from sales of real estate	(224,072,406.01)	Recognition of income from advance payment
Advances from sales of goods	11,290,813.51	Advance sales payment
Total	(212,781,592.50)	

28. Employee benefits payable

(1) Analysis of employee benefits payable

RMB

Item	1 January 2021 (Audited)	Current period additions	Current period reductions	30 June 2021 (Unaudited)
I. Short-term wages	279,535,593.96	378,947,625.94	516,667,367.12	141,815,852.78
II. Pension benefits – defined contribution plans	2,436,595.80	39,755,431.24	38,791,800.44	3,400,226.60
Total	281,972,189.76	418,703,057.18	555,459,167.56	145,216,079.38

(2) Analysis of short-term wages

RMB

Item	1 January 2021 (Audited)	Current period additions	Current period reductions	30 June 2021 (Unaudited)
I. Wages and salaries, bonuses, allowances and subsidies	268,080,177.18	276,265,219.16	412,954,038.67	131,391,357.67
II. Staff welfare	1,138,330.26	53,386,772.87	53,518,481.26	1,006,621.87
III. Social security contributions	563,157.97	14,900,502.96	14,863,067.44	600,593.49
Including: Medical insurance	619,159.41	13,363,408.25	13,443,929.73	538,637.93
Work injury insurance	16,294.96	568,259.26	561,649.44	22,904.78
Maternity insurance	(72,296.40)	968,835.45	857,488.27	39,050.78
IV. Housing funds	942,304.37	24,312,893.30	23,970,354.20	1,284,843.47
V. Labor union funds and employee education funds	8,427,074.18	7,345,189.74	8,008,715.72	7,763,548.20
VI. Others	384,550.00	2,737,047.91	3,352,709.83	(231,111.92)
Total	279,535,593.96	378,947,625.94	516,667,367.12	141,815,852.78

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Employee benefits payable (continued)

(3) Analysis of defined contribution plans

RMB

Item	1 January 2021 (Audited)	Current period additions	Current period reductions	30 June 2021 (Unaudited)
I. Basic pensions	873,705.92	30,168,977.07	29,826,664.22	1,216,018.77
II. Unemployment insurance	53,417.28	1,509,147.53	1,501,735.71	60,829.10
III. Enterprise annuities	1,509,472.60	8,077,306.64	7,463,400.51	2,123,378.73
Total	2,436,595.80	39,755,431.24	38,791,800.44	3,400,226.60

The Group participates, as required, in the pension insurance and unemployment plan established by government institutions. According to such plans, the Group contributes monthly to such plans based on the regulations of the government institutions. Except for above monthly contributions, the Group does not assume further payment obligations. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

In this period, the Group should contribute pension insurance and unemployment plans amounting to RMB30,168,977.07 and 1,509,147.53 (2020: RMB20,594,382.64 and RMB1,030,196.08). As at 30 June 2021, the Group has outstanding contributions to pension insurance and unemployment plans that are due as of the reporting period amounting to RMB1,216,018.77 and RMB60,829.10 (31 December 2020: RMB873,705.92 and RMB53,417.28), which have been fulfilled subsequent to the reporting date.

29. Taxes payable

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
VAT payable	234,528,474.04	241,675,517.95
Enterprise income tax payable	215,574,273.02	255,073,902.91
Land appreciation tax payable	54,411,896.33	41,388,859.01
City maintenance and construction tax payable	2,795,724.47	7,027,191.60
Educational surcharge payable	2,294,148.86	5,133,496.16
Others	10,132,458.01	15,490,789.47
Total	519,736,974.73	565,789,757.10

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other payables

30.1 Summary of other payables

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Dividends payable	381,038,157.27	58,771,206.22
Other payables	1,977,644,949.06	3,511,594,473.85
Total	2,358,683,106.33	3,570,365,680.07

30.2 Dividends payable

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Ordinary share dividends	322,471,355.80	–
Perpetual bond dividends classified as equity instruments		
Including: Perpetual bond dividends	5,111,111.11	5,622,222.22
Dividends payable – Original shareholder of Nanjing Wind Power	53,148,984.00	53,148,984.00
Dividends payable – Shenzhen WhaleHouse Technology Co., Ltd.	306,706.36	–
Total	381,038,157.27	58,771,206.22

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other payables (continued)

30.3 Other payables

(1) Analysis of other payables by nature

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Project funds retained for construction management contracts	613,695,852.21	1,791,268,991.54
Payables for equity acquisition (Note 1)	259,256,740.22	313,126,357.91
Payable related to maintenance for roads	133,004,349.23	200,558,912.16
Payable for tender and performance deposits and warranty	147,135,429.73	162,049,676.65
Payables for the construction cost of the Shenzhen World Exhibition & Convention Center toll station	139,855,284.60	139,855,284.60
Payable related to costs of construction projects independently	138,725,330.25	138,725,330.25
Accrued project expenditure and administrative special expenses	118,244,430.19	181,397,959.28
Mechanical and electrical costs payable	104,717,661.77	55,081,594.11
Payables for the cost of provincial toll station cancellation project	83,321,478.07	156,192,621.25
Payables for collection of Nanjing wind power (Note 2)	36,106,194.70	36,106,194.70
Country road construction fee and management service fee of Hunan Province	34,909,418.38	33,849,758.38
Accounts payable to related parties (Note X. 6(2))	20,891,262.84	22,214,827.19
Receipts of liquidated damages for equity transfer of Guizhou Xinhe Lifu Real Estate Development Co., Ltd.	20,412,000.00	20,412,000.00
Payable for agent-construction fee of Coastal Project Phase II	19,378,599.38	19,378,599.38
Payable for demolition fee of old stations	7,245,384.50	7,375,937.57
Subscription funds and down deposits received for real estate sales	3,927,609.00	4,047,714.00
Advance from security deposit for equity transfer	–	156,010,000.00
Payable for outsourcing service fee for collection and transportation of food waste	–	12,512,272.71
Others	96,817,923.99	61,430,442.17
Total	1,977,644,949.06	3,511,594,473.85

Note 1: The equity acquisition payables are mainly the remaining unpaid balance of RMB32,780,961.85 when the Infrastructure Environment Protection Development Company acquired Qiantai Company in 2020; the remaining unpaid balance of RMB12,934,094.97 when the Group's subsidiary Environment Company acquired Bioland Company in 2020; equity acquisition payable of RMB3,495,450.00 when the Group's subsidiary Shenzhen Expressway Operation Development Co., Ltd. ("Operation Company") acquired Guangdong Boyuan Construction Engineering Co., Ltd. ("Boyuan Construction") in 2020; equity transfer payment of RMB210,046,233.40 payable to the original shareholders of Nanjing Wind Power at the acquisition of Nanjing Wind Power in 2019. According to the M&A agreement, the payment would not be paid until Nanjing Wind Power has cleared up the unrecovered employee occupation funds and the accounts receivable, and has been confirmed by the Environment Company. It is expected to be cleaned up this year.

Note 2: The payment is due to Nanjing Wind Power for the cable payment of Ningxia Zhongwei Xintang New Energy Co., Ltd. As of 30 June 2021, the balance of the cable payment to be paid is RMB36,106,194.70.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other payables (continued)

30.3 Other payables (continued)

(2) Significant other payables with aging over 1 year

RMB

Item	30 June 2021 (Unaudited)	Reason for unsettlement
Total other payables aged over 1 year from top five customers at 30 June 2021	96,032,449.47	Contract settlement has not been completed.

31. Non-current liabilities due within one year

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Long-term payables due within one year (Note V. 36)	118,227,812.46	195,636,586.62
Lease liabilities due within one year (Note V. 35)	35,292,922.04	36,715,241.68
Long-term borrowings due within one year (Note V. 33)	522,357,024.72	365,084,520.70
Including: Pledged loans	169,589,971.92	112,768,975.77
Credit loans	256,925,007.05	233,284,363.75
Mortgage loans	86,242,045.75	9,431,181.18
Guaranteed loans	9,600,000.00	9,600,000.00
Bonds payable due within one year (Note V. 34)	3,114,962,085.74	3,068,362,169.83
Total	3,790,839,844.96	3,665,798,518.83

32. Other current liabilities

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Ultra-short term financing notes (Note)	2,007,946,266.52	2,018,087,592.62
Output tax to be transferred	4,930,391.88	23,367,804.71
Total	2,012,876,658.40	2,041,455,397.33

Note: As at 30 June 2021, the balance of the Group's other current liabilities was RMB2 billion of ultra-short term financing notes, the amortized cost at the end of the period was RMB1,999,704,896.67, and the balance of interest payable was RMB8,241,369.85, totaling RMB2,007,946,266.52. Among the financing notes, RMB1 billion of ultra-short term financing note phase II was issued on 24 March 2021 with an interest rate of 2.75% and a term of 180 days, and RMB1 billion of ultra-short term financing note phase III was issued on 18 June 2021 with annual interest rate of 2.62% and a term of 270 days.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term borrowings

(1) Classification of long-term borrowings:

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Credit	1,423,470,000.00	1,674,470,000.00
Pledged	6,088,663,504.20	4,985,118,867.55
Mortgage	760,000,000.00	–
Guaranteed, pledged	66,291,700.00	87,900,000.00
Guaranteed, mortgage, pledged	125,180,000.00	120,900,000.00
Add: Accrued interest	8,951,089.86	8,028,920.70
Total	8,472,556,294.06	6,876,417,788.25
Less: Long-term borrowings due within one year (Note V. 31)	522,357,024.72	365,084,520.70
Long-term borrowings over one year	7,950,199,269.34	6,511,333,267.55

(2) As at 30 June 2021, details of the long-term borrowings are set out as follows:

RMB

Item	Interest rate in current period	Currency	Amount	Guarantee details
Merger and acquisition borrowings of headquarters	3.3%/3.7%	RMB	1,133,475,000.00	Credit borrowings
Credit borrowings of Shenchang company	4.5125%	RMB	166,495,000.00	Credit borrowings
Entrusted borrowings of headquarters	4.275%	RMB	105,000,000.00	Credit borrowings
Working capital loan of headquarters	3.1%/3.83%	RMB	18,500,000.00	Credit borrowings
Subtotal of credit borrowings			1,423,470,000.00	
Syndicated borrowings of headquarter Coastal project	4.41%/4.15%	RMB	3,518,158,867.55	Pledged by the right of charges of Coastal Expressway
Pledged borrowings of Qinglian	4.41%/3.8%	RMB	1,946,060,000.00	Pledged by the right of charges of Qinglian Expressway
Pledged borrowings of Qinglong	4.46%/4.4175%/4.41%	RMB	457,500,000.00	Pledged by the right of charges of Shuiguan Expressway
Financial Leasing Company	4.75%/4.6925%	RMB	166,944,636.65	Pledged with Financial Leasing Company's rental receivable under the Yongcheng Project
Subtotal of pledged borrowings			6,088,663,504.20	
Headquarters borrowings from ICBC Mortgage loan of headquarters	3.900%	RMB	760,000,000.00	Collateralized with floors 37, 40-48 of Hanjing Headquarters Building
Subtotal of mortgage			760,000,000.00	

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term borrowings (continued)

(2) As at 30 June 2021, details of the long-term borrowings are set out as follows: (continued)

Item	Interest rate in current period	Currency	Amount	Guarantee details
Borrowings of Huangshi Bioland	5.880%	RMB	50,791,700.00	Guaranteed by Bioland Company and pledged with the expected revenue right paid by the government, the receivables formed by the future operating income of Huangshi Bioland and the equity of Guangxi Bioland
Borrowings of Longyou Bioland	4.900%	RMB	15,500,000.00	Guaranteed by Bioland Company and pledged with the income and franchise rights of Longyou Bioland Environmental Technology Co., Ltd. ("Longyou Bioland") during the franchise period
Sub-total of guaranteed, pledged borrowings			66,291,700.00	
Borrowings of Guangxi Bioland	4.900%	RMB	15,330,000.00	Guaranteed by Bioland Company and Shi Junying, collateralized with the machinery and equipment of Guangxi Bioland, and pledged with the equity of subsidiary company of Bioland Company
Borrowings of Guangxi Bioland	5.145%	RMB	53,600,000.00	Guaranteed by Bioland Company and Shi Junying, collateralized with the machinery and equipment of Guangxi Bioland and pledged with the equity of Guangxi Bioland
Borrowings of Guiyang Beier Bioland	5.880%	RMB	56,250,000.00	Guaranteed by Bioland Company and Shi Junying, collateralized with the machinery and equipment of Guiyang Bioland, and pledged with the equity and the franchise right of Guiyang Bioland
Sub-total of guaranteed, mortgage and pledged borrowings			125,180,000.00	
Add: Accrued interest			8,951,089.86	
Less: Long-term borrowings due within one year (Note V. 31)			522,357,024.72	
Total			7,950,199,269.34	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Bonds payable

(1) Bonds payable

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Long-term corporate bonds	6,236,435,612.38	5,030,803,095.66
Medium-term notes	1,869,370,389.29	1,829,883,431.99
Subtotal	8,105,806,001.67	6,860,686,527.65
Less: Bond payable due within one year (Note V. 31)	3,114,962,085.74	3,068,362,169.83
Total	4,990,843,915.93	3,792,324,357.82

(2) Movements of bonds payable

RMB

Name of bonds	Par value	Date of issuance	Maturity	Issued amount	Balance at 1 January 2021 (Audited)	Current issue amount	Accrual of interest by par value	Discount and issue fee amortization	Effects of foreign currency translation	Interest payable	Balance at 30 June 2021 (Unaudited)
Long-term corporate bonds (Note 1)	800,000,000.00	2007/7/31	15 years	800,000,000.00	798,942,089.88	-	22,000,002.00	334,076.82	-	40,333,337.00	838,608,503.70
Long-term corporate bonds (Note 1)	1,995,330,000.00	2016/7/18	5 years	1,984,555,218.00	1,953,765,147.77	-	28,090,264.17	3,514,288.13	(19,440,000.00)	25,230,908.70	1,963,070,344.60
Long-term corporate bonds (Note 1)	1,400,000,000.00	2020/3/18	5 years	1,400,000,000.00	1,397,310,418.46	-	21,350,000.04	372,042.02	-	12,052,419.51	1,409,734,879.99
Long-term corporate bonds (Note 1)	800,000,000.00	2020/10/20	5 years	800,000,000.00	797,890,813.48	-	14,599,999.98	193,153.80	-	20,277,777.75	818,361,745.03
Long-term corporate bonds (Note 1)	1,200,000,000.00	2021/4/15	5 years	1,200,000,000.00	-	1,197,174,113.21	8,379,773.59	105,252.26	-	8,379,773.59	1,205,659,139.06
Medium-term notes (Note 2)	1,000,000,000.00	2018/7/26	3 years	1,000,000,000.00	999,462,600.41	-	20,724,562.86	460,626.00	-	37,996,984.74	1,037,920,211.15
Medium-term notes (Note 2)	800,000,000.00	2018/8/13	5 years	800,000,000.00	798,181,036.00	-	17,960,848.44	340,920.00	-	32,928,222.14	831,450,178.14
Total	7,995,330,000.00	/	/	7,984,555,218.00	6,745,552,106.00	1,197,174,113.21	133,105,451.08	5,320,359.03	(19,440,000.00)	177,199,423.43	8,105,806,001.67

Note 1: Corporate bonds

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

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

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

The Company was permitted to publicly issue corporate bonds with a face value of not more than RMB2 billion to professional investor upon approval of the Document "Securities Regulatory Commission Permit [2020] [1003]" issued by the CSRC and approved by the Shanghai Stock Exchange. On 22 October 2020, the Company completed the issuance of the first phase of 2020 Green corporate bonds, and the actual issuance scale was RMB0.8 billion. The bond was issued at the rate of 3.65%, with interest to be paid once a year and principal repaid once at maturity. The maturity of the current bond is 5 years, with an issuer adjusted coupon option and an investor callback option at the end of the third year. The interest-bearing term is from 22 October 2020 to 22 October 2025; if the investor exercises the call-back option, the interest-bearing maturity of the portion of the bond it sells back is from 22 October 2020 to 22 October 2023.

On 19 April 2021, the Company completed the issuance of the first phase of 2021 Green corporate bonds, and the actual issuance scale was RMB1.2 billion. The bond was issued at the rate of 3.49%, with interest to be paid once a year and principal repaid once at maturity. The maturity of the current bond is 5 years, with an issuer adjusted coupon option and an investor callback option at the end of the third year. The interest-bearing term is from 19 April 2021 to 19 April 2026; if the investor exercises the call-back option, the interest-bearing maturity of the portion of the bond it sells back is from 19 April 2021 to 19 April 2024.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Bonds payable (continued)

(2) Movements of bonds payable (continued)

Note 2: Medium term notes

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

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

35. Lease liabilities

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Lease contract	132,324,318.16	141,368,913.35
Less: Lease liabilities included in non-current liabilities due within one year (Note V. 31)	35,292,922.04	36,715,241.68
Total	97,031,396.12	104,653,671.67

36. Long-term payables

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Long-term payables	2,449,350,743.19	2,234,299,535.22

(1) Long-term payables by nature:

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Financial liabilities arising from sale and leaseback transactions (Note 1)	473,376,740.59	412,053,574.13
Borrowings from associates and joint ventures (Note 2)	2,094,201,815.06	2,017,882,547.71
Sub-total	2,567,578,555.65	2,429,936,121.84
Less: Long-term payables due within one year (Note V. 31)	118,227,812.46	195,636,586.62
Total	2,449,350,743.19	2,234,299,535.22

Note 1: As at 30 June 2021, the long-term payables arising from sale and leaseback of the equipment of Zhuji Bioland Environmental Technologies Co., Ltd. ("Zhuji Bioland"), Guilin Bioland, Guangxi Bioland, Dezhou Bioland, Taizhou Bioland, Handan Bioland, Shangrao Bioland, and Xinyu Bioland, which are subsidiaries of Bioland, with franchise rights of kitchen waste disposal of Bioland Environment, 100% equity rights of Dezhou Bioland, Taizhou Bioland, Shangrao Bioland, Guilin Bioland and Xinyu Bioland, 90% equity rights of Handan Bioland and Zhuji Bioland, and equipment of Taizhou Bioland, Shangrao Bioland, Handan Bioland, Guilin Bioland, and Zhuji Bioland as collaterals. The balance of the interest expense arising from the amortization of unrecognized financing expenses in the current period was RMB17,927,181.65, the financial leasing fee was RMB943,396.23, the principal was RMB77,403,852.82, and the interest was RMB22,557,474.19. As at 30 June 2021, the balance of this payment was RMB473,376,740.59.

Note 2: The borrowings of the Headquarters were from United Land Company for a term of two to three years. The loan agreement was signed on 25 July 2019 at an annual interest rate of 3.65%. As at 30 June 2021, the long-term payable balance of the Headquarters was RMB2,094,201,815.06. The recognized interest expense on financial expenses was RMB36,201,815.06. Refer to Note X. 5(4) Note 3 for details.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Long-term employee benefits payable

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Other long-term employee benefits (Note)	114,813,411.45	114,813,411.45

Note: Other long-term employee benefits are the Group's long-term incentive bonuses, which are expected to be paid during the period from year 2022 to 2024.

38. Provisions

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Product warranty (Note 1)	13,814,089.28	17,171,133.72
Pending litigation or arbitration (Note 2)	6,120,000.00	6,120,000.00
BOT project follow-up expenditure (Note 3)	10,549,544.25	9,297,341.14
Extra expenses for extended period (Note 4)	136,297,135.27	133,037,711.34
Total	166,780,768.80	165,626,186.20

Note 1: It refers to the product warranty accrued by fan sales. Nanjing Wind Power estimates the service fees required for dealing with quality problems, and provides a premium based on 1% of sales revenue.

Note 2: Organic Waste System Co., Ltd. ("Organic Waste Company") filed a lawsuit in Zhengzhou Intermediate People's Court on 27 September 2018 claiming that Bioland Company and Guangxi Bioland Company violated its patent right. At 28 November 2019, Zhengzhou Intermediate People's Court sentenced Bioland Company and Guangxi Bioland Company to a compensation to Organic Waste Company of RMB6,000,000.00 within 10 days. If Bioland Company did not fulfill its obligation, it shall pay interest on the debt for the belated payment, and bear the fees for accepting the case which was RMB60,000.00. Bioland Company filed an appeal on 27 December 2019. As at 30 June 2021, the judgment of the second instance has not been reached yet, and Bioland Company accrued an estimated liability of RMB6,120,000.00 based on the expected amount of compensation.

Note 3: BOT project follow-up expenditure is expected to be incurred for the Group to maintain a certain service capacity of the BOT assets it holds or to maintain a certain state of use before they are handed over to the contract grantor. The interest expense incurred in this part of the expenditure is RMB3,293,550.78. Please refer to Note V. 51 for details.

Note 4: According to relevant government documents, the Group accrued the estimated operating costs of toll roads in the future.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Deferred income

RMB

Item	1 January 2021 (Audited)	Current period additions	Current period reductions	30 June 2021 (Unaudited)	Explanation
Non-current liabilities					
Compensation to operating costs for Toll Free Section of Meiguan Expressway	81,752,454.52	-	6,540,196.32	75,212,258.20	Shenzhen Government compensation to the accrued operating costs for Toll Free Section of Meiguan Expressway in the future
Government compensation for demolition	13,734,944.46	-	1,373,494.44	12,361,450.02	Government compensation for demolition of Qinglong Company
Compensation to the accrued operating costs for Nanguang and Yanpai new station	268,104,931.35	-	13,260,000.00	254,844,931.35	Shenzhen Government compensation to the accrued operating costs for Nanguang and Yanpai new station
Government financial grants for environmental protection equipment of Bioland Group	6,203,608.43	8,600,000.00	263,360.45	14,540,247.98	Government financial grants for environmental protection equipment of Bioland Group
Government financial grants for Guishen Company	2,485,217.51	-	89,561.17	2,395,656.34	Receipts of government financial grants provided from Guizhou Longli County Government of Guishen Company
Compensation for future operating costs of new stations on the free section of Longda Expressway	191,394,147.70	-	10,749,222.84	180,644,924.86	The Shenzhen Municipal Transportation Commission's cash compensation for the early recovery of rights and interests in the Shenzhen section of Longda Expressway
Research and development and application demonstration of green recycling technology for waste ternary lithiumion batteries of Shenshan Qiantai Company	-	1,200,000.00	-	1,200,000.00	University cooperation funds received for the research and development and application demonstration of green recycling technology of waste ternary lithiumion batteries
Cancel the central subsidy funds for the expressway provincial toll station project	44,510,867.40	-	3,564,699.06	40,946,168.34	The Ministry of Transport provides cash subsidies for the cancellation of the expressway provincial toll station project on the toll roads of Shenzhen Expressway of the Group
Total	608,186,171.37	9,800,000.00	35,840,534.28	582,145,637.09	/

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Deferred income (continued)

Items of government grants:

RMB

Item	1 January 2021 (Audited)	Additional grants in current period	Recognized in other income/ non-operating income in current period	30 June 2021	Related to assets/revenue
				(Unaudited)	
Cancellation of government subsidy for the provincial highway toll station project	44,510,867.40	-	3,564,699.06	40,946,168.34	Related to assets
Government financial grants	2,485,217.51	-	89,561.17	2,395,656.34	Related to assets
Compensation for demolition	13,734,944.46	-	1,373,494.44	12,361,450.02	Related to assets
Government grants for Shenzhen Qiantai	-	1,200,000.00	-	1,200,000.00	Related to assets
Government grants for Bioland Company	6,203,608.43	8,600,000.00	263,360.45	14,540,247.98	Related to assets
Total	66,934,637.80	9,800,000.00	5,291,115.12	71,443,522.68	/

40. Share capital

RMB

Item	1 January 2021 (Audited)	Movement					30 June 2021 (Unaudited)
		New shares issued	Rights issue	Transfer from surplus	Others	Sub-total	
Share capital	2,180,770,326.00	-	-	-	-	-	2,180,770,326.00

41. Other equity instruments

On 30 June 2021, the issued perpetual bond of the Group is as follows:

RMB

Item	Issue date	Accounting classification	Dividend or interest rate	Distribution amount	Expiry day or renewal situation	Transfer conditions	Transit
Perpetual bond	4 December 2020	Other equity instruments	4.6%	4,000,000,000.00	No fixed deadline	Nil	Nil

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Capital reserve

RMB

Item	1 January 2021 (Audited)	Current period additions	Current period reductions	30 June 2021 (Unaudited)
Share premium	2,274,351,523.42	-	-	2,274,351,523.42
Other capital reserve – Business combination involving enterprises under common control	2,759,887,122.51	-	-	2,759,887,122.51
Other capital reserve – Acquisition of non-controlling interests in subsidiaries	(120,924,166.49)	-	-	(120,924,166.49)
Capital injection in the investee entity	920,188,478.67	-	-	920,188,478.67
Other capital reserve – others	170,021,301.27	24,652,998.89	-	194,674,300.16
Total	6,003,524,259.38	24,652,998.89	-	6,028,177,258.27

43. Other comprehensive income

RMB

Item	1 January 2021 (Audited)	Amount incurred in current period				30 June 2021 (Unaudited)
		Pre-tax amount incurred during the period	Less: Included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: Income tax expense	Post-tax amount attributable to owners of the Company, net of tax	
I. Items that may not be reclassified subsequently to profit or loss:	-	-	-	-	-	-
Including: Changes from remeasurement from defined benefit plans	-	-	-	-	-	-
II. Items that may be reclassified subsequently to profit or loss:	868,945,190.79	(14,726,713.23)	-	-	(14,726,713.23)	854,218,477.56
– Appreciation of initial equity interest upon business combination	893,132,218.74	-	-	-	-	893,132,218.74
– Equity investment reserve	406,180.00	-	-	-	-	406,180.00
– Share of other comprehensive income from investees accounted for the equity method to be reclassified to profit or loss in the subsequent period (Note V.12)	(21,945,649.85)	(13,812,118.48)	-	-	(13,812,118.48)	(35,757,768.33)
– Foreign currency financial statement translation difference	(2,647,558.10)	(914,594.75)	-	-	(914,594.75)	(3,562,152.85)
Total other comprehensive income	868,945,190.79	(14,726,713.23)	-	-	(14,726,713.23)	854,218,477.56

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Surplus reserve

RMB

Item	1 January 2021 (Audited)	Current period additions	Current period reductions	30 June 2021 (Unaudited)
Statutory surplus reserve	2,258,208,142.63	–	–	2,258,208,142.63
Discretionary surplus reserve	453,391,330.06	–	–	453,391,330.06
Effects of absorption and merger under common control	–	220,000,000.00	–	220,000,000.00
Total	2,711,599,472.69	220,000,000.00	–	2,931,599,472.69

In accordance with the Company Law of the People's Republic of China, the Company's Articles of Association and the resolution of the Board of Directors, companies should appropriate 10% of the net profit for the year to the statutory surplus reserve, where the appropriation can cease when the statutory surplus reserve reaches 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase capital after approval from the appropriate authorities. The Company did not appropriate any statutory surplus reserve for the six months ended 30 June 2021 (2020: 93,790,655.68).

The amount of the Company's discretionary surplus reserve was proposed by the Board of Directors and has been approved by the Annual General Meeting. The discretionary surplus reserve can be used to make up for previous years' loss or increase share capital upon approval. The Company has not appropriated any discretionary surplus reserve for the six months ended 30 June 2021 (2020: Nil).

45. Undistributed profits

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	2020 (Audited)
Unadjusted balance of undistributed profit at the end of the last financial year	7,278,102,534.06	6,439,246,724.95
Adjusted opening balance of total undistributed profits	–	91,380,860.75
Adjusted opening balance of undistributed profits	7,278,102,534.06	6,530,627,585.70
Add: Net profit attributable to equity holders of the Company in current period	1,219,331,455.86	2,054,523,306.30
Less: Appropriation for statutory surplus reserve	–	93,790,655.68
Ordinary share dividend payable (Note 1)	937,731,240.18	1,198,946,591.15
Dividends paid to other equity instruments	92,511,111.11	14,311,111.11
Effects of absorption and merger under common control	220,000,000.00	–
Undistributed profits at the end of the period	7,247,191,638.63	7,278,102,534.06

Note 1: According to the resolution of the shareholders' annual meeting on 17 May 2021, the Company distributes 2020 cash dividends to all shareholders at RMB0.43 per share. Based on the 2,180,770,326 shares issued, a total of RMB937,731,240.18 cash dividends are distributed, of which a cash dividend of RMB616,306,240.18 is distributed for 1,433,270,326 A shares issued, and a cash dividend of HKD387,558,829.13 (equivalent to RMB321,425,000.00) is distributed for 747,500,000 H shares issued. The dividends account for 45.96% of the Company's 2020 net profit. As at 30 June 2021, the above dividend of H shares has not been paid.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Revenue and cost of services

(1) Revenue and cost of services

RMB

Item	For the six months ended 30 June 2021 (Unaudited)		For the six months ended 30 June 2020 (Restated)(Unaudited)	
	Revenue	Cost	Revenue	Cost
Main business – Toll road	2,782,023,471.71	1,387,901,816.51	1,075,466,447.14	972,533,444.70
Main business – Environmental protection	647,457,130.34	435,457,821.24	422,968,864.31	334,938,296.34
– Sales related to wind turbine equipment	55,271,858.40	54,527,239.58	120,543,758.48	100,361,664.61
– Wind power	291,385,370.95	97,486,849.71	107,614,467.00	46,000,430.28
– Kitchen waste disposal projects construction	218,001,116.29	204,784,128.48	124,653,422.52	130,868,259.45
– Kitchen waste disposal projects operation	78,887,365.76	59,725,267.65	36,402,511.84	38,598,831.38
– Kitchen waste disposal equipment sales	–	–	33,754,704.47	19,109,110.62
– Others	3,911,418.94	18,934,335.82	–	–
Other services	781,657,377.79	556,770,215.56	238,127,352.83	179,119,745.48
– Real estate development	273,009,170.30	132,236,930.88	–	–
– Management services	194,607,595.32	163,109,139.04	127,025,129.31	109,052,165.48
– Advertising services	9,024,161.21	7,845,631.10	20,359,733.70	15,805,774.62
– Financial leasing	26,328,515.54	18,793,886.06	5,550,545.01	3,838,806.61
– Construction service under franchise arrangements	187,190,206.42	187,190,206.42	–	–
– Others	91,497,729.00	47,594,422.06	85,191,944.81	50,422,998.77
Total	4,211,137,979.84	2,380,129,853.31	1,736,562,664.28	1,486,591,486.52

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Revenue and cost of services (continued)

(2) The revenue is analyzed as follows:

For the six months ended 30 June 2021 (unaudited)

RMB

Reporting segment	Toll road	Environmental protection	Management service	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	2,224,434,691.83	3,911,418.94	171,812,577.52	26,328,515.54	9,507,484.13	90,867,780.39	2,526,862,468.35
Hunan Province	349,872,432.38	-	-	-	-	4,003,318.09	353,875,750.47
Guizhou Province	-	82,900,519.90	22,795,017.80	-	6,755,931.32	273,009,170.30	385,460,639.32
Hubei Province	207,716,347.50	6,593,219.74	-	-	-	-	214,309,567.24
Jiangsu Province	-	55,299,300.89	-	-	12,209,766.17	5,650,791.73	73,159,858.79
Inner Mongolia Autonomous Region	-	143,593,583.02	-	-	1,527,730.27	-	145,121,313.29
Beijing	-	71,674.19	-	-	-	-	71,674.19
Guangxi Zhuang Autonomous Region	-	106,009,385.51	-	-	113,955,388.09	-	219,964,773.60
Shandong Province	-	13,997,084.74	-	-	-	-	13,997,084.74
Zhejiang Province	-	11,535,976.02	-	-	12,569,022.74	-	24,104,998.76
Sichuan Province	-	4,916,541.81	-	-	8,403,045.72	-	13,319,587.53
Jiangxi Province	-	57,027,437.94	-	-	15,592,824.93	-	72,620,262.87
Hebei Province	-	12,164,674.85	-	-	6,669,013.05	-	18,833,687.90
Xinjiang Uygur Autonomous Region	-	149,436,312.79	-	-	-	-	149,436,312.79
Total	2,782,023,471.71	647,457,130.34	194,607,595.32	26,328,515.54	187,190,206.42	373,531,060.51	4,211,137,979.84
Main service categories							
Toll road	2,782,023,471.71	-	-	-	-	-	2,782,023,471.71
Environmental protection	-	647,457,130.34	-	-	-	-	647,457,130.34
Management service	-	-	194,607,595.32	-	-	-	194,607,595.32
Financial leasing service	-	-	-	26,328,515.54	-	-	26,328,515.54
Construction service under franchise arrangements	-	-	-	-	187,190,206.42	-	187,190,206.42
Others	-	-	-	-	-	373,531,060.51	373,531,060.51
Total	2,782,023,471.71	647,457,130.34	194,607,595.32	26,328,515.54	187,190,206.42	373,531,060.51	4,211,137,979.84
Timing of revenue recognition							
Revenue recognized at a point in time	2,782,023,471.71	429,456,014.05	-	-	-	288,922,148.98	3,500,401,634.74
Revenue recognized over time	-	218,001,116.29	194,607,595.32	-	187,190,206.42	75,584,750.32	675,383,668.35
Total	2,782,023,471.71	647,457,130.34	194,607,595.32	-	187,190,206.42	364,506,899.30	4,175,785,303.09

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Revenue and cost of services (continued)

(2) The revenue is analyzed as follows: (continued)

For the six months ended 30 June 2020 (restated) (unaudited)

RMB

Reporting segments	Toll road	Environmental protection	Management service	Financial leasing service	Others	Total
Main operating areas						
Guangdong Province	850,493,011.54	-	53,811,286.66	5,550,545.01	101,887,689.98	1,011,742,533.19
Hunan Province	131,318,511.85	-	-	-	782,369.63	132,100,881.48
Guizhou Province	-	32,181,778.03	73,213,842.65	-	2,639,699.18	108,035,319.86
Hubei Province	93,654,923.75	-	-	-	-	93,654,923.75
Jiangsu Province	-	121,765,419.80	-	-	-	121,765,419.80
Inner Mongolia Autonomous Region	-	107,614,467.00	-	-	-	107,614,467.00
Beijing	-	-	-	-	38,820.18	38,820.18
Guangxi Zhuang Autonomous Region	-	27,905,368.42	-	-	107,668.53	28,013,036.95
Shandong Province	-	39,187,449.52	-	-	95,431.01	39,282,880.53
Zhejiang Province	-	32,249,958.47	-	-	-	32,249,958.47
Sichuan Province	-	22,055,019.13	-	-	-	22,055,019.13
Jiangxi Province	-	34,742,971.42	-	-	-	34,742,971.42
Hebei Province	-	5,266,432.52	-	-	-	5,266,432.52
Total	1,075,466,447.14	422,968,864.31	127,025,129.31	5,550,545.01	105,551,678.51	1,736,562,664.28
Main service categories						
Toll road	1,075,466,447.14	-	-	-	-	1,075,466,447.14
Environmental protection	-	422,968,864.31	-	-	-	422,968,864.31
Management service	-	-	127,025,129.31	-	-	127,025,129.31
Financial leasing service	-	-	-	5,550,545.01	-	5,550,545.01
Others	-	-	-	-	105,551,678.51	105,551,678.51
Total	1,075,466,447.14	422,968,864.31	127,025,129.31	5,550,545.01	105,551,678.51	1,736,562,664.28
Timing of revenue recognition						
Revenue recognized at a point in time	1,075,466,447.14	297,556,733.79	-	-	18,440,014.57	1,391,463,195.50
Revenue recognized over time	-	125,412,130.52	127,025,129.31	-	66,751,930.24	319,189,190.07
Total	1,075,466,447.14	422,968,864.31	127,025,129.31	-	85,191,944.81	1,710,652,385.57

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Revenue and cost of services (continued)

(3) Description of performance obligations

The main businesses of the Group are toll highways, environmental protection, etc. For details, please refer to Note III. 25.

There is no major financing component in the revenue contract of the Group.

(4) Explanation of allocation to remaining performance obligations

At the end of the period, the contract liabilities corresponding to the performance obligations that the Group has signed but not yet fulfilled or not fulfilled are RMB105,793,341.91, and revenue will be recognized when the customer obtains control of the product.

47. Tax and surcharges

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
City maintenance and construction tax	6,668,951.55	3,341,503.70
Property tax	6,194,800.70	1,623,161.59
Educational surcharge	5,052,351.27	2,366,835.49
Stamp tax	4,823,573.37	552,137.29
Land appreciation tax	1,614,443.58	–
Construction fee for culture development	–	129,577.98
Others	21,543,415.93	1,120,347.64
Total	45,897,536.40	9,133,563.69

48. Selling expenses

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Salaries and wages	14,286,926.23	6,284,385.08
Low-value consumables	4,337,902.50	1,034,831.00
Advertising expenses and business promotion expenses	4,085,430.18	1,667,695.19
Travel fees	3,060,185.15	302,633.45
Business entertainment	854,258.33	96,637.79
Depreciation and amortization	351,557.26	260,951.82
Others	2,950,320.77	1,025,977.36
Total	29,926,580.42	10,673,111.69

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. General and administrative expenses

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Salaries and wages	95,201,114.36	56,428,975.36
Depreciation and amortization	27,356,245.26	22,796,447.14
Legal and advisory fees	5,183,374.34	3,788,181.72
Travel fees	3,927,133.27	1,056,098.52
Office and communication charges	3,917,575.26	1,612,398.97
Rental fees	3,350,279.17	2,446,115.35
Office building management fees	2,740,566.74	2,071,953.87
Business entertainment	2,441,620.95	1,160,290.34
Audit fees	1,165,596.46	678,240.81
Stock exchange fees	975,521.35	936,645.10
Vehicle fees	643,090.91	578,616.41
Others	2,697,272.61	7,553,058.25
Total	149,599,390.68	101,107,021.84

50. Research and development expenses

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Labor cost	9,669,012.84	5,528,958.18
Technical service fee	2,976,658.36	1,792,452.78
Depreciation and amortization	1,425,342.10	1,159,953.73
Direct consumables	145,045.46	–
Others	5,659,239.61	3,066,565.40
Total	19,875,298.37	11,547,930.09

The research and development expenses include costs of materials, and labor, depreciation and amortization of R&D machines used in the development of patents. The R&D projects in this period mainly include research and development of wind turbines for Nanjing Wind Power Company and the newly acquired subsidiary, Bioland Environmental Technologies Group Co., Ltd, has developed various environmental protection device systems and process technologies.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Financial expenses

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Interest expenses	446,674,839.07	462,056,114.44
Including: Interest expenses on borrowings	213,618,103.13	234,785,597.39
Interest expenses on bonds payable	147,854,288.90	114,436,678.79
Interest expenses on notes discounted	821,421.85	639,342.06
Interest expenses on long-term payables	54,128,996.71	72,937,823.69
Lease interest expense (Note XIII. 2(2))	9,180,922.63	3,533,352.88
The amortization of unsettled financing expenses of newly built toll station of Longda Expressways and Three Expressways	17,169,907.32	18,787,375.80
Interest expenses on accrued liabilities	3,293,550.78	967,231.69
Interest expense of advance payments	607,647.75	12,728,090.66
The amortization of unsettled financing expenses of freight subsidy	–	3,240,621.48
Less: Interest income	44,037,202.34	29,680,200.31
Less: Interest capitalized	15,189,067.76	122,416,480.50
Including: Capitalization of interest expense	15,738,604.60	122,808,836.65
Capitalization of interest income	549,536.84	392,356.15
Net exchange (gains) losses	(20,369,926.32)	33,023,351.04
Financial benefit for pre-repayment of sale and lease back	–	(1,165,853.24)
Others	131,389.06	6,749,749.90
Total	367,210,031.71	348,566,681.33

For the six months ended 30 June 2021, the Group's borrowing interest capitalization amount has been included in inventories and intangible assets. Please refer to Note V.6 (3) and Note V. 18(3) for the relevant information.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Financial expenses (continued)

The details of the interest income are listed as follows:

Item	RMB	
	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Cash at banks and on hand	32,953,552.43	24,914,917.10
Long-term receivables	–	4,765,283.21
Free compensation	11,083,649.91	–
Less: Interest income capitalized	549,536.84	392,356.15
Total	43,487,665.50	29,287,844.16

52. Other income

Item	RMB	
	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Government grants related to daily activities	33,917,620.68	30,518,896.56
Tax refund and additional deduction of VAT	–	1,339,163.53
Others	2,522,004.14	932,864.65
Total	36,439,624.82	32,790,924.74

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Other income (continued)

Government grants related to daily activities are as follows:

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)	Asset/profit related
Special bonus for headquarter economy development	30,000,000.00	30,000,000.00	Profit related
Cancel the subsidies for the expressway provincial toll station project (Note V.39)	3,564,699.06	–	Asset related
Government grants for Bioland Group's equipment (Note V.39)	263,360.45	2,896.56	Asset related
Government R&D subsidy	–	516,000.00	Profit related
Financial subsidies for Guishen Company (Note V.39)	89,561.17	–	Asset related
Total	33,917,620.68	30,518,896.56	/

53. Investment income

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Investment income from investments in associates and joint ventures under the equity method (Note V.12)	328,923,152.08	142,481,866.56
Investment income from disposal of equity (note)	25,337,086.30	–
Investment income from other non-current financial assets	7,105,183.10	–
Total	361,365,421.48	142,481,866.56

Note: This represents the gains on disposal of held-for-sale assets listed at Shenzhen United Property and Share Rights Exchange on 20 November 2020.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Gains (losses) from changes in fair value

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Financial assets (liabilities) measured at fair value through profit or loss	(43,617,615.77)	41,331,196.00
Including: Derivative financial instruments	(41,866,096.38)	30,808,056.00
Including: Other non-current financial assets (Note V.13)	(1,751,519.39)	10,523,140.00
Total	(43,617,615.77)	41,331,196.00

55. Non-operating income

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)	Amount recorded as non-recurring profit or loss for the six months ended 30 June 2021
Government grants not related to daily activities	2,285,701.37	2,815,463.17	2,285,701.37
Others (Note)	10,075,535.05	2,706,952.58	10,075,535.05
Total	12,361,236.42	5,522,415.75	12,361,236.42

Note: Others were mainly the Shijingshan Project compensation of RMB7,980,733.22 received by Bioland Environmental in accordance with the Beijing Arbitration Commission (2021) Jing Zhong Cai Zi No. 0960 and the sporadic non-operating income received by its subsidiaries.

(1) Government grants not related to daily activities are as follows:

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)	Asset/profit related
Government incentives	912,206.93	1,441,968.73	Profit related
Government grants related to deferred income	1,373,494.44	1,373,494.44	Asset related
Total	2,285,701.37	2,815,463.17	/

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Non-operating expenses

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)	Amount recognized in non-recurring profit or loss for the six months ended 30 June 2021
The loss on damage or scrap of non-current assets	207,671.96	368,835.87	207,671.96
Donation	2,000.00	6,039,600.00	2,000.00
Others	2,184,172.23	1,572,416.33	2,184,172.23
Total	2,393,844.19	7,980,852.20	2,393,844.19

57. Expenses by nature

Costs of services, selling expenses, general and administrative expenses, and research and development expenses in income statement are analyzed by nature as follows:

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Depreciation and amortization	1,160,629,261.50	795,322,020.05
Salaries and wages	413,619,668.79	288,702,250.30
Construction costs of kitchen waste disposal project	189,735,176.48	118,216,729.73
Cost of construction service under franchise arrangements	187,190,206.44	–
Real estate development costs	132,236,930.88	–
Road maintenance expenses	109,732,622.18	68,168,075.86
Costs of construction management services	109,435,791.79	76,106,253.01
Wind power equipment production costs	59,462,282.87	100,361,664.61
Entrusted management expenses for Wuhuang Expressway	54,068,538.54	24,378,331.69
Material of manufacturing equipment, water and electrical costs	28,761,673.41	5,147,500.91
Mechanical and electrical costs	16,067,968.67	12,026,519.34
Integrated tolls settlement service expenses	14,570,184.71	5,535,270.57
Costs of agencies	9,484,708.00	4,798,320.24
Promotion and marketing expenses	3,921,475.23	1,547,549.04
Wind farm maintenance costs	1,897,935.38	–
Equipment logistics costs	–	3,008,098.45
Other expenses	88,716,697.91	106,600,966.34
Total	2,579,531,122.78	1,609,919,550.14

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Income tax expense

(1) Classification of income tax expense

Item	For the six months ended 30 June 2021 (Unaudited)	RMB For the six months ended 30 June 2020 (Restated) (Unaudited)
Income tax expense	360,046,375.40	100,120,989.67
Deferred income tax	(47,135,571.65)	(114,174,982.58)
Total	312,910,803.75	(14,053,992.91)

(2) Income tax expense reconciled from profit before tax

Item	For the six months ended 30 June 2021 (Unaudited)	RMB For the six months ended 30 June 2020 (Restated) (Unaudited)
Profit before tax	1,602,679,120.29	(18,647,744.93)
Income tax expenses calculated at the statutory/applicable tax rate	400,669,780.07	(4,661,936.23)
Effect of different tax rates applicable to certain subsidiaries	(5,756,561.23)	(416,200.34)
Effect of withholding tax on distributable profits of the Group's PRC subsidiaries	–	3,049,020.54
Effect of income not subject to tax	(84,007,083.80)	(35,620,466.64)
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the period	27,078,078.43	14,180,799.80
Adjustment of income tax in previous periods	(26,339,473.48)	7,898,025.40
Cost, expenses and losses not deductible for tax purposes	1,266,063.76	1,516,764.56
Income tax expense	312,910,803.75	(14,053,992.91)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Notes to the consolidated statement of cash flows

(1) Other cash received relating to operating activities

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Special funds received for economic development transferred from Longhua Finance Bureau	30,000,000.00	30,000,000.00
Security deposit received	29,988,070.02	2,063,419.34
Cash received from minority interests of subsidiaries	22,932,700.00	–
Advances on behalf of projects received	13,653,035.51	–
Project compensation received	12,626,870.81	–
Receipt and payment on behalf of others	12,246,800.55	–
Receipts from Shenzhen International Holdings Limited (“Shenzhen International”)	–	82,805,566.86
Others	74,947,852.35	23,339,908.66
Total	196,395,329.24	138,208,894.86

(2) Other cash paid relating to operating activities

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Project payment	123,701,430.11	227,660,365.08
Withholding payments paid	22,426,339.09	–
Deposit paid	15,461,438.80	43,751,598.39
Intermediary service fee	14,386,580.69	13,193,768.78
Employee borrowings paid	10,558,679.45	–
Project earnest money paid	8,345,000.00	–
Deferred payment interest paid	–	26,964,065.30
Shenzhen International Funds paid	–	10,888,017.26
Donation expenditure	–	6,000,000.00
Other operating expenses paid	81,846,805.10	1,553,960.77
Total	276,726,273.24	330,011,775.58

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Notes to the consolidated statement of cash flows (continued)

(3) Other cash received relating to investment activities

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Maturity redemption of financial products	–	81,866,412.76
Interest income received	–	13,342,086.99
Others	6,609,852.63	–
Total	6,609,852.63	95,208,499.75

(4) Net cash paid for acquiring subsidiaries and other business units

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Net cash payment for the acquisition of Qianzhi Company, Qianhui Company, Qianxin Company	586,029,246.87	–
Net cash payment for the acquisition of Qiantai Company	30,000,000.00	–
Net cash payment for the acquisition of Bioland Company	23,869,617.69	217,096,832.96
Total	639,898,864.56	217,096,832.96

(5) Other cash paid relating to investment activities

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Purchased financial products	–	82,056,125.82
Others	1,081.19	7,136,844.86
Total	1,081.19	89,192,970.68

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Notes to the consolidated statement of cash flows (continued)

(6) Other cash received relating to financing activities

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Loans received from Shareholders of United Land Company	367,248,057.86	445,900,000.00
Finance lease payment received	149,924,726.58	–
Refundable finance lease deposits received	13,543,000.00	–
Receipt of funds related to cancellation of provincial toll stations	–	19,043,402.68
Others	37,621.80	–
Total	530,753,406.24	464,943,402.68

(7) Other cash paid relating to financing activities

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Payment of financial leasing equipment	1,354,300,000.00	668,902,785.84
Payment of principal and interest on sale and leaseback financing	101,872,833.00	46,047,165.63
Return of loans to shareholders	231,569,672.88	–
Decrease in capital contribution from minority shareholders	24,539,006.10	–
Repayment of principal and interest on lease liabilities	10,856,287.67	21,980,925.57
Net cash paid for the acquisition of Logistics Finance Company and Financial Leasing Company	–	22,690,000.00
Others	2,347,870.01	6,287,569.16
Total	1,725,485,669.66	765,908,446.20

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Supplementary information to the consolidated statement of cash flows

(1) Supplementary information to the consolidated statement of cash flows

RMB

Supplementary information	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
1. Reconciliation from net profit to cash flows from operating activities:		
Net profit	1,289,768,316.54	(4,593,752.02)
Depreciation of fixed assets	212,201,799.83	132,393,058.60
Depreciation of right-of-use assets	21,390,832.17	21,684,404.74
Amortization of investment properties	287,971.20	287,971.20
Amortization of intangible assets	919,243,980.66	638,082,384.12
Amortization of long-term prepaid expenses	7,341,480.16	2,874,201.39
Net losses (gains) on disposal of fixed, intangible, and other long-term assets	(15,225,855.54)	10,820.96
Losses (gains) on retirement of non-current assets	207,671.96	368,835.87
Losses (gains) on change in fair value	43,617,615.77	(41,331,196.00)
Financial expenses	431,349,208.87	355,941,396.26
Investment income	(361,365,421.48)	(142,481,866.56)
Credit impairment loss (reversal)	919,684.95	1,725,343.94
Assets impairment loss (reversal)	(5,718,837.99)	-
Decrease (increase) in deferred tax assets	94,541,138.71	(16,945,248.40)
Increase (decrease) in deferred tax liabilities	(145,707,616.61)	(95,696,572.36)
Decrease (increase) in inventories	(127,337,244.32)	(171,322,274.57)
Decrease (increase) in operating receivables	(328,831,160.50)	(454,215,329.93)
Increase (decrease) in operating payables	(303,077,261.72)	(241,795,664.83)
Net cash flows from operating activities	1,733,606,302.66	(15,013,487.59)
2. Net changes in cash and cash equivalents:		
Closing balance of cash (Unaudited)	3,553,008,473.10	3,677,987,717.34
Less: Opening balance of cash (Audited)	3,233,581,180.27	2,977,834,893.73
Net increase in cash and cash equivalents	319,427,292.83	700,152,823.61

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Supplementary information to the consolidated statement of cash flows (continued)

(2) Major investment and financing activities that do not involve cash:

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Net of dividends of associates and joint ventures and loans of a related party	327,130,605.57	312,120,473.62

(3) Acquired or disposed subsidiaries and other business units

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Restated) (Unaudited)
Acquisition price of subsidiaries and other business units	653,869,617.69	790,095,218.00
Cash and cash equivalents paid to acquire subsidiaries and other business units	653,869,617.69	639,641,300.00
Less: Obtain cash and cash equivalents held by subsidiaries and other business units (note)	13,970,753.13	422,544,467.04
Net cash paid to acquire subsidiaries and other business units	639,898,864.56	217,096,832.96

Note: Acquisition Date The total cash at banks and on hand of Qianzhi Company, Qianhui Company and Qianxin Company were RMB13,970,753.13, including cash and cash equivalents of RMB13,970,753.13, and there were no restricted monetary funds.

(4) Cash and cash equivalents

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash		
Including: Cash on hand	8,593,653.41	8,148,179.86
Cash at banks that can be withdrawn on demand	3,544,414,819.69	3,225,433,000.41
Cash at the end of the period/year	3,553,008,473.10	3,233,581,180.27
Add: Restricted cash and cash equivalents held by the Company and Group companies (Note V.1)	877,742,099.93	2,315,723,172.17
Add: Interest on time deposits	19,670,851.87	-
Total cash at banks and on hand	4,450,421,424.90	5,549,304,352.44

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Assets with ownership or use right restricted

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)	Reason for restriction
Operating right of Qinglian Expressway	5,954,298,790.59	6,126,097,557.95	(Note 1)
Operating right of Coastal Expressway	5,671,771,439.50	5,755,570,518.57	(Note 2)
Operating right of Outer Ring Expressway	3,409,706,840.88	3,409,706,840.88	(Note 3)
Operating right of Shuiguan Expressway	1,935,364,171.76	2,133,075,269.23	(Note 4)
The 100% equity in Meiguan Company	554,184,759.04	554,374,024.14	(Note 5)
The 45% equity in JEL Company	295,330,683.42	262,240,520.97	(Note 6)
Cash at banks and on hand	877,742,099.93	2,315,723,172.17	(Note 7)
Land-use right of Langfang Waterland Machinery Manufacturing Co., Ltd. ("Langfang Waterland")	21,984,693.15	22,225,401.45	(Note 8)
Bioland Company kitchen waste disposal project franchise (including production equipment)	1,380,977,365.17	1,353,533,583.44	(Note 8)
The equity interest in Bioland Company subsidiaries	516,706,015.36	513,043,091.31	(Note 8)
Floors 37, 40-48 of Hanjing Headquarters Building	1,529,844,551.62	–	(Note 9)
Qiantai Company's land use rights	89,920,590.56	–	(Note 10)
Collection rights of Financial Leasing Company	359,689,463.78	–	(Note 11)
Total	22,597,521,464.76	22,445,589,980.11	

Note 1: At 30 June 2021, the operating right of Qinglian Expressway with a net carrying amount of RMB5,954,298,790.59 (31 December 2020: RMB6,126,097,557.95) was pledged to secure long-term bank loans granted to the Group. The pledged term will end on 17 July 2024. The loan balance was RMB1,946,060,000.00 on 30 June 2021.

Note 2: At 30 June 2021, the operating right of Coastal Expressway with a net carrying amount of RMB5,671,771,439.50 (31 December 2020: RMB5,755,570,518.57) was pledged to secure long-term bank loans granted to the Group. The pledged term will end on 9 November 2034. The loan balance was RMB3,518,158,867.55 on 30 June 2021.

Note 3: At 30 June 2021, the operating right of Outer Ring Expressway with a net carrying amount of RMB3,409,706,840.88 was pledged to secure long-term bank loans granted to the Group. The loan has been fully paid off by December 31, 2020, and there are still unused loan lines.

Note 4: At 30 June 2021, the operating right of Shuiguan Expressway with a net carrying amount of RMB1,935,364,171.76 (31 December 2020: RMB2,133,075,269.23) was pledged to secure long-term bank loans granted to the Group. The pledged term will end on 14 January 2026. The loan balance was RMB457,500,000.00 on 30 June 2021.

Note 5: At 30 June 2021, the 100% equity of Meiguan Company with a net carrying amount of RMB554,184,759.04 (31 December 2020: RMB554,374,024.14) was pledged to secure long-term bonds granted to the Group. The pledged term will end on 31 July 2022.

Note 6: At 30 June 2021, the 45% equity of JEL Company with a net carrying amount of RMB295,330,683.42 (31 December 2020: RMB262,240,520.97) was pledged to secure short-term bank loans granted to the Group. The pledged term will end on 3 December 2021. The loan balance was HKD104,012,500.00 on 30 June 2021.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Assets with ownership or use right restricted (continued)

Note 7: At 30 June 2021, cash at banks and on hand with a net carrying amount of RMB877,742,099.93 (31 December 2020: RMB2,315,723,172.17) were restricted cash at banks and on hand. Please refer to Note V. 1.

Note 8: At 30 June 2021, 100% equity of Guangxi Bioland with carrying amount of RMB154,241,812.27, and production equipment with carrying amount of RMB141,370,770.06 included in the Franchise rights of Guangxi Bioland were used to obtain two long-term bank borrowings of Guangxi Bioland. At 30 June 2021, the balance of the two long-term borrowings totals to RMB68,930,000.00. 100% equity of Guiyang Bioland with carrying amount of RMB46,684,150.79, and phase-I Franchise rights of Guiyang Bioland with carrying amount of RMB163,257,931.60 (inclusive of production equipment with carrying amount of RMB35,360,500.00) were used to obtain the long-term bank borrowings of Guiyang Bioland. At 30 June 2021, the balance of this long-term borrowings was RMB56,250,000.00. The franchise rights of Longyou Bioland with carrying amount of RMB27,684,564.76 and the revenue gained during the franchise period were used to obtain the long-term bank borrowings of Longyou Bioland. At 30 June 2021, the balance of this long-term borrowings was RMB15,500,000.00. 70% equity of subsidiaries of Bioland Environment with carrying amount of RMB14,105,254.10, expected rights to income from government arising from Huangshi Bioland's franchise with carrying amount of RMB85,230,270.31 and the accounts receivable formed by future operating income were used to obtain Huangshi Bioland's sale and lease back. At 30 June 2021, the balance of the sale and lease back was RMB50,791,700.00. Please refer to Note V. 33(2) for details of the above-mentioned long-term loans.

At 30 June 2021, 100% equity of five companies including Dezhou Bioland, Taizhou Bioland, Shangrao Bioland, Guilin Bioland and Xinyu Bioland and 90% equity of Handan Bioland and Zhuji Bioland with carrying amount of RMB301,674,798.20, the franchise rights of five companies including Dezhou Bioland, Taizhou Bioland · Handan Bioland · Shangrao Bioland · Zhuji Bioland with carrying amount of RMB963,433,828.44, and land-use right of Langfang Waterland with carrying amount of RMB21,984,693.15, used to obtain the sale and lease back of financial leases. At 30 June 2021, the balance of the financing lease sale and leaseback transaction obtained by the above mortgage is RMB333,956,851.28, for details, please refer to Note 5, 36(1).

Note 9: At 30 June 2021, the floors 37, 40-48 of Hanjing Headquarters building with carrying amount of RMB1,529,844,551.62 were pledged as collateral for borrowing of RMB760,000,000.00 from ICBC. Please refer to Note V. 33(2) for details of the above-mentioned long-term borrowing.

Note 10: At 30 June 2021, the land use rights of Qiantai Company with carrying amount of RMB89,920,590.56 was used to guarantee the working capital loan of RMB28,500,000.00 from PingAn Bank Shenzhen Branch. Before the acquisition of Qiantai Company by the Company, Qiantai Company used its land use rights to provide guarantee for its original shareholder Shenzhen Qiantai Renewable Energy Technology Co., Ltd. to apply for working capital loan from PingAn Bank Shenzhen Branch.

Note 11: At 30 June 2021, Financial Leasing Company's rent receivable under Yongcheng Project with total carrying amount of RMB291,223,463.78 was used to obtain long-term bank borrowings. At 30 June 2021, the balance of this long-term borrowing was RMB166,944,636.65. Financial Leasing Company's rent receivable under Anhui Duanshuo Project with total carrying amount of RMB11,496,000.00 was used to obtain short-term bank borrowings. At 30 June 2021, the balance of this short-term borrowing was RMB14,664,098.99. Financial Leasing Company's rent receivable under Evergrande Changbaishan Project with carrying amount of RMB56,970,000.00 was used to obtain notes receivable. At 30 June 2021, the balance of the notes receivable was RMB50,000,000.00. The rent receivable creditor's right under the Xuchang project of the Financial Leasing Company with the value of RMB50,000,000.00 is limited to be used as the pledge to provide the guarantee for the bill payable RMB50,000,000.00 accepted by the Financial Leasing Company. This receivable creditor's right is not recognized in the closing book of the current period due to the lease commencement date.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Monetary items denominated in foreign currencies

(1) Monetary items denominated in foreign currencies

RMB

Item	30 June 2021			31 December 2020		
	Original amount	Exchange rate	Equivalent to RMB	Original amount	Exchange rate	Equivalent to RMB
Monetary capital						
HKD	28,900,133.56	0.8321	24,047,223.13	18,194,061.09	0.8416	15,312,121.81
USD	1,853.98	6.4601	11,976.90	1,855.46	6.5249	12,106.69
EUR	12.00	7.6862	92.23	12.00	8.0250	96.30
FRF	11.70	7.0134	82.06	11.70	7.4006	86.59
ESP	446.00	0.0468	20.87	445.96	0.0468	20.87
JPY	380.00	0.0584	22.20	380.00	0.0632	24.02
Other receivables						
HKD	1,280,513.80	0.8321	1,065,489.92	1,330,513.80	0.8416	1,119,760.41
Short-term borrowings						
HKD	125,111,083.84	0.8321	104,104,932.86	125,105,520.04	0.8416	105,288,805.67
Employee benefits payable						
HKD	165,000.00	0.8321	137,293.20	2,331,000.00	0.8416	1,961,769.60
Other payables						
HKD	116,335.00	0.8321	96,800.03	192,145.00	0.8416	161,709.23
Current portion of non-current liabilities						
USD	303,905,208.33	6.4601	1,963,258,036.33	303,905,208.33	6.5249	1,982,951,093.83
Lease liabilities						
HKD	20,000.00	0.8321	16,641.60	2,302,417.81	0.8416	1,937,714.83

VI. CHANGE IN SCOPE OF CONSOLIDATION

1. Business combination not under common control

(1) Business combination not under common control for the period

RMB

Acquired company	Equity acquisition date	Cost of acquisition	Shareholding percentage (%)	Acquisition method	Acquisition date	Acquisition date determination	Income of the acquired company from the date of acquisition to the end of the period	Net profit of the acquired company from the date of acquisition to the end of the period
Qianzhi Company (Note 1)	26 January 2021	290,000,000.00	100	Acquisition of equity	26 January 2021	Equity transfer procedures completed	79,786,958.18	28,823,649.43
Qianhui Company (Note 1)	26 January 2021	160,000,000.00	100	Acquisition of equity	26 January 2021	Equity transfer procedures completed	61,557,025.20	31,057,774.60
Qianxin Company (Note 2)	26 March 2021	150,000,000.00	100	Acquisition of equity	26 March 2021	Equity transfer procedures completed	25,131,266.32	8,498,449.15

Note 1: On 25 January 2021, Guangdong New Energy, a subsidiary of the Company, entered into an equity transfer and capital increase agreement with Wiscom system Co., Ltd. ("Wiscom system"), Jiangsu Wiscom Group Co., Ltd. (Wiscom system's controlling shareholder), Qianzhi Company and Qianhui Company, under which the subsidiary of the Company agreed to acquire 100% equity interests in Qianzhi Company and Qianhui Company for RMB290,000,000.00 and RMB160,000,000.00, respectively, and to increase capital to Qianzhi Company and Qianhui Company by RMB189,180,000.00 and RMB104,380,000.00, respectively, upon completion of the equity transfer. On 26 January 2021, the equity transfer and capital increase procedures were completed, therefore, the Group included Qianzhi Company and Qianhui Company in the scope of consolidation with effect from 26 January 2021.

Note 2: On 26 March 2021, Guangdong New Energy, a subsidiary of the Company, entered into an equity transfer and capital increase agreement with Wiscom system, Beijing Tianrui Bofeng Power Engineering Technology Co., Ltd. and Qianxin Company, under which the subsidiary of the Company agreed to acquire 100% equity interests in Qianxin Company for RMB150,000,000.00, and to increase capital to Qianxin Company by RMB81,120,000.00 upon completion of the equity transfer. On 26 March 2021, the equity transfer and capital increase procedures were completed, therefore, the Group included Qianxin Company in the scope of consolidation with effect from 26 March 2021.

(2) Cost of consolidation and goodwill

RMB

Cost of consolidation	Qianzhi Company	Qianhui Company	Qianxin Company
– Cash	290,000,000.00	160,000,000.00	150,000,000.00
– Fair value of non-cash assets	–	–	–
– Fair value of debt issued or assumed	–	–	–
– Fair value of issued equity securities	–	–	–
– Fair value of contingent consideration	–	–	–
– Fair value of the equity held before the purchase date on the purchase date	–	–	–
– Others	–	–	–
Total Cost of consolidation	290,000,000.00	160,000,000.00	150,000,000.00
Less: Fair value share of identifiable net assets acquired	290,000,000.00	160,000,000.00	150,000,000.00
Goodwill	–	–	–

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

VI. CHANGE IN SCOPE OF CONSOLIDATION (CONTINUED)

1. Business combination not under common control (continued)

(3) Identifiable assets and liabilities of the acquired company on the acquisition date are listed below:

RMB

Item	Qianzhi Company		Qianhui Company		Qianxin Company	
	Fair value on purchase date	Carrying amount on purchase day	Fair value on purchase date	Carrying amount on purchase day	Fair value on purchase date	Carrying amount on purchase day
Assets:	1,243,638,464.24	1,238,137,269.95	730,585,095.60	727,751,258.62	388,109,474.54	369,571,797.43
Cash at banks and on hand	74,805.20	74,805.20	34,194.92	34,194.92	13,861,753.03	13,861,753.03
Bills receivable	-	-	-	-	839,102.27	839,102.27
Accounts receivable	3,030,970.29	3,030,970.29	2,053,424.67	2,053,424.67	2,143,324.97	2,143,324.97
Advances	68,333.33	68,333.33	26,666.67	26,666.67	132,668.30	132,668.30
Other receivables	42,124,607.50	42,124,607.50	-	-	-	-
Other current assets	10,686,063.33	10,686,063.33	3,061,088.87	3,061,088.87	3,202,635.60	3,202,635.60
Long-term receivables	11,562,032.00	11,562,032.00	6,891,368.00	6,891,368.00	80,627,929.54	80,627,929.54
Fixed assets	387,302,909.83	387,302,909.83	271,099,294.96	271,099,294.96	282,366,685.95	263,829,008.84
Right-of-use assets	761,133,147.89	761,133,147.89	432,614,235.22	432,614,235.22	-	-
Intangible assets	27,655,594.87	22,154,400.58	14,804,822.29	11,970,985.31	-	-
Long-term prepaid expenses	-	-	-	-	3,680,895.80	3,680,895.80
Deferred tax assets	-	-	-	-	1,254,479.08	1,254,479.08
Liabilities:	953,638,464.24	952,813,285.10	570,585,095.60	570,160,020.05	238,109,474.54	235,328,822.98
Accounts payable	95,259,918.29	95,259,918.29	56,675,944.36	56,675,944.36	1,295,183.73	1,295,183.73
Taxes payable	22,527.93	22,527.93	2,905.77	2,905.77	1,179,220.82	1,179,220.82
Other payables	88,897,375.69	88,897,375.69	76,573,915.09	76,573,915.09	126,690,891.74	126,690,891.74
Current portion of non-current liabilities	71,920,460.52	71,920,460.52	40,881,086.34	40,881,086.34	40,000,000.00	40,000,000.00
Long-term borrowings	-	-	-	-	66,163,526.69	66,163,526.69
Lease liabilities	696,713,002.67	696,713,002.67	396,026,168.49	396,026,168.49	-	-
Deferred tax liabilities	825,179.14	-	425,075.55	-	2,780,651.56	-
Net assets	290,000,000.00	285,323,984.85	160,000,000.00	157,591,238.57	150,000,000.00	134,242,974.45
Less: Minority interests	-	-	-	-	-	-
Acquired net assets	290,000,000.00	285,323,984.85	160,000,000.00	157,591,238.57	150,000,000.00	134,242,974.45

VI. CHANGE IN SCOPE OF CONSOLIDATION (CONTINUED)

2. Variation of consolidation scope for other reason

(1) Consolidation by merger of subsidiaries

On 31 March 2021, the company absorbed and merged Jihe East Company.

(2) New subsidiaries

Shenzhen Guangming Shenzhen Expressway Environment Technology Co., Ltd. (“Guangming Environment Technology”) was established in Shenzhen city, Guangdong Province on 25 January 2021 with a registered capital of RMB200,000,000.00, and the Company holds 100.00% of its interest. The scope of business of Guangming Environment Technology is Kitchen waste disposal. The newly established subsidiary was incorporated into the scope of merger in this period.

Shenzhen Expressway Asphalt Technology Development Co., Ltd. (“Shenzhen Expressway Asphalt Technology”) was established in Shenzhen, Guangdong Province on 26 April 2021 with a registered capital of RMB30,000,000.00. Shenzhen Expressway Construction Development Company Limited (“Construction Development Company”), a subsidiary of the Company, holds 55.00% of its interest. The company’s business scope for all kinds of asphalt and research, development, production, sales, transportation and construction of building materials products. The newly established subsidiary was incorporated into the scope of merger in this period.

Beihai Zhonglan Environment Technology Co., Ltd. (“Beihai Zhonglan”) was established on 22 January 2021 in Beihai City, Guangxi Zhuang Autonomous Region, with a registered capital of RMB16,390,000.00. Bioland Company, a subsidiary of the company, holds 90.00% of its interest. The company’s business scope is Kitchen waste disposal. The newly established subsidiary was incorporated into the scope of merger in this period.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Particulars of the Company's subsidiaries are as follows:

Name of subsidiaries	Place of main business	Place of registration	Nature of business	Registered capital	Equity interest (%)		Acquired through
					Direct	Indirect	
Outer Ring Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	RMB6,500,000,000.00	100.00	-	Incorporation
Shenzhen Expressway Investment Company Limited ("Investment Company") (Note 1)	Guizhou Province, PRC	Shenzhen City, Guangdong Province, PRC	Investment	RMB400,000,000.00	100.00	-	Incorporation
Guishen Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Infrastructure construction	RMB500,000,000.00	-	70.00	Incorporation
Guizhou Land Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	RMB158,000,000.00	-	70.00	Incorporation
Shenzhen Expressway Property Management Company Limited ("Property Company")	Longli County, Guizhou Province, PRC	Shenzhen City, Guangdong Province, PRC	Property management	RMB1,000,000.00	-	100.00	Incorporation
Environmental Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Environmental projects and advisory	RMB5,000,000,000.00	100.00	-	Incorporation
JEL Company	Hubei Province, PRC	Cayman Islands	Investment holding	USD30,000,000.00	-	100.00	Business combinations under common control
Hubei Magerk Expressway Management Co., Ltd. ("Magerk Company")	Hubei Province, PRC	Hubei Province, PRC	Toll road operation	USD28,000,000.00	-	100.00	Business combinations under common control
Qinglian Company	Qingyuan City, Guangdong Province, PRC	Qingyuan City, Guangdong Province, PRC	Toll road operation	RMB3,361,000,000.00	51.37	25.00	Business combinations not under common control
Advertising Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Advertising agency	RMB30,000,000.00	95.00	5.00	Business combinations not under common control
Meiguan Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	RMB332,400,000.00	100.00	-	Business combinations not under common control
Mei Wah Company	Hubei Province and Guangdong Province, PRC	Hong Kong, China	Investment holding	RMB823,012,897.00	100.00	-	Business combinations not under common control
Maxprofit Company	Guangdong Province, PRC	British Virgin Islands	Investment holding	USD85,360,000.00	-	100.00	Business combinations not under common control
Fameluxe Company	Hong Kong, China	Hong Kong, China	Investment holding	HKD10,000.00	-	100.00	Business combinations not under common control

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(1) Particulars of the Company's subsidiaries are as follows: (continued)

Name of subsidiaries	Place of main business	Place of registration	Nature of business	Registered capital	Equity interest (%)		
					Direct	Indirect	Acquired through
Operation Development Company (Note 1)	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	RMB30,000,000.00	100.00	–	Incorporation
Qinglong Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	RMB324,000,000.00	40.00	10.00	Business combinations not under common control
Shenchang Company	Changsha City, Hunan Province, PRC	Changsha City, Hunan Province, PRC	Toll road operation	RMB200,000,000.00	51.00	–	Business combinations not under common control
Yichang Company	Changde City, Hunan Province, PRC	Changde City, Hunan Province, PRC	Toll road operation	RMB345,000,000.00	100.00	–	Business combinations not under common control
Construction Development Company (Note 1)	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Infrastructure construction	RMB30,000,000.00	100.00	–	Incorporation
Infrastructure Environmental Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Infrastructure environment protection construction	RMB500,000,000.00	51.00	49.00	Incorporation
Shenzhen Express Private Equity Industry Investment Fund Management Co., Ltd. ("Fund Company") (Note 1)	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Capital market services	RMB19,607,800.00	51.00	–	Incorporation
Coastal Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	RMB4,600,000,000.00	100.00	–	Business combination under common control
Guizhou Shenzhen Expressway Investment Land Company ("Guishen Expressway Investment")	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Comprehensive land development	RMB1,000,000.00	–	70.00	Incorporation
Shenzhen Expressway Yijia Apartment Management Limited Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Apartment rental and management	RMB10,000,000.00	–	60.00	Incorporation
Guizhou Yefengrui Land Limited Company ("Yefengrui Land")	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Comprehensive land development	RMB1,000,000.00	–	70.00	Incorporation
Shenzhen Expressway SUEZ Environment Limited Company ("SUEZ Environment")	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Environmental technology development consultation	RMB100,000,000.00	–	51.00	Incorporation
Nanjing Wind Power	Nanjing City, Jiangsu Province, PRC	Nanjing City, Jiangsu Province, PRC	Manufacturing	RMB357,142,900.00	–	51.00	Business combinations not under common control

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(1) Particulars of the Company's subsidiaries are as follows: (continued)

Name of subsidiaries	Place of main business	Place of registration	Nature of business	Registered capital	Equity interest (%)		
					Direct	Indirect	Acquired through
Baotou Jinling Wind Power Technology Co., Ltd.	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Manufacturing	RMB20,000,000.00	-	51.00	Business combinations not under common control
Xuanwei Nanfeng New Energy Co., Ltd.	Qujing City, Yunnan Province, PRC	Qujing City, Yunnan Province, PRC	Manufacturing	RMB3,000,000.00	-	51.00	Business combinations not under common control
Harbin Lingfeng New Energy Co., Ltd.	Harbin City, Heilongjiang Province, PRC	Harbin City, Heilongjiang Province, PRC	Manufacturing	RMB5,000,000.00	-	51.00	Incorporation
Wulian County Nanfeng New Energy Co., Ltd.	Rizhao City, Shandong Province, PRC	Rizhao City, Shandong Province, PRC	Manufacturing	RMB5,000,000.00	-	51.00	Incorporation
Qing'an County Nanfeng New Energy Technology Co., Ltd.	Suihua City, Heilongjiang Province, PRC	Suihua City, Heilongjiang Province, PRC	Manufacturing	RMB5,000,000.00	-	51.00	Incorporation
Tangyuan County Nanfeng Wind Power Co., Ltd.	Jiamusi City, Heilongjiang Province, PRC	Jiamusi City, Heilongjiang Province, PRC	Manufacturing	RMB10,000,000.00	-	51.00	Incorporation
Jiamusi County Nanfeng Yongfa Electric Power Technology Co., Ltd.	Jiamusi City, Heilongjiang Province, PRC	Jiamusi City, Heilongjiang Province, PRC	Manufacturing	RMB10,000,000.00	-	51.00	Incorporation
Shangzhi Nanfeng New Energy Technology Co., Ltd.	Shangzhi City, Heilongjiang Province, PRC	Shangzhi City, Heilongjiang Province, PRC	Manufacturing	RMB5,000,000.00	-	51.00	Incorporation
Baotou Nanfeng	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind Power	RMB6,000,000.00	100.00	-	Business combinations not under common control
Baotou Lingxiang New Energy Co. Ltd	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind Power	RMB80,000,000.00	-	100.00	Business combinations not under common control
Damaoqi Nanchuan	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind Power	RMB1,000,000.00	-	100.00	Business combinations not under common control
Damaoqi Ningyuan	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind Power	RMB1,000,000.00	-	100.00	Business combinations not under common control
Damaoqi Ningxiang	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind Power	RMB1,000,000.00	-	100.00	Business combinations not under common control
Damaoqi Ningfeng	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind Power	RMB1,000,000.00	-	100.00	Business combinations not under common control

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(1) Particulars of the Company's subsidiaries are as follows: (continued)

Name of subsidiaries	Place of main business	Place of registration	Nature of business	Registered capital	Equity interest (%)		Acquired through
					Direct	Indirect	
Bioland Company	Beijing City, PRC	Zhengzhou City, Henan Province, PRC	Environment and facility services	RMB234,933,000.00		67.14	Business combinations not under common control
Guangxi Bioland	Nanning City, Guangxi Province, PRC	Nanning City, Guangxi Province, PRC	Environment and facility services	RMB123,000,000.00	–	67.14	Business combinations not under common control
Dezhou Bioland	Dezhou City, Shandong Province, PRC	Dezhou City, Shandong Province, PRC	Environment and facility services	RMB50,000,000.00	–	67.14	Business combinations not under common control
Guiyang Beier Bioland	Guiyang City, Guizhou Province, PRC	Guiyang City, Guizhou Province, PRC	Environment and facility services	RMB43,000,000.00	–	67.14	Business combinations not under common control
Taizhou Bioland	Taizhou City, Jiangsu Province, PRC	Taizhou City, Jiangsu Province, PRC	Environment and facility services	RMB68,000,000.00	–	67.14	Business combinations not under common control
Dezhou Zhonghe Environmental Protection Equipment Manufacturing Co., LTD	Dezhou City, Shandong Province, PRC	Dezhou City, Shandong Province, PRC	Equipment Manufacturing	RMB30,000,000.00	–	67.14	Business combinations not under common control
Kunshan Beier Bioland Environmental Technology Co., Ltd.	Kunshan City, Jiangsu Province, PRC	Kunshan City, Jiangsu Province, PRC	Environment and facility services	RMB25,000,000.00	–	63.78	Business combinations not under common control
Longyou Bioland	Quzhou City, Zhejiang Province, PRC	Quzhou City, Zhejiang Province, PRC	Environment and facility services	RMB10,500,000.00	–	67.14	Business combinations not under common control
Langfang Waterland	Langfang City, Hebei Province, PRC	Langfang City, Hebei Province, PRC	Equipment Manufacturing	RMB30,000,000.00	–	67.14	Business combinations not under common control
Beijing Jingshan Jieshen Environmental Energy Technology Co., Ltd.	Beijing City, PRC	Beijing City, PRC	Environment and facility services	RMB5,000,000.00	–	67.14	Business combinations not under common control
Tianjin Waterland Environmental Protection Equipment Manufacturing Co., Ltd.	Tianjin City, PRC	Tianjin City, PRC	Environment and facility services	RMB3,000,000.00	–	67.14	Business combinations not under common control
Beijing Xingye Bioland Environmental Technology Co., Ltd.	Beijing City, PRC	Beijing City, PRC	Environment and facility services	RMB3,000,000.00	–	53.71	Business combinations not under common control
Kunshan Bioland Environmental Technology Co., Ltd.	Kunshan City, Jiangsu Province, PRC	Kunshan City, Jiangsu Province, PRC	Environment and facility services	RMB500,000.00	–	53.17	Business combinations not under common control
Shangrao Bioland	Shangrao City, Jiangxi Province, PRC	Shangrao City, Jiangxi Province, PRC	Environment and facility services	RMB25,000,000.00	–	67.14	Business combinations not under common control
Hangzhou Zhishou Environmental Technology Co., Ltd.	Hangzhou City, Zhejiang Province, PRC	Hangzhou City, Zhejiang Province, PRC	Environment and facility services	RMB500,000.00	–	47.00	Business combinations not under common control
Huangshi Bioland	Huangshi City, Hubei Province, PRC	Huangshi City, Hubei Province, PRC	Environment and facility services	RMB24,274,980.00	–	47.00	Business combinations not under common control

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(1) Particulars of the Company's subsidiaries are as follows: (continued)

Name of subsidiaries	Place of main business	Place of registration	Nature of business	Registered capital	Equity interest (%)		
					Direct	Indirect	Acquired through
Pingyu Beier Environmental Technology Co., Ltd.	Zhumadian City, Henan Province, PRC	Zhumadian City, Henan Province, PRC	Environment and facility services	RMB500,000.00	-	67.14	Business combinations not under common control
Handan Bioland	Handan City, Hebei Province, PRC	Handan City, Hebei Province, PRC	Environment and facility services	RMB28,000,000.00	-	60.43	Business combinations not under common control
Guilin Bioland	Guilin City, Guangxi Province, PRC	Guilin City, Guangxi Province, PRC	Environment and facility services	RMB54,600,000.00	-	67.14	Business combinations not under common control
Xinyu Bioland	Xinyu City, Jiangxi Province, PRC	Xinyu City, Jiangxi Province, PRC	Environment and facility services	RMB23,940,000.00	-	67.14	Business combinations not under common control
Zhuji Bioland	Zhuji City, Zhejiang Province, PRC	Zhuji City, Zhejiang Province, PRC	Environment and facility services	RMB100,000,000.00	-	60.43	Business combinations not under common control
Beijing Bioland Environmental Management Co., Ltd.	Beijing City, PRC	Beijing City, PRC	Environment and facility services	RMB45,500,000.00	-	67.14	Business combinations not under common control
Taizhou Bioland High-tech Environmental Protection Equipment Co., Ltd.	Taizhou City, Jiangsu Province, PRC	Taizhou City, Jiangsu Province, PRC	Equipment Manufacturing	RMB300,000,000.00	-	67.14	Business combinations not under common control
Hong Kong Bioland	Hong Kong, China	Hong Kong, China	Investment holding	HKD5,000,000.00	-	67.14	Business combinations not under common control
Fuzhou Bioland Environmental Technology Co., Ltd.	Fuzhou City, Jiangxi Province, PRC	Fuzhou City, Jiangxi Province, PRC	Environment and facility services	RMB24,000,000.00	-	67.14	Business combinations not under common control
Nanjing Shenlu Environmental Technology Co., Ltd.	Nanjing City, Jiangsu Province, PRC	Nanjing City, Jiangsu Province, PRC	Environment and facility services	RMB100,000,000.00	-	67.14	Business combinations not under common control
BIOLAND ENVIRONMENTAL SOLUTIONS INC	Canada	Canada	Environment and facility services	CAD100,100.00	-	67.14	Business combinations not under common control
Sichuan Lansheng	Zigong City, Sichuan Province, PRC	Zigong City, Sichuan Province, PRC	Environment and facility services	RMB45,039,000.00	-	56.78	Business combinations not under common control
Jiangsu Bioland Construction Engineering Co., Ltd.	Taizhou City, Jiangsu Province, PRC	Taizhou City, Jiangsu Province, PRC	Architecture and Engineering	RMB10,000,000.00	-	67.14	Business combinations not under common control
China Logistics Finance	Hong Kong, China	Hong Kong, China	Investment holding	HKD1.00	-	100.00	Business combinations under common control
Financial Leasing Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Financial leasing and commercial factoring	RMB300,000,000.00	5.00	43.00	Business combinations under common control
Engineering Development Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road construction	RMB40,500,000.00	-	60.00	Business combinations not under common control
New Energy Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Wind Power	RMB1,400,000,000.00	100.00	-	Incorporation

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(1) Particulars of the Company's subsidiaries are as follows: (continued)

Name of subsidiaries	Place of main business	Place of registration	Nature of business	Registered capital	Equity interest (%)		
					Direct	Indirect	Acquired through
Inner Mongolia Chenghuan Lande Renewable Resources Co., Ltd.	Hohhot, Inner Mongolia Autonomous Region, China	Hohhot, Inner Mongolia Autonomous Region, China	Environment and facility services	RMB43,360,000.00	-	34.24	Incorporation
Shenzhen Lande Environmental Protection Technology Research and Design Institute Co., Ltd.	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Environmental and ecological monitoring, agricultural science research	RMB10,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Gao Le Health Care Co., Ltd.	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Investment holding	RMB30,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Construction Technology Development Co., Ltd.	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Architecture and Engineering	RMB40,000,000.00	-	51.00	Incorporation
Guangdong New Energy	Liannan Yao Autonomous County, Guangdong Province	Liannan Yao Autonomous County, Guangdong Province	Investment holding	RMB1,053,000,000.00	-	100.00	Incorporation
Qiantai Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Comprehensive utilization of resources	RMB307,692,300.00	-	50.00	Business combinations not under common control
Longda Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	RMB5,000,000.00	89.93	-	Business combinations under common control
Qianxin Company (Note 2)	Mulei County, Changji Prefecture, Xinjiang, China	Mulei County, Changji Prefecture, Xinjiang, China	Wind Power	RMB181,120,000.00	-	100.00	Business combinations not under common control
Qianzhi Company (Note 2)	Mulei County, Changji Prefecture, Xinjiang, China	Mulei County, Changji Prefecture, Xinjiang, China	Wind Power	RMB479,183,100.00	-	100.00	Business combinations not under common control
Qianhui Company (Note 2)	Mulei County, Changji Prefecture, Xinjiang, China	Mulei County, Changji Prefecture, Xinjiang, China	Wind Power	RMB264,376,900.00	-	100.00	Business combinations not under common control
Guangming Environment Technology (Note 3)	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Kitchen waste disposal	RMB200,000,000.00	100.00	-	Incorporation

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(1) Particulars of the Company's subsidiaries are as follows: (continued)

Name of subsidiaries	Place of main business	Place of registration	Nature of business	Registered capital	Equity interest (%)		
					Direct	Indirect	Acquired through
Shenzhen Expressway Asphalt Technology (Note 3)	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Asphalt materials	RMB30,000,000.00	-	55.00	Incorporation
Beihai Zhonglan (Note 3)	Beihai City, Guangxi Province, PRC	Beihai City, Guangxi Province, PRC	Kitchen waste disposal	RMB16,390,000.00	-	90.00	Incorporation

Note 1: Jihedong Company has been absorbed and merged by the Company since April 1, 2021, and incorporated into independent accounting of Jihedong Branch. The tax and industrial and commercial cancellation procedures of Jihedong Company are being handled. In view of this, a small number of other group subsidiaries originally held by Jihedong Company are deemed to be directly held by the Company.

Note 2: New consolidated subsidiary in the current period, see Note VI.1 for details;

Note 3: Newly established subsidiaries, see Note VI. 2 for details.

Note 4: The above table does not include Wulian County Pengguang New Energy Co., Ltd. and Wulian County Ningxu New Energy Co., Ltd., which are companies held by Nanjing Wind Power, a subsidiary of the Company, on behalf of the Company.

(2) Significant partly-owned subsidiaries

30 June 2021 (unaudited)

RMB

Name of subsidiaries	Equity interest held by minority interests	Net profit attributable to minority shareholders	Dividend declared by subsidiaries to the minority shareholders	Shareholder investment contributed/withdrawn	New business combination	Minority interests
Qinglian Company	23.63%	26,361,525.44	-	-	-	735,106,223.04
Guishen Company	30.00%	26,650,022.88	-	-	-	420,362,178.67
Qinglong Company	50.00%	20,942,141.61	(50,000,000.00)	-	-	684,297,935.88
Bioland Company	32.86%	(6,901,035.85)	-	20,000,000.00	-	456,694,843.69
Total		67,052,654.08	(50,000,000.00)	20,000,000.00	-	2,296,461,181.28

31 December 2020 (audited)

RMB

Name of subsidiaries	Equity interest held by minority interests	Net profit attributable to minority shareholders	Dividend declared by subsidiaries to the minority shareholders	Shareholder investment contributed/withdrawn	New business combination	Minority interests
Qinglian Company	23.63%	28,348,554.61	-	-	-	708,744,697.60
Guishen Company	30.00%	49,683,393.71	-	-	-	393,712,155.79
Qinglong Company	50.00%	36,999,567.85	(120,000,000.00)	-	-	713,355,794.27
Bioland Company	32.86%	751,537.14	-	6,950,000.00	435,894,342.40	443,595,879.54
Total	/	115,783,053.31	(120,000,000.00)	6,950,000.00	435,894,342.40	2,259,408,527.20

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(3) Main financial information of significant partly-owned subsidiaries

RMB

Name of subsidiaries	30 June 2021 (Unaudited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qinglian Company	98,259,575.62	6,362,488,435.09	6,460,748,010.71	215,922,535.42	3,136,983,958.89	3,352,906,494.31
Guishen Company	1,728,011,934.90	47,022,066.54	1,775,034,001.44	371,431,082.95	2,395,656.34	373,826,739.29
Qinglong Company	102,231,547.78	2,201,679,701.70	2,303,911,249.48	136,158,075.93	799,157,301.78	935,315,377.71
Bioland Company	773,794,895.71	3,165,168,520.94	3,938,963,416.65	776,938,187.27	1,912,394,567.20	2,689,332,754.47

RMB

Name of subsidiaries	31 December 2020 (Unaudited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qinglian Company	99,630,807.19	6,544,407,244.93	6,644,038,052.12	202,252,278.70	3,445,503,822.98	3,647,756,101.68
Guishen Company	1,888,065,694.66	50,247,831.51	1,938,313,526.17	623,454,456.12	2,485,217.51	625,939,673.63
Qinglong Company	165,939,804.34	2,407,342,395.70	2,573,282,200.04	149,486,273.63	997,084,337.86	1,146,570,611.49
Bioland Company	529,369,666.81	2,868,822,363.74	3,398,192,030.55	802,438,934.98	1,346,244,626.98	2,148,683,561.96

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(3) Main financial information of significant partly-owned subsidiaries (continued)

RMB

Name of subsidiaries	For the six months ended 30 June 2021 (Unaudited)			
	Revenue	Net profit	Total comprehensive income	Net cash flows from operating activities
Qinglian Company	453,775,233.36	111,559,565.96	111,559,565.96	305,633,851.92
Guishen Company	293,320,750.22	88,833,409.61	88,833,409.61	(164,935,938.45)
Qinglong Company	314,164,637.39	41,884,283.22	41,884,283.22	217,766,313.24
Bioland Company	474,571,204.34	(19,877,806.39)	(19,877,806.39)	(45,772,851.16)

RMB

Name of subsidiaries	For the six months ended 30 June 2020 (Restated) (Unaudited)			
	Revenue	Net profit	Total comprehensive income	Net cash flows from operating activities
Qinglian Company	212,684,336.31	(67,720,905.47)	(67,720,905.47)	129,948,097.18
Guishen Company	73,164,973.80	1,891,425.51	1,891,425.51	(183,947,595.73)
Qinglong Company	131,892,881.17	(62,307,819.24)	(62,307,819.24)	72,571,596.37
Bioland Company	195,052,558.69	(16,544,048.01)	(16,544,048.01)	(286,972,127.72)

Note: Except for the important non-wholly-owned subsidiaries listed in (2), since the total revenue realized by other non-wholly-owned subsidiaries in the current period does not exceed 5% of the total revenue of the Group in the current period, the total profit realized in the current period does not exceed 5% of the total profit of the Group in the current period, none of the total assets at the end of the period is higher than 5% of the total assets of the Group at the end of the period, the directors of the Group believe that except for the important non-wholly-owned subsidiaries listed in (2), the other non-wholly-owned subsidiaries are non-important non-wholly-owned subsidiaries.

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (continued)

(4) Substantial restriction to the usage of assets or the settlement of liabilities of the Group

As at 30 June 2021, there was no substantial restriction which prohibited the usage of assets or the settlement of liabilities of the Group (31 December 2020: Nil).

2. Interests in associates

(1) Important associates

RMB

Name	Place of main business	Place of registration	Nature of business	Equity interest (%)		Accounting treatment
				Direct	Indirect	
United Land Company	Shenzhen City, Guangdong	Shenzhen City, Guangdong	Real estate development	34.30	-	Equity method
Derun Environment	Chongqing, China	Chongqing, China	Environmental governance and resource recovery	-	20.00	Equity method

(2) Main financial information of important associates

RMB

Item	30 June 2021 (unaudited)/ For the six months ended 30 June 2021 (unaudited)		31 December 2020 (audited)/ For the six months ended 30 June 2020 (restated) (unaudited)	
	Derun Environment (Note 1)	United Land Company (Note 2)	Derun Environment	United Land Company
Current assets	13,101,251,654.45	13,055,576,811.42	11,402,640,099.13	12,579,671,364.22
Including: Cash and cash equivalents	5,623,818,868.70	2,368,523,238.67	5,559,919,335.56	2,279,470,782.24
Non-current assets	38,530,357,716.94	318,487,161.50	34,669,930,056.31	308,944,152.67
Total assets	51,631,609,371.39	13,374,063,972.92	46,072,570,155.44	12,888,615,516.89
Current liabilities	10,197,424,793.12	7,531,561,146.70	8,008,560,551.28	4,965,643,554.03
Non-current liabilities	14,505,729,944.55	2,256,160,000.00	12,490,324,774.74	3,362,160,000.00
Total Liabilities	24,703,154,737.67	9,787,721,146.70	20,498,885,326.02	8,327,803,554.03
Minority interests	13,129,822,606.33	-	12,742,926,767.91	-
Total shareholders' equity attributable to equity holders of the Company	13,798,632,027.39	3,586,342,826.22	12,830,758,061.51	4,560,811,962.86
Share of net assets calculated according to shareholding ratio	2,759,726,405.48	1,230,115,589.39	2,566,151,612.30	1,564,358,503.26

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in associates (continued)

(2) Main financial information of important associates (continued)

RMB

Item	30 June 2021 (unaudited)/ For the six months ended 30 June 2021 (unaudited)		31 December 2020 (audited)/ For the six months ended 30 June 2020 (restated) (unaudited)	
	Derun Environment (Note 1)	United Land Company (Note 2)	Derun Environment	United Land Company
Adjustment matters	2,145,596,358.17	(89,178,246.32)	2,165,237,360.69	(89,178,246.33)
– Goodwill	1,462,953,999.22	–	1,462,953,999.22	–
– Non-current asset valuation premium	682,642,358.95	–	702,283,361.47	–
– Unrealized profits from internal transactions	–	(89,178,246.32)	–	(89,178,246.33)
– Others	–	–	–	–
Carrying amount of equity investment in associates	4,905,322,763.65	1,140,937,343.07	4,731,388,972.99	1,475,180,256.93
Fair value of equity investment in associates with publicly quoted prices	N/A	N/A	N/A	N/A
Operating income	6,389,496,357.63	–	4,998,200,603.95	–
Financial expenses	197,286,363.20	37,178.15	146,017,734.96	(8,519,948.60)
Income tax expense	314,255,671.92	–	124,636,335.60	987,694.83
Net profit	1,854,929,540.83	(20,735,592.69)	1,165,562,507.55	(12,062,991.73)
Net profit from discontinued operations	–	–	–	–
Other comprehensive income	(138,017,671.52)	–	(191,406,883.79)	–
Total comprehensive income	1,716,911,869.31	(20,735,592.69)	974,155,623.76	(12,062,991.73)
Dividends received from joint ventures in the current period	–	327,130,605.57	–	312,120,473.62

Note 1: The Group shares the net profit of Derun Environment attributable to shareholders of the parent company at a 20% shareholding ratio. After deducting the current period premium amortization of RMB19,641,002.52, the Group confirmed the investment income of Derun Environment of RMB163,092,910.25. The Group shares the other comprehensive income net of tax of RMB (13,812,118.48) of Derun Environment attributable to shareholders of the parent company at a 20% shareholding ratio, and confirms that it has a capital reserve of RMB24,652,998.89 for Derun Environment. Please refer to Note V.12 for details.

Note 2: The Group shares the net profit attributable to the shareholders of the parent company of United Land Company in accordance with a 34.30% shareholding ratio. This year, the Group confirmed a loss of RMB7,112,308.29 in the investment of the United Land Company and received a dividend of RMB327,130,605.57 from United Land Company in 2020.

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)**2. Interests in associates (continued)****(3) Main financial information of unimportant associates**

RMB

Item	30 June 2021 (unaudited)/ For the six months ended 30 June 2021 (unaudited)	31 December 2020 (audited)/ For the six months ended 30 June 2020 (restated) (unaudited)
Associates and Joint Venture:		
Total carrying amount of investment	2,925,582,939.50	2,732,756,219.86
The total of the following items calculated according to the shareholding ratio		
– Net profit	172,942,550.12	47,719,721.65
– Other comprehensive income	–	(6,280,304.80)
– Total comprehensive income	172,942,550.12	41,439,416.85

As at 30 June 2021, there was no substantial restriction on transferring funds between the Group and associates (31 December 2020: Nil).

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

VIII. FINANCIAL INSTRUMENTS AND RISKS

The Group's major financial instruments include cash at banks and on hand, notes receivable, accounts receivable, other receivables, current portion of non-current assets, long-term receivables, other non-current financial assets, short-term loans, financial liabilities held-for-trade, notes payable, accounts payable, other payables, current portion of non-current liabilities, other current liabilities, long-term borrowings, bonds payable, lease liabilities and long-term payables, etc. Details of these financial instruments are disclosed in respective notes. For details, please see Note V. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure the risks are monitored at a certain level.

Item	For the six months ended 30 June 2021 (unaudited)	RMB For the six months ended 30 June 2020 (audited)
Financial assets		
Measured at fair value through profit or loss		
Other current assets	950,000,000.00	–
Other non-current financial assets	654,139,767.15	1,605,891,286.54
Measured at amortized cost		
Cash at banks and on hand	4,450,421,424.90	5,549,304,352.44
Notes receivable	55,618,492.59	378,532,713.65
Accounts receivable	739,049,103.24	798,070,361.76
Other receivables	874,338,469.98	773,039,332.04
Current portion of non-current assets	93,663,780.59	74,870,082.79
Long-term receivables	1,212,463,362.01	997,354,914.31
Financial liabilities		
Measured at fair value through profit or loss		
Financial liabilities held-for-trade	125,543,909.59	83,677,813.21
Measured at amortized cost		
Short-term borrowings	1,953,174,007.92	1,341,218,126.43
Notes payable	113,660,349.03	295,467,331.39
Accounts payable	2,186,650,287.39	1,869,889,416.15
Other payables	2,358,683,106.33	3,570,365,680.07
Current portion of non-current liabilities	3,790,839,844.96	3,665,798,518.83
Other current liabilities	2,007,946,266.52	2,018,087,592.62
Long-term borrowings	7,950,199,269.34	6,511,333,267.55
Bonds payable	4,990,843,915.93	3,792,324,357.82
Lease liabilities	97,031,396.12	104,653,671.67
Long-term payables	2,449,350,743.19	2,234,299,535.22

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

The Group uses sensitivity analysis techniques to analyze the possible impact of reasonable and probable changes in risk variables on current profit or loss and owners' equity. As changes in any risk variable rarely occur in isolation and the correlation that exists between variables will have a significant effect on the ultimate amount of the impact of a change in a particular risk variable, the following is performed under the assumption that changes in each variable are independent.

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 equity investors. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, 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 HKD and USD. Except for the purchases and sales of several subsidiaries of the Group in HKD and USD, and the bank balances in EER, JPY, FRF, and ESP in the headquarters of the Company, all the other principal operating activities of the Group are denominated and settled in RMB. As at 30 June 2021, the Group's assets and liabilities are all in RMB, except for the balances of assets and liabilities set out below, which are in foreign currencies.

RMB

Item	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (audited)
Cash at banks and on hand	24,059,417.40	15,324,994.60
Other receivables	1,065,515.53	1,119,760.42
Other payables	96,802.35	161,709.23
Short-term borrowings	104,104,932.86	105,200,000.00
Current portion of non-current liabilities	1,963,258,036.33	1,982,951,093.83
Lease liabilities	16,642.00	1,937,714.83

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risk management objectives and policies (continued)

1.1 Market risk (continued)

1.1.1 Currency risk (continued)

Sensitivity analysis on currency risk

The assumptions for the sensitivity analysis on currency risk: all net investment hedges and cash flow hedges of overseas operations are highly effective.

Based on the above assumptions, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

RMB

Items	Changes in exchange rate	For the six months ended 30 June 2021 (unaudited)		For the six months ended 30 June 2020 (Restated) (audited)	
		Effect on profit	Effect on equity	Effect on profit	Effect on equity
USD	10% increase against RMB	1,060,388.65	1,060,388.65	5,707,561.59	5,707,561.59
USD	10% decrease against RMB	(1,060,388.65)	(1,060,388.65)	(5,707,561.59)	(5,707,561.59)
HKD	10% increase against RMB	5,934,342.70	5,934,342.70	793,558.29	793,558.29
HKD	10% decrease against RMB	(5,934,342.70)	(5,934,342.70)	(793,558.29)	(793,558.29)

The Group attaches great importance to the study of currency risk management policies and strategies. In order to avoid currency risk of repaying the principal and interest of USD bonds, the Group signs foreign exchange forwards contracts with banks.

The Group's risk of changes in the cash flow of financial instruments caused by changes in interest rates is mainly related to the Group's long-term liabilities with floating interest rates. The Group continues to pay close attention to the impact of interest rate changes on the Group's interest rate risk. The Group's policy is to maintain floating interest rates for these borrowings. Currently, there are no arrangements such as interest rate swaps.

Sensitivity analysis on interest rate risk

Where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

RMB

Items	Interest rate changes	For the six months ended 30 June 2021 (unaudited)		For the six months ended 30 June 2020 (Restated) (audited)	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
RMB	Increase 1%	69,252,926.20	69,252,926.20	44,992,018.96	44,992,018.96
RMB	Decrease 1%	(69,252,926.20)	(69,252,926.20)	(44,992,018.96)	(44,992,018.96)

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risk management objectives and policies (continued)

1.2 Credit risk

As at 30 June 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from Cash at banks and on hand, notes receivable, accounts receivable, other receivables, etc. For financial instruments measured at fair value, the carrying amount reflects their risk exposure, but it is not the maximum risk exposure. The maximum risk exposure will change with changes in the fair value in the future.

In order to reduce credit risk, the Group deals only with recognized and reputable third parties. In accordance with the Group's policy, all customers requiring credit transactions are subject to credit audits. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group does not face significant risk of bad debts. For transactions that are not settled in the accounting base currency of the relevant business units, the Group will not provide conditions for credit transactions unless the Group's credit control department specifically approves them.

The Group continuously conducts credit assessment on the financial status of customers, and the impairment loss of bad debts is maintained within the amount expected by the management.

The credit risk on liquid funds is limited because they are deposited with banks with high credit ratings.

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 of the Group monitors the use of bank loans and ensures compliance with loan agreements.

On 30 June 2021, the Group has unused bank credit lines totaling RMB15,853,893,003.80, and the relevant banks have not made any reservations about the use of these loan lines, which can meet the funding needs of the Group's debt and capital commitments. The Group is able to resolve the lack of working capital through reasonable financing arrangements.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risk management objectives and policies (continued)

1.3 Liquidity risk (continued)

The analysis of the financial liabilities held by the Group based on the maturity period of the undiscounted remaining contractual obligations is as follows:

30 June 2021 (unaudited)

RMB

Item	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Financial liabilities					
Short-term loans	1,983,121,763.78	–	–	–	1,983,121,763.78
Financial liabilities held for trading	125,543,909.59	–	–	–	125,543,909.59
Bills payable	113,660,349.03	–	–	–	113,660,349.03
Accounts payable	2,186,650,287.39	–	–	–	2,186,650,287.39
Other payables	2,358,683,106.33	–	–	–	2,358,683,106.33
Current portion of non-current liabilities	3,790,839,844.96	–	–	–	3,790,839,844.96
Other current liabilities	2,024,772,876.71	–	–	–	2,024,772,876.71
Long-term loans	8,951,089.86	1,122,029,304.84	3,559,956,873.18	6,456,219,150.15	11,147,156,418.03
Bonds payable	290,820,562.50	993,702,200.00	4,534,560,000.00	–	5,819,082,762.50
Lease liabilities	–	36,923,512.87	57,938,633.57	12,960,880.80	107,823,027.24
Long-term payables	35,432,547.17	2,216,186,042.16	341,168,809.93	234,586,250.01	2,827,373,649.27
Total	12,918,476,337.32	4,368,841,059.87	8,493,624,316.68	6,703,766,280.96	32,484,707,994.83

31 December 2020 (audited)

RMB

Item	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Financial liabilities					
Short-term loans	1,353,910,625.91	–	–	–	1,353,910,625.91
Financial liabilities held for trading	83,677,813.21	–	–	–	83,677,813.21
Bills payable	295,467,331.39	–	–	–	295,467,331.39
Accounts payable	1,869,889,416.15	–	–	–	1,869,889,416.15
Other payables	3,570,365,680.07	–	–	–	3,570,365,680.07
Current portion of non-current liabilities	3,446,836,824.05	–	–	–	3,446,836,824.05
Other current liabilities	2,018,175,342.47	–	–	–	2,018,175,342.47
Long-term loans	8,028,920.70	686,414,122.91	3,146,051,534.19	5,630,416,439.09	9,470,911,016.89
Bonds payable	305,776,725.00	951,822,200.00	3,251,620,000.00	–	4,509,218,925.00
Lease liabilities	–	29,316,958.68	48,290,268.15	27,672,910.63	105,280,137.46
Long-term payables	68,932,030.23	91,730,870.99	2,215,319,169.50	37,167,717.67	2,413,149,788.39
Total	13,021,060,709.18	1,759,284,152.58	8,661,280,971.84	5,695,257,067.39	29,136,882,900.99

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

1. Risk management objectives and policies (continued)

1.3 Liquidity risk (continued)

Given that the Group has stable and abundant operating cash flow and sufficient credit lines, and has made appropriate financing arrangements to meet debt repayment and capital expenditures, the management of the Company believes that the Group does not have significant liquidity risks.

2. Transfer of financial assets

(1) Transferred financial assets that are not derecognized in their entirety

As part of its normal business, the Group entered into a bills receivable factoring arrangement (the "Arrangement") and transferred certain bills receivable to financial institutions. Under the Arrangement, the Group may be required to reimburse the bank for loss of principal and interest if any trade debtors have late payment. The Group is not exposed to default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the accounts receivable, including the sale, transfer or pledge of the accounts receivable to any other third parties. The original carrying value of the commercial acceptance bills transferred under the Arrangement that have not been settled as at 30 June 2021 was RMB5,616,250.00 (31 December 2020: 125,540,400.00). The original carrying value of the bank acceptance bills transferred under the Arrangement that have not been settled as at 30 June 2021 was RMB6,000,000.00 (31 December 2020: 33,962,000.00). The carrying amount of the assets that the Group continued to recognize as at 30 June 2021 was RMB35,016,250.00 (31 December 2020: RMB159,502,400.00) and that of the associated liabilities as at 30 June 2021 was RMB35,016,250.00 (31 December 2020: RMB159,502,400.00), which were charged to short-term borrowings, respectively.

At 30 June 2021, the Group endorsed the supplier's commercial acceptance bills for settlement of accounts payable with a carrying value of RMB64,729.89 (31 December 2020: RMB169,974,520.11), which has the maturity date from 1 to 12 months. At 30 June 2021, the Group endorsed the supplier's bank acceptance bills for settlement of accounts payable with a carrying value of RMB21,412,500.00 (31 December 2020: Nil), which has the maturity date from 1 to 12 months. The Group believes that almost all risks and rewards related to notes receivable at the time of endorsement have not yet been transferred and do not meet the conditions for derecognition of financial assets. Therefore, the relevant bills receivable has not been fully derecognized on the date of endorsement.

(2) Transferred financial assets that have been derecognized as a whole but continue to be involved

At 30 June 2021, the book value of the Group's bank acceptance bills discounted but unmatured was RMB23,400,000.00 (31 December 2020: RMB11,910,185.83). The Group believes that almost all the risks and rewards related to bills receivable have been transferred at the time of discounting, which meets the conditions for derecognition of financial assets. Therefore, the relevant bills receivable are derecognized at the discount date based on their book values. If the bill of exchange is due to be rejected by the acceptor, the discounter has the right to recourse from the Group ("continue to participate"). The maximum losses and undiscounted cash flows that continue to be involved in and repurchase are equal to their book values. The Group believes that continuing involvement in fair value is not significant.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

VIII. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

2. Transfer of financial assets (continued)

(2) Transferred financial assets that have been derecognized as a whole but continue to be involved (continued)

At 30 June 2021, the Group endorsed the supplier's bank acceptance bills for settlement of accounts payable with a carrying value of RMB3,500,000.00 (31 December 2020: RMB29,500,000.00). According to the relevant provisions of the Bills Act, if the accepting bank refuses to pay, its holders have the right to recourse from the Group (the "Continuing Involvement"). The Group believes that the Group has transferred almost all of its risks and rewards, and therefore derecognized the book value of it and the related payable accounts. The maximum losses and undiscounted cash flows that continue to be involved in and repurchase are equal to their book values. The Group believes that continuing involvement in fair value is not significant.

From 1 January 2021 to 30 June 2021, the Group has not recognized any gain or loss on the date of transfer of the Derecognized Bills. No gains or losses were recognized from the Continuing Involvement, both during the year or cumulatively.

3. Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, repurchase shares or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital in the six months ended 30 June 2021 and the year ended 31 December 2020.

The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The Group's debt-to-asset ratio as at the end of the reporting period was as follows:

Item	RMB	
	30 June 2021	31 December 2020
Total assets	57,329,026,624.77	55,144,962,042.63
Total liabilities	30,836,932,902.88	28,865,852,158.86
Debt-to-asset ratio	53.79%	52.35%

IX. FAIR VALUE DISCLOSURE

1. Closing fair value of financial assets and liabilities measured at fair value

30 June 2021 (unaudited)

RMB

Item	Closing fair value			Total
	Quoted price in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Consecutive fair value measurement:				
Other current assets	–	–	950,000,000.00	950,000,000.00
Other non-current financial assets	–	–	654,139,767.15	654,139,767.15
Financial liabilities held for trading	(125,543,909.59)	–	–	(125,543,909.59)
Total	(125,543,909.59)	–	1,604,139,767.15	1,478,595,857.56

31 December 2020 (audited)

RMB

Item	Closing fair value			Total
	Quoted price in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
Consecutive fair value measurement:				
Other non-current financial assets	–	–	1,605,891,286.54	1,605,891,286.54
Financial liabilities held for trading	(83,677,813.21)	–	–	(83,677,813.21)
Total	(83,677,813.21)	–	1,605,891,286.54	1,522,213,473.33

The fair value of the Group's non-listed equity instrument investment is estimated using the market method. The Group believes that the fair value and its changes based on valuation techniques are reasonable and are the most appropriate value on 30 June 2021.

The Group has entered into derivative financial instrument contracts with multiple counterparties (mainly with high credit rating financial institutions). The Group's derivative financial instruments are forward foreign exchange contracts. The fair value of the transactional financial assets held by the Group is determined based on the forward interest rate in the active markets as at 30 June 2021.

In the current period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

1. General information of the parent company:

Name	Place of registration	Nature of business	Registered capital	Interest held	Voting rights
Shenzhen International	Bermuda	Investment holding	HKD2,000,000,000.00	51.561%	51.561%

The parent company of the Company is Shenzhen Investment Holding Company, which is the controlling shareholder of Shenzhen International. The Company's ultimate controlling party is Shenzhen SASAC.

2. Information about subsidiaries

The information about the subsidiaries is set out in Note VII.1.

3. Information about associates

The situation of the associated enterprises that have related party transactions with the Group in the current period or have related party transactions with the Group in the previous period is as follows:

Name	Relationship with the Group
Consulting Company	Associate
Huayu Company	Associate
GZ W2 Company	Associate
Yangmao Company	Associate
United Land Company	Associate
Environmental Technology Industry M&A Fund	Associate
Guizhou Bank	Associate

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Information about other related parties

Name	Relationship with the Group
Shenzhen Investment Holdings Co., Ltd. ("Shenzhen Investment Holdings")	Wholly-owned subsidiary of the ultimate controller
Zhilian Shen International Zhihui Logistics (Shenzhen) Co., Ltd. (Formerly: Shenzhen Baotong Highway Construction Development Co., Ltd.) ("Zhihui Logistics")	Wholly-owned subsidiary of the controlling shareholder
Shenzhen International South-China Logistics Co., Ltd. ("SC Logistics Company")	Wholly-owned subsidiary of the controlling shareholder
Guizhou Pengbo Investment Co., Ltd. ("Guizhou Pengbo")	Wholly-owned subsidiary of the controlling shareholder
Shenzhen International Limited ("Shen International Hong Kong")	Wholly-owned subsidiary of the controlling shareholder
Shenzhen International Holdings	Wholly-owned subsidiary of the controlling shareholder
Shenzhen Shen International Modern Logistics petty loan Co. Ltd ("Shen International Modern Logistics petty loan")	Wholly-owned subsidiary of the controlling shareholder
Shenzhen International Whole-process Logistics (Shenzhen) Co. Ltd. ("Whole-process Logistics Company")	Wholly-owned subsidiary of the controlling shareholder
Xin Tong Chan Company	Shareholder of the Company
Advance Great Limited ("Jintai Company")	Shareholder of the Company
United Electronic	Participating company

5. Related party transactions

(1) Related transactions in the purchase and sale of goods, rendering and receipt of labor services

Procurement of goods/receipt of labor

Name of related party	Nature of transaction	RMB	
		For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (restated) (Unaudited)
United Electronic (Note 1)	Receiving integrated toll system settlement services	12,873,772.73	4,910,605.20
Consulting Company (Note 2)	Accepted project management services	9,988,918.65	19,085,453.54
Others (Note 3)	Receiving power supply services and others	25,630.50	108,977.57

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(1) Related transactions in the purchase and sale of goods, rendering and receipt of labor services (continued)

Procurement of goods/receipt of labor (continued)

Note 1: The Guangdong Provincial People's Government has designated United Electronic to take charge of the sub-account management of highway tolls across the province and unified management of non-cash settlement systems. The Company and its subsidiaries have signed a series of agreements with United Electronic and entrusted it to provide toll settlement services for Meiguan Expressway, Jihe Expressway, Qinglian Expressway, Yanjiang Expressway and Shuiguan Expressway operated by the Group. The service periods end on the expiry dates of operating periods of the individual toll roads. The related service charges are determined by the commodity price bureau of the Guangdong Province.

Note 2: The Group has entered into management service contracts with Consulting Company to provide for construction consulting and testing services for the Outer Ring project and other roads of the Group. The contract pricing refers to the "Shenzhen Construction Project Cost Consultation Service Charge Market Reference Price" issued by the Shenzhen Cost Engineers Association.

Note 3: Advertising Company, a subsidiary of the Company, and Qinglong Company received the supply of water and electricity and power supply services for its advertising boards from Xin Tong Chan Company and Huayu Company. The respective transaction amounts were not disclosed as they were not material.

Procurement of goods/receipt of labor

		RMB	
Name of related party	Nature of transaction	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (restated) (Unaudited)
Others (Note)	Supply water and electricity for office and others	194,828.20	367,711.81

Note: The Group provides hydropower resource services and other services to Xintongchan Company, Huayu Company, United Electronic, Consulting Company, Longda Company, Citic Logistics and Whole-process Logistics Company. The hydropower resource service is calculated based on the price paid to the water supply and power supply agency. Because the amount is small, it is not listed separately.

(2) Related leases

(a) As a lessor:

		RMB	
Lessor	Assets leased	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (restated) (Unaudited)
Consulting Company	Office building	5,782.86	303,843.83
Whole-process Logistics Company	Equipment	25,790.26	-

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(2) Related leases (continued)

(b) As a lessee:

		RMB	
Lessee	Assets leased	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (restated) (Unaudited)
Xintongchan and Huayu	Billboard land use rights	385,714.30	505,892.11

The individual transaction amounts were not disclosed as they were not material.

(3) Remuneration of key management personnel

		RMB	
Item		For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (restated) (Unaudited)
Remuneration of key management personnel		4,648,890.77	3,756,534.00

Key management personnel include directors, supervisors and senior management personnel. The Company had a total of 20 members of key management personnel (2020: 20) during the period.

(4) Borrowings from/to related parties

Borrowings from related parties:

		RMB				
Related party		Amount of borrowings	Closing balance (Unaudited)	Annual interest rate	Inception date	Due date
GZ W2 Company (Note 1)	Note V.33(2)	67,500,000.00	67,500,000.00	4.275%	2018/9/30	2021/9/20
GZ W2 Company (Note 2)	Note V.33(2)	37,500,000.00	37,500,000.00	4.275%	2019/12/26	2022/12/25
United Land Company (Note 3)	Note V.36(1) (Note 2)	514,500,000.00	140,391,942.14	3.650%	2019/8/1	2022/7/24
United Land Company (Note 3)	Note V.36(1) (Note 2)	328,800,000.00	328,800,000.00	3.650%	2019/10/29	2022/7/24
United Land Company (Note 3)	Note V.36(1) (Note 2)	220,000,000.00	220,000,000.00	3.650%	2019/11/27	2022/7/24
United Land Company (Note 3)	Note V.36(1) (Note 2)	555,660,000.00	555,660,000.00	3.650%	2019/12/24	2022/7/24
United Land Company (Note 3)	Note V.36(1) (Note 2)	445,900,000.00	445,900,000.00	3.650%	2020/05/06	2022/7/24
United Land Company (Note 3)	Note V.36(1) (Note 2)	137,248,057.86	137,248,057.86	3.650%	2021/2/24	2022/7/24
United Land Company (Note 3)	Note V.36(1) (Note 2)	230,000,000.00	230,000,000.00	3.650%	2021/2/26	2022/7/24

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(4) Borrowings from/to related parties (continued)

Borrowings from related parties: (continued)

Note 1: In September 2018, the Company signed an entrusted loan contract with Guangzhou West Second Ring Company and Industrial and Commercial Bank of China Co., Ltd. Guangzhou West Second Ring Company entrusted the Industrial and Commercial Bank of China Co., Ltd to issue entrusted loans of RMB67,500,000.00 to the Company. The loan will be used for the daily business activities of the Company. The loan term is 3 years and the annual interest rate of the loans is 4.275%. During the period, the Company confirmed the relevant interest expense of RMB1,450,828.12.

Note 2: In December 2019, the Company signed an entrusted loan contract with Guangzhou West Second Ring Company and Industrial and Commercial Bank of China Co., Ltd. The Guangzhou West Second Ring Company entrusted the Industrial and Commercial Bank of China Co., Ltd to issue an entrusted loan of RMB37,500,000.00 to the Company. This will be used for the Company's daily business activities. The loan is 3 years, and the annual interest rate of the loan is 4.275%. During the period, the Company confirmed interest expenses of RMB806,015.62 for this loan.

Note 3: In July 2019, the Company and United Land Company signed a loan agreement, which stipulated that United Land Company provided borrowings of not exceeding RMB2,058 million to the Company. The loan period is three years and the annual interest rate of the loan is 3.65%. The Company actually borrowed RMB2,432,108,057.86. In May 2021, the Company used dividends to deduct the principal of RMB258,198,575.34 and interest of RMB68,932,030.23. As at 30 June 2021, the principal of the borrowing was RMB2,058,000,000.00. In the current period, the Company acknowledged the relevant interest expense of RMB36,201,815.06.

6. Receivables due from and payables due to related parties

(1) Receivable items

RMB

Item	Related parties	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
Accounts receivable	Zhihui Logistics	-	-	5,388,033.27	-
Accounts receivable	Huayu Company	-	-	250,940.72	-
Other receivables (Note V. 5.3)	Shenzhen Investment Holdings	8,204,000.00	-	-	-
Other receivables (Note V. 5.3)	Huayu Company	597,958.12	-	20,000.00	-
Other receivables (Note V. 5.3)	Consulting Company	84,050.00	-	84,050.00	-
Other receivables (Note V. 5.2)	Guizhou Bank	35,154,490.00	-	-	-
Advances	Consulting Company	3,358,788.70	-	355,000.00	-
Advances	United Electronic	255,920.61	-	41,423.45	-
Long-term receivables	Whole-process Logistics Company	536,495.42	2,707.98	1,060,685.26	5,361.00
Other non-current assets	United Land Company	342,599,500.00	-	342,599,500.00	-

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Receivables due from and payables due to related parties (continued)

(2) Payable items

RMB

Item	Related parties	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Accounts payable	Consulting Company	13,312,883.02	9,430,065.02
Accounts payable	United Electronic	1,857,633.59	374,997.06
Accounts payable	Huayu Company	5,500.00	7,500.00
Accounts payable	Xin Tong Chan Company	–	79,279.25
Accounts payable	SC Logistics Company	2,107.80	2,107.80
Dividends payable	Jintai Company	25,044,659.43	–
Other payables (Note V. 30.3(1))	Consulting Company	17,491,511.85	18,203,977.18
Other payables (Note V. 30.3(1))	United Electronic	2,190,713.45	1,429,573.01
Other payables (Note V. 30.3(1))	Guizhou Pengbo	955,680.55	955,680.55
Other payables (Note V. 30.3(1))	Shen International Hong Kong	246,160.87	–
Other payables (Note V. 30.3(1))	Xin Tong Chan Company	5,000.00	5,000.00
Other payables (Note V. 30.3(1))	Shen International Modern Logistics petty loan	2,196.12	2,196.12
Other payables (Note V. 30.3(1))	Shen International Holdings	–	1,618,400.33
Other payables (Note V. 30.3(1))	United Land Company	2,094,201,815.06	2,017,882,547.71
Long-term borrowings	GZ E2 Company	105,124,687.50	105,124,687.50

All receivables and payables to related parties excluded borrowings from related parties are non-interest bearing, unsecured and have no fixed repayment terms. The borrowings from related parties are interest bearing and have repayment terms.

7. Commitments to related parties

The following table presents the commitment related to related parties that had been contracted but not yet recognized on the statement of financial position:

(1) Receiving service

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Consulting Company	13,290,980.58	16,289,446.39

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

7. Commitments to related parties (continued)

(2) Investment commitments

On 30 June 2021, the Group's investment commitments to related parties are RMB621,460,914.05 (31 December 2020: RMB748,335,914.05), including the Company's commitments to increase the capital of associate Yangmao Company's renovation and expansion project of RMB306,335,914.05 and the Company's commitments to the subscribed capital contribution of associate Environmental Technology Industry M&A Fund of RMB315,000,000.00.

(3) Equity acquisition commitments

On 30 June 2021, the Group had no equity acquisition commitments.

XI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

In addition to the related party commitments disclosed in Note X.7, the important commitments of the Group are as follows:

(1) Capital commitments

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Unaudited)
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		
– Expressway construction projects	4,361,509,617.90	2,694,097,986.31
– Equity investment in wind power generation projects	32,184,200.00	–
– Kitchen waste treatment projects	279,120,249.09	548,835,823.49
Total	4,672,814,066.99	3,242,933,809.80

2. Contingencies

(1) Significant contingencies at the end of the reporting period:

Note 1: The Company was entrusted by the Shenzhen Transportation Utilities Management Office to manage four Expressways (Nanguang, Yanpai, Yanba and Longda expressways) in 2019. According to the contract, the Company has provided the Shenzhen Transportation Utilities Management Office with an irrevocable performance bank guarantee of RMB9,710,000.00.

Note 2: On 30 June 2021, the Group provided a stage-and-combined liability guarantee of RMB551,577,648.56 to the bank for its house mortgage loans granted by the bank to the Group's property buyers. Under the terms of the guarantee, the Group is responsible for paying the outstanding mortgage loans and any accrued interest and penalties owed to the banks by the buyers in arrears if the buyers default in the mortgage payments and the Group can then receive legal ownership of the property. The Group's guarantee period expires from the date on which the bank granted the mortgage loan to acquire certain individual property ownership certificates from property buyers of the Group. Management believes that if the payment is in arrears, the net realizable value of the property is sufficient to cover the outstanding mortgage loans together with any accrued interest and penalties, and no provision is made for these guarantees.

XI. COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Contingencies (continued)

(1) Significant contingencies at the end of the reporting period: (continued)

Note 3: In order to solve the financial problems of customers in purchasing wind power equipment's and broaden the sales channels of wind power equipment's, Nanjing Wind Power and China Development Bank Financial Leasing Co., Ltd. ("China Bank Leasing") launched a financial lease sales cooperation, and the two parties agreed that China Bank Leasing provides financial leasing for Nanjing Wind power's terminal customers. If the terminal customer does not fulfill the payment obligation under the financial lease agreement, Nanjing Wind Power shall assume the obligation to re-dispose of the leased equipment and make up the difference between the leased equipment disposal price belonged to China Bank Leasing and the unrecovered financial lease balance. As at 30 June 2021 the financial lease balance was RMB843,333,150.00.

Note 4: On 16 December 2016, Guangxi Bioland and Yonker Environmental Protection Co., Ltd. (Yonker Environmental) entered into a contractor agreement, in relation to a project on food and kitchen waste utilization and renovation and expansion of a harmless treatment plant. On 19 November 2019, Yonker Environmental filed with Nanning Intermediate People's Court for property preservation. At 19 November 2019, the court ruled on property preservation and froze the property of Guangxi Bioland and Bioland Environmental to RMB31,648,596.79. On 25 December 2019, Yonker Environmental filed a lawsuit against Bioland Group and its subsidiary at the Nanning Intermediate People's Court of Guangxi Zhuang Autonomous Region, pursuant to which it claimed an amount of RMB31,648,600.00 from the subsidiary of Bioland Group (being the equipment occupancy fees, project fees, interest on the project fees and penalty for breach of agreement), requested Bioland Company to assume joint and several repayment responsibility for its subsidiary. The subsidiary of Bioland Company has counter-claimed the claimant for a compensation of RMB50,000,000.00 for the loss from the delay in construction and failure to complete the work on time caused by the claimant. This litigation is still in processed on 30 June 2021. With the assistance of the attorney representing the Guangxi Bioland in charge of the case, the board of directors believes that the outcome of the lawsuit and the compensation obligation (if any) cannot be reliably estimated.

Note 5: On October 28, 2016, Nantong No. 4 Construction Group Co., LTD. ("Nantong No. 4 Construction") and Taizhou Bioland signed the "Construction Contract of Taizhou Kitchen Waste Treatment Project" (the "Contract"), which agreed that Nantong No. 4 Construction would be responsible for the civil construction, water and electricity installation, and the purchase and installation of mechanical and electrical equipment. The contract price is tentatively set at RMB185,568,577.68. On December 30, 2017, Nantong No.4 Construction completed the additional works within and outside the contract. On October 12, 2020, Nantong No.4 Construction Company filed a lawsuit with the People's Court of Hailing District, Taizhou City, Jiangsu Province, with the following appeals: One is to ask the court to order Taizhou Bioland to pay the remaining RMB42,952,327.45, And pay the one-year interest of RMB3,279,007.94 at the standard of annual interest rate of 6.5%, the interest loss of overdue payment of RMB4,730,721.62 and the liquidated damages of RMB364,872.33; Second, it is required to confirm that Nantong No. 4 Construction Company has the priority to receive compensation for the project price involved in the above case; The third is to require the case acceptance fee, preservation fee, litigation liability insurance premium by The State blue. Taizhou Bioland filed a counterclaim on November 30, 2020, requesting Nantong No. 4 Construction to compensate Taizhou Bioland for the loss of RMB1,408,072.96 and interest on overdue payments caused by the quality problems of biogas sac foundation project. As of June 30, 2021, the case has been heard but has not yet been adjudicated. At present, the result of the lawsuit and the liability for compensation (if any) cannot be estimated reliably.

Note 6: In February 2020, Juye Changguang Wind Energy Co., LTD. ("Juye Changguang") and Nanjing Wind Power signed the Purchase Contract of Wind Turbine Sets and Auxiliary Equipment of Heze Juye 50MW Wind Power Generation Project for 20 sets of 2.5MW wind turbine equipment ("Purchase Contract"). The total contract amount is RMB195 million. Juye Changguang believed that the delayed delivery of Nanjing Wind Power led to the failure of its Heze project to complete the grid connection target by the end of December 2020, resulting in various losses. Later, Juye Changguang filed a lawsuit with Nanjing Intermediate People's Court on June 1, 2021, requiring Nanjing Wind Power to bear various losses caused by Juye Changguang due to delayed delivery a total of RMB109,525,640.

In addition to the above matters, as of June 30, 2021, the total amount of the subject matter of the pending litigation and arbitration cases in which the Group is the defendant is RMB150 million. In the opinion of the Board of Directors, with the assistance of the relevant counsel, the outcome of such litigation and arbitration and the indemnity obligations, if any, cannot be reliably estimated. The balance of the guarantee provided by the group is RMB0.38 million.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

XII. EVENTS AFTER THE END OF THE REPORTING PERIOD

1. On 8 July 2021, in accordance with the approval and authorization of the general meeting of shareholders, the Company issued bonds with a scale of USD300 million, and has obtained approval for the listing and trading of the Stock Exchange of Hong Kong Limited (“Stock Exchange Company”) (in a manner only to professional investors). The above-mentioned bonds are listed and traded on the Stock Exchange Company with the stock code “40752” and the stock short name “SZEXPB2607” from 9 July 2021. The Company plans to use the USD bonds to repay the USD300 million bonds issued in 2016.
2. On 22 July 2021, the Board of Directors approved the agreements between the Company and Mei Wah Company. According to the agreements, Mei Wah Company acquires the 100% equity of Shenzhen Investment Holdings International Capital Holding Infrastructure Company Limited (“SIHICH”) from Shenzhen Investment Holdings at the price of about HKD2.45 billion (equivalent to RMB2.062 billion) by way of private agreement transfer, meanwhile accept the debt of SIHICH amounting to HKD7.89 billion (equivalent to RMB6.640 billion), undertakes the transaction tax, and assumes the obligation to pay the difference. The estimated total cost of the acquisition will not exceed HKD10.479 billion (equivalent to RMB8.819 billion) (“the transaction”). The transaction shall be implemented upon approval of the shareholders meeting of the Company and Shenzhen International and the verification of competent organization of Shenzhen Investment Holdings.

XIII. OTHER SIGNIFICANT MATTERS

1. Segment information

(1) Recognition and accounting policies of reportable segments:

According to the Group’s internal organizational structure, management requirements and internal reporting system, the Group’s operating business is divided into two operating segments. The Group’s management regularly evaluates the operating results of these segments to determine the allocation of resources and evaluation its performance. On the basis of operating segments, the Group has identified two reporting segments, namely the toll road segment and the environmental protection segment. These reporting segments are determined on the basis of their main business. The main products and services provided by each reporting segment of the Group are: toll road segment, which takes charge of operation and management of toll roads in Mainland China, and environmental protection segment, which refers to the operation; management of environmentally related infrastructure, mainly including solid waste treatment and clean energy and other business fields; other businesses principally comprise the provision of construction management services, advertising services, property development, finance leases, construction services under franchise arrangement and other services. These businesses cannot be separated into reportable segments.

The segment report information is disclosed in accordance with the accounting policies and measurement standards adopted when each segment reports to the management. These measurement bases are consistent with the accounting and measurement bases used when preparing financial statements.

XIII. OTHER SIGNIFICANT MATTERS (CONTINUED)**1. Segment information (continued)****(2) Segment information**

For the six months ended 30 June 2021 (unaudited)

RMB

Item	Toll road	Environmental protection	Others	Unallocated	Total
Revenue from external customers	2,782,023,471.71	647,457,130.34	781,657,377.79	-	4,211,137,979.84
Cost of service	1,387,901,816.51	435,457,821.24	556,770,215.56	-	2,380,129,853.31
Interest income	32,788,571.17	1,685,282.40	2,437,671.77	6,576,140.16	43,487,665.50
Interest expenses	108,353,371.98	125,678,456.71	196,904,405.78	-	430,936,234.47
Share of profits of associates	92,125,887.16	160,171,126.51	76,626,138.41	-	328,923,152.08
Gains (Losses) on disposal of assets	15,225,855.54	-	-	-	15,225,855.54
Gains (Losses) on impairment of assets	-	5,718,837.99	-	-	5,718,837.99
Credit impairment gains (loss)	-	(2,387,720.34)	1,468,035.39	-	(919,684.95)
Depreciation and amortization	1,131,605,451.11	16,068,968.33	1,219,941.00	11,734,901.06	1,160,629,261.50
Total profit	1,373,656,876.57	142,241,454.55	145,915,286.90	(59,134,497.73)	1,602,679,120.29
Income tax expense	340,222,754.96	3,399,771.19	(30,711,722.40)	-	312,910,803.75
Net profit	1,033,434,121.61	138,841,683.36	176,627,009.30	(59,134,497.73)	1,289,768,316.54
Total assets	34,338,643,792.80	16,247,037,074.61	6,384,970,547.73	358,375,209.63	57,329,026,624.77
Total liabilities	18,616,140,124.20	8,134,398,241.02	1,686,065,950.58	2,400,328,587.08	30,836,932,902.88
Long-term equity investments in associates and joint ventures	1,103,776,129.17	4,987,123,778.86	2,880,943,138.19	-	8,971,843,046.22
Non-current assets (exclusive of financial assets, long-term equity investments, deferred tax assets)	24,109,910,664.02	7,785,802,709.96	4,481,483,626.23	8,483,716.40	36,385,680,716.61

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

XIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1. Segment information (continued)

(2) Segment information (continued)

For the six months ended 30 June 2020 (restated) (unaudited)

RMB

Item	Toll road	Environmental protection	Others	Unallocated	Total
Revenue from external customers	1,095,617,626.57	422,968,864.31	217,976,173.40	-	1,736,562,664.28
Cost of service	972,533,444.70	334,938,296.34	179,119,745.48	-	1,486,591,486.52
Interest income	5,498,653.81	9,280,278.51	1,559,236.90	12,949,674.94	29,287,844.16
Interest expenses	258,932,869.75	74,552,659.57	5,761,748.47	-	339,247,277.79
Share of profits of associates	(4,843,034.35)	98,899,751.07	48,425,149.84	-	142,481,866.56
Gains (Losses) on disposal of assets	-	-	-	(10,820.96)	(10,820.96)
Credit impairment gains (loss)	-	(1,741,064.40)	15,720.46	-	(1,725,343.94)
Depreciation and amortization	724,691,729.70	45,675,238.08	15,427,144.12	9,527,908.15	795,322,020.05
Total profit	(59,973,894.31)	63,652,659.72	30,657,788.50	(52,984,298.84)	(18,647,744.93)
Income tax expense	(12,751,878.74)	(2,694,001.88)	1,391,887.71	-	(14,053,992.91)
Net profit	(47,222,015.57)	66,346,661.60	29,265,900.79	(52,984,298.84)	(4,593,752.02)
Total assets	31,430,054,686.23	12,869,411,931.40	5,237,136,334.26	205,678,658.66	49,742,281,610.55
Total liabilities	19,508,535,047.18	6,232,944,806.55	1,096,092,703.44	2,571,520,800.47	29,409,093,357.64
Long-term equity investments in associates	1,502,343,439.96	4,723,740,955.21	2,502,371,430.52	-	8,728,455,825.69
Non-current assets (exclusive of financial assets, long-term equity investments, deferred tax assets)	24,625,516,446.14	4,001,367,563.20	973,058,797.08	2,669,773.78	29,602,612,580.20

(3) Other information

The Group's revenue from external customers and the total non-current assets other than financial assets and deferred tax assets are all derived from the PRC. The Group did not generate revenue from sales to any single customer that reached or exceeded 10% of the Group's revenue for the period.

XIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Leases

(1) As lessor

Finance lease

The Group as lessor entered into finance lease contracts with customers, with lease term ranging from 2–13 years. Finance lease contract does not contain renewal or termination option.

Undiscounted lease receipts:

	RMB	
Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Within 1 year (inclusive)	89,769,720.01	111,503,772.76
1–2 years (inclusive)	86,483,000.15	80,697,360.57
2–3 years (inclusive)	108,408,298.92	70,442,741.57
3–4 years (inclusive)	66,056,406.42	66,893,968.26
4–5 years (inclusive)	64,833,323.25	62,919,459.00
Over 5 years	349,563,634.70	379,464,645.30
Total	765,114,383.45	771,921,947.46
Unguaranteed residual value	–	–
Total lease investment	765,114,383.45	771,921,947.46
Less: Unrealized financing income	216,690,096.62	226,949,816.87
Net lease investment	548,424,286.83	544,972,130.59
Including: Finance lease receivables due within 1 year	63,527,663.99	52,879,136.63
Finance lease receivables due after 1 year	484,896,622.84	492,092,993.96

Gains relating to finance lease are as follows:

	RMB	
Item	Six months ended 30 June 2021 (unaudited)	Six months ended 30 June 2020 (restated) (unaudited)
Sales gains or losses	–	–
Financing income from net lease investment	18,565,049.06	5,550,545.01

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

XIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Leases (continued)

(1) As lessor (continued)

Operating leases

The Group leases out some parking spaces, and the lease period is not a regular period, which form an operating lease. According to the lease contract, the rent needs to be adjusted every year according to the market rent situation. For the six months ended 2021, the Group's income from the rental of houses and buildings was RMB1,922,305.57. Leased houses and buildings are listed in investment real estate. See Note V.14.

The Group also leases highway billboards and service areas, with leases ranging from 1 to 8 years, which form operating leases.

Item	For the six months ended 30 June 2021 (Unaudited)	RMB For the six months ended 30 June 2020 (Restated) (Unaudited)
Lease income	19,748,451.92	11,539,218.34

The Group had total future minimum lease receivables under non-cancellable leases with its tenants falling due as follows:

Item	30 June 2021 (Unaudited)	RMB 31 December 2020 (Audited)
Within 1 year, inclusive	13,910,321.80	17,938,934.01
1 to 2 years, inclusive	3,530,549.20	5,098,562.88
2 to 3 years, inclusive	3,117,589.52	3,737,909.38
3 to 4 years, inclusive	1,683,340.00	3,162,560.00
4 to 5 years, inclusive	204,120.00	204,120.00
Over 5 years	542,960.00	542,960.00
Total	22,988,880.52	30,685,046.27

XIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Leases (continued)

(2) As lessee

Item	For the six months ended 30 June 2021 (Unaudited)	RMB
		For the six months ended 30 June 2020 (Restated) (Unaudited)
Interest expenses on lease liabilities (Note V. 51)	9,593,897.03	3,533,352.88
Expenses relating to short-term leases accounting for applying practical expedients	5,186,012.63	4,093,001.70
Expenses relating to leases of low-value assets accounted for applying practical expedients (other than short-term leases)	188,938.59	217,480.88
Income from sublease of right-of-use assets	2,163,621.68	3,723,703.29
Total cash outflow for leases	29,624,063.65	26,291,408.15

The Group has lease contracts for various items of houses and buildings, vehicles and other equipment used in the operating process. Leases of houses and buildings and machinery generally have lease terms of 1 to 9 years, while those of vehicles and other equipment generally have lease terms of 1 to 3 years. A few lease contracts contain options for renewal and termination.

Sale and leaseback transaction

In order to meet the capital requirements, the Group will use the sale and leaseback form of financing for the Bioland Environment food waste disposal project's equipment for a lease period of 1 to 8 years.

Item	For the six months ended 30 June 2021 (Unaudited)	RMB
		For the six months ended 30 June 2020 (Restated) (Unaudited)
Sale and leaseback transaction cash inflow	–	1,977,920.55
Sale and leaseback transaction cash outflow	100,904,723.24	714,949,951.47
Gains or losses arising from sale and leaseback transactions (Note V. 36 (1), Note V. 51)	17,927,181.65	39,988,004.20

Other lease information

For right-of-use assets, see Note V.17; for simplified treatment of short-term leases and leases of low-value assets, see Note III. 29; for lease liabilities, see Note V. 35.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

XIV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Accounts receivable disclosed by aging

RMB

Aging	30 June 2021 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	16,500,688.76	–	–
1 to 2 years	–	–	–
2 to 3 years	–	–	–
Over 3 years	4,838,866.44	–	–
Total	21,339,555.20	–	–

(2) Accounts receivable disclosed by the provision method for bad debt:

RMB

Category	30 June 2021 (Unaudited)					31 December 2020 (Audited)				
	Accounts receivable		Bad debt provision		Carrying amount	Accounts receivable		Bad debt provision		Carrying amount
	Book value	Proportion (%)	Amount	Proportion (%)		Book value	Proportion (%)	Amount	Proportion (%)	
Provision for credit loss by group with similar credit risk characteristics										
Group 1	4,838,866.44	22.68	–	–	4,838,866.44	8,809,432.81	43.72	–	–	8,809,432.81
Group 4	16,500,688.76	77.32	–	–	16,500,688.76	11,341,608.31	56.28	–	–	11,341,608.31
Total	21,339,555.20	100.00	–	–	21,339,555.20	20,151,041.12	100.00	–	–	20,151,041.12

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

RMB

Companies	30 June 2021 (Unaudited)	Proportion to the total accounts receivable (%)	Bad debt provision 30 June 2021 (Unaudited)
Total of top five accounts receivable at 30 June 2021	21,339,555.20	100.00	–

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

2. Other receivables

2.1 Other receivables are classified as follows:

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Interest receivable	–	9,588,821.98
Dividends receivable	479,820,000.00	450,000,000.00
Other receivables	1,598,812,999.94	860,064,820.96
Total	2,078,632,999.94	1,319,653,642.94

2.2 Dividend receivable

(1) Dividend receivable

RMB

Item	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Mei Wah Company	479,820,000.00	450,000,000.00

2.3 Other receivables

(1) Disclosure by aging

RMB

Aging	30 June 2021 (Unaudited)		
	Accounts receivable	Bad debt provision	Ratio (%)
Within 1 year	1,071,624,057.51	–	–
1 to 2 years	462,803,755.54	–	–
2 to 3 years	18,304,611.97	–	–
Over 3 years	46,080,574.92	–	–
Total	1,598,812,999.94	–	–

(2) Other receivables by nature are analyzed as follows:

RMB

Nature	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Loans receivable	1,277,524,532.67	545,997,537.77
Advances receivable	306,951,256.08	301,282,769.18
Receivable due to cancellation of toll stations in Yanpai and Yanba sections	9,209,048.19	9,209,048.19
Others	5,128,163.00	3,575,465.82
Total	1,598,812,999.94	860,064,820.96

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

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

2. Other receivables (continued)

2.3 Other receivables (continued)

(3) The top five other receivables are analyzed as follows:

Categories	Nature	30 June 2021	Aging	% of total balance	RMB Balance of provision for bad debts (Unaudited)
Total of top five other receivables at 30 June 2021	Loans receivable, advances receivable	1,379,763,091.89	Within 1 year, 1-2 years, over 3 years	86.30	-

3. Long-term equity investments

Investee	1 January 2021 (Audited)	Changes in the period							30 June 2021 (Unaudited)	Allowance for impairment 30 June 2021	
		Addition	Reduction	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividend or profit declared	Allowance for impairment			Others
Associates and joint ventures:											
Nanjing Third Bridge Company	311,445,639.53	-	-	25,788,765.46	-	-	(29,989,169.32)	-	-	307,245,235.67	-
Yangmao Company	539,786,613.72	126,875,000.00	-	32,120,747.88	-	-	(30,147,171.24)	-	-	668,635,190.36	-
Guangzhou Western Second Ring Company	326,860,559.00	-	-	29,447,976.61	-	-	-	-	-	356,308,535.61	-
United Land Company	1,475,180,256.93	-	-	(7,112,308.29)	-	-	(327,130,605.57)	-	-	1,140,937,343.07	-
Environmental Technology Industry M&A	130,718,169.36	-	-	(2,921,783.74)	-	-	-	-	-	127,796,385.62	-
Others	1,199,717,664.93	31,500,000.00	-	77,456,843.91	-	-	(73,019,999.65)	-	-	1,235,654,509.19	-
Sub-total	3,983,708,903.47	158,375,000.00	-	154,780,241.83	-	-	(460,286,945.78)	-	-	3,836,577,199.52	-
Investment in subsidiaries:											
Jihe East Company	477,298,857.46	-	-	-	-	(477,298,857.46)	-	-	-	-	-
Meiguan Company	521,260,142.34	-	-	-	-	-	-	-	-	521,260,142.34	-
Qinglong Company	101,477,197.16	-	-	-	-	-	-	-	-	101,477,197.16	-
Advertising Company	3,325,000.01	-	-	-	-	-	-	-	-	3,325,000.01	-
Mei Wah Company	831,769,303.26	-	-	-	-	-	-	-	-	831,769,303.26	-
Qinglian Company	1,385,448,900.00	-	-	-	-	-	-	-	-	1,385,448,900.00	678,765,149.21
Outer Ring Company	5,100,000,000.00	-	-	-	-	-	-	-	-	5,100,000,000.00	-
Investment Company	380,000,000.00	-	-	-	-	20,000,000.00	-	-	-	400,000,000.00	-
Environmental Company	5,000,000,000.00	-	-	-	-	-	-	-	-	5,000,000,000.00	-
Operating Company	28,500,000.00	-	-	-	-	1,500,000.00	-	-	-	30,000,000.00	-
Shenchang Company	33,280,762.94	-	-	-	-	-	-	-	-	33,280,762.94	-
Yichang Company	1,270,000,000.00	-	-	-	-	-	-	-	-	1,270,000,000.00	-
Construction Development Company	28,500,000.00	-	-	-	-	1,500,000.00	-	-	-	30,000,000.00	-
Infrastructure Environment Protection Development Company	132,600,000.00	-	-	-	-	-	-	-	-	132,600,000.00	-
Coastal Company	5,587,939,407.88	-	-	-	-	-	-	-	-	5,587,939,407.88	-
Fund Company	9,500,000.00	-	-	-	-	500,000.00	-	-	-	10,000,000.00	-
Botou Nanfeng	0.67	0.33	-	-	-	-	-	-	-	1.00	-
Financial Leasing Company	15,320,919.87	-	-	-	-	-	-	-	-	15,320,919.87	-
New Energy Company	10,000,000.00	1,025,240,000.00	-	-	-	-	-	-	-	1,035,240,000.00	-
Guangming Environmental Technology	-	200,000,000.00	-	-	-	-	-	-	-	200,000,000.00	-
Longda Company	103,816,567.61	-	-	-	-	-	-	-	-	103,816,567.61	-
Sub-total	21,020,037,059.20	1,225,240,000.33	-	-	(453,798,857.46)	-	(460,286,945.78)	-	-	21,791,478,202.07	678,765,149.21
Total	25,003,745,962.67	1,383,615,000.33	-	154,780,241.83	-	(453,798,857.46)	(460,286,945.78)	-	-	25,628,055,401.59	678,765,149.21

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

3. Long-term equity investments (continued)

The detailed information about investment in associates and joint ventures is set out in Note V.12. The Company directly holds 2.92% of Guizhou Bank, except for the investments in associates, namely Guizhou Hengtongli and Derun Environment, the investments in associates are held by the Company.

4. Revenue and costs of services

RMB

Item	For the six months ended 30 June 2021 (Unaudited)		For the six months ended 30 June 2020 (Unaudited)	
	Revenue	Cost	Revenue	Cost
Main businesses	446,392,532.80	129,791,859.35	132,167,381.35	54,497,215.96
Other businesses	55,902,586.47	57,189,009.42	55,956,588.65	42,656,152.26
Total	502,295,119.27	186,980,868.77	188,123,970.00	97,153,368.22

5. Investment income

RMB

Item	For the six months ended 30 June 2021 (Unaudited)	For the six months ended 30 June 2020 (Unaudited)
Income from long-term equity investments under the equity method	154,780,241.83	33,551,492.29
Income from long-term equity investments under the cost method	303,350,024.87	66,000,000.00
Investment income from other non-current financial assets	5,436,000.00	–
Income from financial products	25,337,086.29	–
Total	488,903,352.99	99,551,492.29

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2021

XV. SUPPLEMENTARY INFORMATION

1. Detailed list of non-recurring profit or loss items

RMB

Item	Amount	Note
Gains or losses on disposal of non-current asset	40,562,941.83	Investment income generated by the sale of shares of Yunfu Guangyun Expressway Co., LTD and Guangdong Jiangzhong Expressway Co., LTD and compensation for the expropriation of part of the land along the expressway by the government
Government subsidies included in current profits and losses (Except for government subsidies that are closely related to the business of the enterprise and are enjoyed in a fixed or quantitative basis according to the unified national standard)	33,564,699.06	The government has received special subsidies for the economic development of headquarters and amortized subsidies for the cancellation of provincial border toll stations
Capital occupation fee charged to non-financial enterprises included in current profits and losses	860,000.00	The interest expense of the 40 million equity transfer price difference for the acquisition of 100% of Fengli Company by Mei Wah Company from Hetai Investment
In addition to the effective hedging business related to the Company's normal business operations, the fair value gains and losses arising from the holding of financial assets held for trade, derivative financial assets, financial liabilities held for trade, derivative financial liabilities, and other non-current financial assets, as well as the investment income from the disposal of the above financial assets/liabilities, receivable financing and other debt investments	(43,617,615.77)	Changes in fair value of foreign exchange forward contracts and shares held in United Electronic.
Income and expenditure other than those mentioned above	12,256,278.79	Received litigation damages, etc
Impact of income tax	(10,182,324.74)	
Impact of minority interests	(3,022,496.12)	
Total	30,421,483.05	

XV. SUPPLEMENTARY INFORMATION (CONTINUED)

1. Detailed list of non-recurring profit or loss items (continued)

Basis for preparation of the detailed list of non-recurring profit or loss items:

Under the requirements in Explanatory Announcement No.1 on Information Disclosure by Companies Offering Securities to the Public – Non-Recurring Profits or Losses [2008] (“Explanatory announcement No.1”) from the CSRC, non-recurring profit or loss refers to transactions that are not directly relevant to the normal business operations, or that are relevant to ordinary business, but are so extraordinary that would have an influence on users of the financial statements when making proper judgments on the performance and profitability of an enterprise.

2. Return on net assets and earnings per share

The table of calculation of return on net assets and earnings per share has been prepared by Shenzhen Expressway Company Limited in accordance with the relevant provisions of “No. 09 of the Rules Governing the Disclosure and Preparation of Information by Companies Issuing Public Securities – Calculation and Disclosure of Return on Net Assets and Earnings Per Share” (revised in 2010) issued by the China Securities Regulatory Commission.

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary owners of the Company	5.79	0.517	0.517
Net loss after deducting non-recurring profit or loss attributable to ordinary owners of the Company	5.64	0.503	0.503

Company Information

I. Company Profile

Registered name	深圳高速公路股份有限公司
Chinese abbreviation	深高速
English name	Shenzhen Expressway Company Limited
English abbreviation	SZEW
Legal representative	HU Wei

II. Contact Information

	Secretary of the Board	Joint company secretary	Securities officer
Name	GONG Tao Tao	GONG Tao Tao, LAM Yuen Ling Eva	GONG Xin, XIAO Wei
Contact address	Podium Levels 2–4, Jiangsu Building, Yitian Road, Futian District, Shenzhen		
Telephone	(86) 755-8285 3330; (86) 755-8285 3338		
Fax	(86) 755-8285 3400		
E-mail	secretary@sz-expressway.com		
Investor hotline	(86) 755-8285 3329		

III. General Information

Registered address	Fumin Toll Station, Fucheng Street, Longhua District, Shenzhen (Postal Code:518110)
Place of business	Podium Levels 2–4, Jiangsu Building, Yitian Road, Futian District, Shenzhen (Postal Code:518026)
Website	http://www.sz-expressway.com
E-mail	ir@sz-expressway.com
Principal place of business in Hong Kong	Room 1603, 16/F, China Building, 29 Queen’s Road Central, Hong Kong Tel: (852) 2543 0633 Fax: (852) 2543 9996

IV. Information Disclosure and Site for Inspection

Designated publication newspaper	Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily (for A Shares only)
Designated publication website	http://www.sse.com.cn http://www.hkexnews.hk http://www.sz-expressway.com
Annual report available at	PRC: Podium Levels 2–4, Jiangsu Building, Yitian Road, Futian District, Shenzhen Hong Kong: Room 1603, 16/F, China Building, 29 Queen’s Road Central, Hong Kong

Company Information

V. Security Profile

Type of securities	Listing exchange	Abbreviation	Stock code
A Share	The Shanghai Stock Exchange	Shenzhen Expressway	600548
H Share	The Stock Exchange of Hong Kong Limited	Shenzhen Expressway	00548
Bond	The Shanghai Stock Exchange	20 Shenzhen Expressway 01	163300
Bond	The Shanghai Stock Exchange	G20 Shenzhen Expressway 1	175271
Bond	The Shanghai Stock Exchange	G21 Shenzhen Expressway 1	175979
Bond	The Stock Exchange of Hong Kong Limited	SZEXP B2607	40752
Bond	The Shanghai Stock Exchange	21 Shenzhen Expressway 01	188451

- ◆ *Unless otherwise stated, the amounts stated in this report are in RMB.*
- ◆ *The total of breakdown and the total may not equal in mantissa due to rounding.*



SHENZHEN EXPRESSWAY COMPANY LIMITED

www.sz-expressway.com