

# **Guangdong Provincial Expressway Development Co., Ltd.**

## **The Semi-Annual Financial Report 2021**

**August 2021**



**I. Audit report**

Has this semi-annual report been audited?

Yes No

The semi-annual report was not audited.

**II. Financial statements**

Currency unit for the statements in the notes to these financial statements: RMB

## 1. Consolidated balance sheet

Prepared by: Guangdong Provincial Expressway Development Co., Ltd.

June 30,2021

In RMB

Items	June 30,2021	December 30,2020
Current asset:		
Monetary fund	3,567,296,610.42	2,847,398,003.89
Settlement provision		
Outgoing call loan		
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Account receivable	143,817,895.36	168,907,517.56
Financing of receivables		
Prepayments	3,629,905.49	3,607,538.01
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other account receivable	116,279,317.70	60,925,367.64
Including: Interest receivable		
Dividend receivable	77,609,011.14	2,705,472.90
Repurchasing of financial assets		
Inventories	375,353.97	53,761.06

Items	June 30,2021	December 30,2020
Contract assets	5,231,809.89	5,452,813.90
Assets held for sales		
Non-current asset due within 1 year	6,188,916.16	51,745.32
Other current asset	793,006.80	27,051.69
Total of current assets	3,843,612,815.79	3,086,423,799.07
Non-current assets:		
Loans and payment on other' s behalf disbursed		
Creditor's right investment		
Other creditor's right investment		
Long-term receivable		
Long term share equity investment	2,425,787,626.37	2,382,381,165.60
Other equity instruments investment	1,687,611,990.05	1,737,015,528.29
Other non-current financial assets		
Property investment	2,999,822.65	3,110,381.89
Fixed assets	10,897,135,679.38	11,540,075,929.69
Construction in progress	476,068,792.62	340,611,095.47
Production physical assets		
Oil & gas assets		
Use right assets	18,740,252.76	Not applicable
Intangible assets	283,730,534.72	302,381,356.52
Development expenses		
Goodwill		
Long-germ expenses to be amortized	2,279,062.50	3,462,122.00
Deferred income tax asset	287,472,257.16	330,755,418.39
Other non-current asset	23,121,524.43	22,361,861.19
Total of non-current assets	16,104,947,542.64	16,662,154,859.04
Total of assets	19,948,560,358.43	19,748,578,658.11
Current liabilities		
Short-term loans	200,175,000.00	200,192,500.00
Loan from Central Bank		
Borrowing funds		
Transactional financial liabilities		

Items	June 30,2021	December 30,2020
Derivative financial liabilities		
Notes payable		
Account payable	306,508,695.83	369,773,342.71
Advance receipts	21,801,794.77	11,309,007.41
Contract liabilities	327,734.51	309,734.51
Selling of repurchased financial assets		
Deposit taking and interbank deposit		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	25,320,989.97	16,726,198.13
Tax payable	176,211,612.25	217,748,392.78
Other account payable	819,156,400.81	1,512,619,359.78
Including: Interest payable		
Dividend payable	630,684,374.92	22,262,804.39
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liability due within 1 year	175,857,862.51	266,328,017.47
Other current liability	1,882,974.53	648,581.64
Total of current liability	1,727,243,065.18	2,595,655,134.43
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term loan	5,877,040,700.00	4,977,438,800.00
Bond payable	1,426,956,661.36	1,426,488,336.65
Including: preferred stock		
Sustainable debt		
Lease liability	7,722,763.42	Not applicable
Long-term payable	3,461,832.74	40,406,172.37
Long-term remuneration payable to staff		
Expected liabilities		
Deferred income	79,199,331.40	89,170,569.64

Items	June 30,2021	December 30,2020
Deferred income tax liability	362,172,755.30	387,103,060.74
Other non-current liabilities		
Total non-current liabilities	7,756,554,044.22	6,920,606,939.40
Total of liability	9,483,797,109.40	9,516,262,073.83
Owners' equity		
Share capital	2,090,806,126.00	2,090,806,126.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	692,034,132.73	645,969,210.48
Less: Shares in stock		
Other comprehensive income	267,838,432.29	302,895,877.65
Special reserve		
Surplus reserves	1,167,785,965.63	1,167,785,965.63
Common risk provision		
Retained profit	3,965,681,227.90	3,725,679,319.35
Total of owner' s equity belong to the parent company	8,184,145,884.55	7,933,136,499.11
Minority shareholders' equity	2,280,617,364.48	2,299,180,085.17
Total of owners' equity	10,464,763,249.03	10,232,316,584.28
Total of liabilities and owners' equity	19,948,560,358.43	19,748,578,658.11

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Lu Ming

Accounting Dept Leader: Zhou Fang

## 2.Parent Company Balance Sheet

In RMB

Items	June 30,2021	December 31,2020
Current asset:		
Monetary fund	2,430,212,254.68	1,781,764,519.09
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Account receivable	19,737,518.67	27,004,827.41
Financing of receivables		
Prepayments	1,020,172.00	2,181,215.03
Other account receivable	107,676,866.16	54,148,114.53
Including: Interest receivable		
Dividend receivable	77,609,011.14	2,705,472.90
Inventories		
Contract assets		
Assets held for sales		
Non-current asset due within 1 year	271,802,985.60	256,279,340.60
Other current asset	405,622.83	27,051.69
Total of current assets	2,830,855,419.94	2,121,405,068.35
Non-current assets:		
Creditor's right investment	277,903,684.98	287,903,684.98
Other creditor's right investment		
Long-term receivable		
Long term share equity investment	5,594,733,537.89	5,529,362,536.53
Other equity instruments investment	1,687,611,990.05	1,737,015,528.29
Other non-current financial assets		
Property investment	2,747,684.40	2,858,243.64
Fixed assets	5,925,202,476.53	6,245,462,940.39
Construction in progress	46,156,802.33	43,086,545.58
Production physical assets		
Oil & gas assets		
Use right assets	17,382,834.74	Not applicable
Intangible assets	144,488,882.05	150,582,241.22

Items	June 30,2021	December 31,2020
Development expenses		
Goodwill		
Long-germ expenses to be amortized		
Deferred income tax asset	280,334,256.79	322,365,911.10
Other non-current asset	7,089,990.48	7,089,990.48
Total of non-current assets	13,983,652,140.24	14,325,727,622.21
Total of assets	16,814,507,560.18	16,447,132,690.56
Current liabilities		
Short-term loans	200,175,000.00	200,192,500.00
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	103,250,751.10	105,919,984.52
Advance receipts	752,954.29	
Contract Liabilities		Not applicable
Employees' wage payable	6,208,548.09	6,472,802.81
Tax payable	4,754,697.62	9,165,801.86
Other account payable	739,961,982.78	1,431,814,861.38
Including: Interest payable		
Dividend payable	630,684,374.92	22,262,804.39
Liabilities held for sales		
Non-current liability due within 1 year	107,306,161.27	190,331,701.48
Other current liability	497,710,890.09	539,618,124.00
Total of current liability	1,660,120,985.24	2,483,515,776.05
Non-current liabilities:		
Long-term loan	5,323,090,700.00	4,389,653,800.00
Bond payable	1,426,956,661.36	1,426,488,336.65
Including: preferred stock		
Sustainable debt		
Lease liability	7,434,009.98	Not applicable
Long-term payable	3,461,832.74	40,406,172.37
Long-term remuneration payable to staff		



Items	June 30,2021	December 31,2020
Expected liabilities		
Deferred income	11,762,103.38	13,403,327.12
Deferred income tax liability	93,448,933.15	105,636,866.50
Other non-current liabilities		
Total non-current liabilities	6,866,154,240.61	5,975,588,502.64
Total of liability	8,526,275,225.85	8,459,104,278.69
Owners' equity		
Share capital	2,090,806,126.00	2,090,806,126.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	935,191,327.54	938,969,546.79
Less: Shares in stock		
Other comprehensive income	267,838,432.29	302,895,877.65
Special reserve		
Surplus reserves	987,813,698.07	987,813,698.07
Retained profit	4,006,582,750.43	3,667,543,163.36
Total of owners' equity	8,288,232,334.33	7,988,028,411.87
Total of liabilities and owners' equity	16,814,507,560.18	16,447,132,690.56

### 3.Consolidated Income statement

In RMB

Items	The first half year of 2021	The first half year of 2020
I. Income from the key business	2,488,474,669.81	1,117,754,309.27
Incl: Business income	2,488,474,669.81	1,117,754,309.27
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	1,114,434,707.99	982,301,522.18
Incl: Business cost	889,127,742.43	777,474,885.26
Interest expense		
Fee and commission paid		

Items	The first half year of 2021	The first half year of 2020
Insurance discharge payment		
Net claim amount paid		
Net amount of withdrawal of insurance contract reserve		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	11,081,346.10	5,461,398.43
Sales expense		
Administrative expense	93,357,035.39	78,662,061.95
R & D costs		
Financial expenses	120,868,584.07	120,703,176.54
Including: Interest expense	149,343,110.61	134,883,778.08
Interest income	29,751,089.44	15,990,606.72
Add: Other income	9,922,369.03	5,936,612.55
Investment gain ( "-" for loss )	172,050,127.56	66,754,110.72
Incl: investment gains from affiliates	122,646,589.32	12,358,090.15
Financial assets measured at amortized cost cease to be recognized as income		
Gains from currency exchange		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss	-1,310,999.95	-236,683.81
Impairment loss of assets	-2,889,394.16	
Assets disposal income		4.37
III. Operational profit ( "-" for loss )	1,551,812,064.30	207,906,830.92
Add : Non-operational income	4,011,220.05	5,311,689.24
Less: Non-operating expense	1,811,321.13	2,237,538.58
IV. Total profit( "-" for loss)	1,554,011,963.22	210,980,981.58
Less: Income tax expenses	354,025,065.47	94,128,013.74
V. Net profit	1,199,986,897.75	116,852,967.84
(I) Classification by business continuity		
1.Net continuing operating profit		
2.Termination of operating net profit		
(II) Classification by ownership		

Items	The first half year of 2021	The first half year of 2020
1.Net profit attributable to the owners of parent company	848,860,350.64	24,616,425.76
2.Minority shareholders' equity	351,126,547.11	92,236,542.08
VI. Net after-tax of other comprehensive income	-35,057,445.36	-143,912,924.53
Net of profit of other comprehensive income attributable to owners of the parent company.	-35,057,445.36	-143,912,924.53
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-37,052,653.68	-146,446,202.64
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	-37,052,653.68	-146,446,202.64
4. Changes in the fair value of the company's credit risks		
5.Other		
(II) Other comprehensive income that will be reclassified into profit or loss.	1,995,208.32	2,533,278.11
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.	1,995,208.32	2,533,278.11
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements		
7.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	1,164,929,452.39	-27,059,956.69
Total comprehensive income attributable to the owner of the parent company	813,802,905.28	-119,296,498.77

Items	The first half year of 2021	The first half year of 2020
Total comprehensive income attributable minority shareholders	351,126,547.11	92,236,542.08
VIII. Earnings per share		
( I ) Basic earnings per share	0.41	0.01
(II)Diluted earnings per share	0.41	0.01

The current business combination under common control, the net profits of the combined party before achieved net profit of RMB 0.00, last period the combined party realized RMB0.00.

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua, ,

Person in charge of accounting: Lu Ming

Accounting Dept Leader: Zhou Fang

#### 4. Income statement of the Parent Company

In RMB

Items	The first half year of 2021	The first half year of 2020
I. Income from the key business	692,634,698.13	293,579,730.04
Incl: Business cost	367,240,160.93	328,657,958.84
Business tax and surcharge	3,738,582.05	2,414,928.72
Sales expense		
Administrative expense	47,922,792.66	40,263,656.49
R & D expense		
Financial expenses	127,541,297.15	111,941,828.19
Including: Interest expenses	145,100,046.47	126,623,134.06
Interest income	17,596,981.65	14,718,213.69
Add: Other income	2,125,443.39	1,348,815.87
Investment gain ( “-” for loss )	844,032,026.57	513,084,202.15
Including: investment gains from affiliates	119,611,129.91	55,853,351.49
Financial assets measured at amortized cost cease to be recognized as income		
Net exposure hedging income		
Changing income of fair value		
Credit impairment loss		
Impairment loss of assets	-2,889,394.16	
Assets disposal income		4.37
II. Operational profit ( “-” for loss )	989,459,941.14	324,734,380.19

Items	The first half year of 2021	The first half year of 2020
Add : Non-operational income	655,426.85	1,033,092.43
Less: Non -operational expenses	22,733.31	410,045.97
III. Total profit(“-” for loss)	990,092,634.68	325,357,426.65
Less: Income tax expenses	42,194,605.52	13,012,561.44
IV. Net profit	947,898,029.16	312,344,865.21
1.Net continuing operating profit	947,898,029.16	312,344,865.21
2.Termination of operating net profit		
V. Net after-tax of other comprehensive income	-35,057,445.36	-143,912,924.53
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period	-37,052,653.68	-146,446,202.64
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
3. Changes in the fair value of investments in other equity instruments	-37,052,653.68	-146,446,202.64
4. Changes in the fair value of the company’ s credit risks		
5.Other		
(II)Other comprehensive income that will be reclassified into profit or loss	1,995,208.32	2,533,278.11
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.	1,995,208.32	2,533,278.11
2. Changes in the fair value of investments in other debt obligations		
3. Other comprehensive income arising from the reclassification of financial assets		
4.Allowance for credit impairments in investments in other debt obligations		
5. Reserve for cash flow hedges		
6.Translation differences in currency financial statements		
7.Other		
VI. Total comprehensive income	912,840,583.80	168,431,940.68
VII. Earnings per share		
( I ) Basic earnings per share		

Items	The first half year of 2021	The first half year of 2020
(II) Diluted earnings per share		

## 5. Consolidated Cash flow statement

In RMB

Items	The first half year of 2021	The first half year of 2020
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	2,575,650,836.44	1,123,228,667.57
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Cash received from interest, commission charge and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received by agent in securities trading		
Tax returned		77,578.62
Other cash received from business operation	62,165,772.17	111,366,877.57
Sub-total of cash inflow	2,637,816,608.61	1,234,673,123.76
Cash paid for purchasing of merchandise and services	153,110,239.80	118,763,809.79
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in financial assets held for trading purposes		
Net increase for Outgoing call loan		
Cash paid for interest, processing fee and commission		
Cash paid to staffs or paid for staffs	195,340,890.00	174,308,304.27
Taxes paid	448,200,872.16	205,549,293.48

Items	The first half year of 2021	The first half year of 2020
Other cash paid for business activities	25,871,389.40	26,388,420.41
Sub-total of cash outflow from business activities	822,523,391.36	525,009,827.95
Net cash generated from /used in operating activities	1,815,293,217.25	709,663,295.81
<b>II. Cash flow generated by investing</b>		
Cash received from investment retrieving	22,500,000.00	15,000,000.00
Cash received as investment gains	51,523,258.20	109,322,820.32
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	9,900.00	17,625.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow due to investment activities	74,033,158.20	124,340,445.32
Cash paid for construction of fixed assets, intangible assets and other long-term assets	232,853,557.14	216,075,673.05
Cash paid as investment		95,000,000.00
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	232,853,557.14	311,075,673.05
Net cash flow generated by investment	-158,820,398.94	-186,735,227.73
<b>III. Cash flow generated by financing</b>		
Cash received as investment		
Including: Cash received as investment from minor shareholders		
Cash received as loans	1,166,930,000.00	1,345,590,000.00
Other financing - related cash received	97,731,650.00	13,180,600.00
Sub-total of cash inflow from financing activities	1,264,661,650.00	1,358,770,600.00
Cash to repay debts	363,908,100.00	1,234,507,500.00
Cash paid as dividend, profit, or interests	609,553,626.92	206,533,215.82
Including: Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	1,227,774,134.86	1,122,177.00
Sub-total of cash outflow due to financing activities	2,201,235,861.78	1,442,162,892.82
Net cash flow generated by financing	-936,574,211.78	-83,392,292.82

Items	The first half year of 2021	The first half year of 2020
IV. Influence of exchange rate alternation on cash and cash equivalents		
V. Net increase of cash and cash equivalents	719,898,606.53	439,535,775.26
Add: balance of cash and cash equivalents at the beginning of term	2,846,176,803.89	3,052,977,164.15
VI. Balance of cash and cash equivalents at the end of term	3,566,075,410.42	3,492,512,939.41

## 6. Cash Flow Statement of the Parent Company

In RMB

Items	The first half year of 2021	The first half year of 2020
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	720,086,995.35	302,123,119.55
Tax returned		
Other cash received from business operation	44,973,397.60	63,304,430.86
Sub-total of cash inflow	765,060,392.95	365,427,550.41
Cash paid for purchasing of merchandise and services	17,069,701.31	15,346,627.62
Cash paid to staffs or paid for staffs	61,391,499.13	52,390,979.85
Taxes paid	27,826,685.08	13,428,897.71
Other cash paid for business activities	73,534,284.42	201,770,756.58
Sub-total of cash outflow from business activities	179,822,169.94	282,937,261.76
Net cash generated from /used in operating activities	585,238,223.01	82,490,288.65
II. Cash flow generated by investing		
Cash received from investment retrieving	37,500,000.00	
Cash received as investment gains	707,197,026.42	358,767,434.26
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	2,600.00	6,300.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow due to investment activities	744,699,626.42	358,773,734.26
Cash paid for construction of fixed assets, intangible assets and other long-term assets	94,360,520.74	118,535,092.50
Cash paid as investment	1,246,839,292.00	82,000,000.00



Items	The first half year of 2021	The first half year of 2020
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	1,341,199,812.74	200,535,092.50
Net cash flow generated by investment	-596,500,186.32	158,238,641.76
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans	1,166,930,000.00	1,135,000,000.00
Other financing - related cash received		
Sub-total of cash inflow from financing activities	1,166,930,000.00	1,135,000,000.00
Cash to repay debts	322,573,100.00	1,083,917,500.00
Cash paid as dividend, profit, or interests	178,730,958.24	73,014,375.80
Other cash paid for financing activities	5,916,242.86	1,122,177.00
Sub-total of cash outflow due to financing activities	507,220,301.10	1,158,054,052.80
Net cash flow generated by financing	659,709,698.90	-23,054,052.80
IV. Influence of exchange rate alternation on cash and cash equivalents		
V. Net increase of cash and cash equivalents	648,447,735.59	217,674,877.61
Add: balance of cash and cash equivalents at the beginning of term	1,780,543,319.09	2,790,163,301.78
VI. Balance of cash and cash equivalents at the end of term	2,428,991,054.68	3,007,838,179.39

## 7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	The first half year of 2021														Minor shareholders' equity	Total of owners' equity
	Owner's equity Attributable to the Parent Company															
	Share Capital	Other Equity instrument			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal			
Preferred stock		Sustainable debt	Other													
I. Balance at the end of last year	2,090,806,126.00				645,969,210.48		302,895,877.65		1,167,785,965.63		3,725,679,319.35		7,933,136,499.11	2,299,180,085.17	10,232,316,584.28	
Add: Change of accounting policy											-433,859.42		-433,859.42		-433,859.42	
Correcting of previous errors																
Merger of entities under common control																
Other																
II. Balance at the beginning of current year	2,090,806,126.00				645,969,210.48		302,895,877.65		1,167,785,965.63		3,725,245,459.93		7,932,702,639.69	2,299,180,085.17	10,231,882,724.86	
III. Changed in the					46,064,922		-35,057,445.36				240,435,767.97		251,443,24	-18,562,720.69	232,880,524.17	

Items	The first half year of 2021														
	Owner's equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
Preferred stock		Sustainable debt	Other												
current year					.25								4.86		
(I) Total comprehensive income							-35,057,445.36				848,860,350.64		813,802,905.28	351,126,547.11	1,164,929,452.39
(II) Investment or decreasing of capital by owners															
1. Ordinary Shares invested by shareholders															
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity															
4. Other															
(III) Profit allotment											-608,424,582.67		-608,424,582.67	-417,577,776.30	-1,026,002,358.97

Items	The first half year of 2021														
	Owner's equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
Preferred stock		Sustainable debt	Other												
1. Providing of surplus reserves															
2. Providing of common risk provisions															
3. Allotment to the owners (or shareholders)											-608,424,582.67		-608,424,582.67	-417,577,776.30	-1,026,002,358.97
4. Other															
(IV) Internal transferring of owners' equity															
1. Capitalizing of capital reserves (or to capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															

Items	The first half year of 2021														
	Owner's equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
	Preferred stock	Sustainable debt	Other												
3. Making up losses by surplus reserves.															
4. Change amount of defined benefit plans that carry forward Retained earnings															
5. Other comprehensive income carry-over retained earnings															
6. Other															
(V). Special reserves															
1. Provided this year															
2. Used this term															
(VI) Other					46,064,922.25								46,064,922.25	47,888,508.50	93,953,430.75
IV. Balance at the end of this term	2,090,806.126.00				692,034,132.73		267,838,432.29		1,167,785,965.63		3,965,681,227.90		8,184,145,884.55	2,280,617,364.48	10,464,763,249.03

Amount in last year

In RMB

Items	The first half year of 2020														Minor shareholders' equity	Total of owners' equity
	Owner's equity Attributable to the Parent Company															
	Share Capital	Other Equity instrument			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal			
		Preferr ed stock	Sus tain able deb t	Othe r												
I. Balance at the end of last year	2,090,806,126.00				3,094,017,129.31		382,193,344.90		1,074,553,052.81		3,915,790,810.76		10,557,360,463.78	2,139,676,884.88	12,697,037,348.66	
Add: Change of accounting policy																
Correcting of previous errors																
Merger of entities under common control																
Other																
II. Balance at the beginning of current year	2,090,806,126.00				3,094,017,129.31		382,193,344.90		1,074,553,052.81		3,915,790,810.76		10,557,360,463.78	2,139,676,884.88	12,697,037,348.66	
III. Changed in the					6,722,106.00		-143,912,924.53				-875,004,927.61		-1,012,195,746	-68,658,149.29	-1,080,853,895.43	

Items	The first half year of 2020														
	Owner's equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
		Preferr ed stock	Sus tain able deb t	Othe r											
current year													.14		
(1) Total comprehensive income						-143,912,924.53				24,616,425.76			-119,296,498.77	92,236,542.08	-27,059,956.69
(II) Investment or decreasing of capital by owners															
1. Ordinary Shares invested by shareholders															
2. Holders of other equity instruments invested capital															
3. Amount of shares paid and accounted as owners' equity															

Items	The first half year of 2020														
	Owner's equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
Preferr ed stock		Sus tain able deb t	Othe r												
4. Other															
(III) Profit allotment											-899,621,353.37		-899,621,353.37	-167,353,185.37	-1,066,974,538.74
1.Providing of surplus reserves															
2.Providing of common risk provisions															
3. Allotment to the owners (or shareholders)											-882,320,185.17		-882,320,185.17	-167,353,185.37	-1,049,673,370.54
4. Other											-17,301,168.20		-17,301,168.20		-17,301,168.20
(IV) Internal transferring of owners' equity															
1. Capitalizing of capital reserves															



Items	The first half year of 2020														
	Owner' s equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
Preferr ed stock		Sus tain able deb t	Othe r												
(or to capital shares)															
2. Capitalizing of surplus reserves (or to capital shares)															
3. Making up losses by surplus reserves.															
4. Change amount of defined benefit plans that carry forward Retained earnings															
5. Other comprehensive income carry-over retained earnings															

Items	The first half year of 2020														
	Owner's equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less : Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Retained profit	Other	Subtotal		
Preferr ed stock		Sus tain able deb t	Othe r												
6. Other															
(V). Special reserves															
1. Provided this year															
2. Used this term															
(VI) Other					6,722,106.00								6,722,106.00	6,458,494.00	13,180,600.00
IV. Balance at the end of this term	2,090,806,126.00				3,100,739,235.31		238,280,420.37		1,074,553,052.81		3,040,785,883.15		9,545,164,717.64	2,071,018,735.59	11,616,183,453.23

## 8.Statement of change in owner' s Equity of the Parent Company

Amount in this period

In RMB

Items	The first half year of 2021											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferr ed stock	Sust aina ble debt	Other								
I.Balance at the end of last year	2,090,806,126.00				938,969,546.79		302,895,877.65		987,813,698.07	3,667,543,163.36		7,988,028,411.87
Add: Change of accounting policy										-433,859.42		-433,859.42
Correcting of previous errors												
Other												
II.Balance at the beginning of current year	2,090,806,126.00				938,969,546.79		302,895,877.65		987,813,698.07	3,667,109,303.94		7,987,594,552.45
III.Changed in the current year					-3,778,219.25		-35,057,445.36			339,473,446.49		300,637,781.88
(I) Total comprehensive income							-35,057,445.36			947,898,029.16		912,840,583.80

Items	The first half year of 2021											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferr ed stock	Sust aina ble debt	Other								
(II) Investment or decreasing of capital by owners												
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
4. Other												
( III ) Profit allotment										-608,424,582.67		-608,424,582.67
1.Providing of surplus reserves												
2. Allotment to the owners (or shareholders)										-608,424,582.67		-608,424,582.67

Items	The first half year of 2021											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferr ed stock	Sust aina ble debt	Other								
3. Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4. Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												

Items	The first half year of 2021											
	Share capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferr ed stock	Sust aina ble debt	Other								
6. Other												
(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other					-3,778,219.25							-3,778,219.25
IV. Balance at the end of this term	2,090,806,126.0 0				935,191,327. 54		267,838,432.29		987,813,698.0 7	4,006,582,750.43		8,288,232,334.33

Amount in last year

In RMB

Items	The first half year of 2020											
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Retained profit	Other	Total of owners' equity
		Preferred stock	Sustainable debt	Other								
I. Balance at the end of last year	2,090,806.12 6.00				2,974,458,696.93		382,193,344.90		894,580,785.25	3,710,584,722.68		10,052,623,675.76
Add: Change of accounting policy												
Correcting of previous errors												
Other												
II. Balance at the beginning of current year	2,090,806.12 6.00				2,974,458,696.93		382,193,344.90		894,580,785.25	3,710,584,722.68		10,052,623,675.76
III. Changed					3,954,180.		-143,912,924.53			-569,975,319.		-709,934,064.49

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in the current year					00					96		
(I) Total comprehensive income							-143,912,924.53			312,344,865.21		168,431,940.68
(II) Investment or decreasing of capital by owners												
1. Ordinary Shares invested by shareholders												
2. Holders of other equity instruments invested capital												
3.Amount of shares paid and accounted as owners' equity												
4. Other												
(III) Profit allotment										-882,320,185.17		-882,320,185.17



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1. Providing of surplus reserves												
2. Allotment to the owners (or shareholders)										-882,320,185.17		-882,320,185.17
3. Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												

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4. Change amount of defined benefit plans that carry forward Retained earnings												
5. Other comprehensive income carry-over retained earnings												
6. Other												
(V) Special reserves												
1. Provided this year												
2. Used this term												
(VI) Other					3,954,180.00							3,954,180.00
IV. Balance at the end of this term	2,090,806.126.00				2,978,412,876.93		238,280,420.37		894,580,785.25	3,140,609,402.72		9,342,689,611.27

### III. Company Profile

#### 1. Basic information of the IPO and share capital of the company

1. The Company was established in February 1993, which was originally named as Guangdong Fokai Expressway Co., Ltd. On June 30, 1993, it was renamed as Guangdong Provincial Expressway Development Co., Ltd. after reorganization pursuant to the approval of the Office of Joint Examination Group of Experimental Units of Share Holding System with YLSB (1993) No. 68 document. The share capital structure after reorganization is as follows:

Composition of state-owned shares: The appraised net value of state-owned assets of Guangdong Jiujiang Bridge Co. and Guangfo Expressway Co., Ltd. as of January 31, 1993 confirmed by Guangdong State-owned Asset Management Dept., i.e., RMB 418.2136 million, was converted into 155.025 million shares. Guangdong Expressway Co. invested cash of RMB 115 million to subscribe for 35.9375 million shares. Other legal persons invested cash of RMB 286.992 million to subscribe for 89.685 million shares. Staff of the Company invested RMB 87.008 million to subscribe for 27.19 million shares. The total is RMB 307.8375 million shares.

2. Pursuant to the approval of Guangdong Economic System Reform Committee and Guangdong Securities Regulatory Commission with YTG (1996) No. 67 document, part of the shareholders of non-state-owned legal person shares transferred 20 million non-state-owned legal person shares to Malaysia Yibao Engineering Co., Ltd. in June 1996.

3. Pursuant to the approval of Securities Commission under the State Council with WF (1996) No. 24 approval document and that of Guangdong Economic System Reform Committee with YTG (1996) No. 68 document, the Company issued 135 million domestically listed foreign investment shares (B shares) to overseas investors at the price of HKD 3.54 (equivalent to RMB 3.8) with the par value of each share being RMB 1 during June to July 1996.

4. Pursuant to the reply of the Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China with (1996) WJMZYHZ No. 606 document, the Company was approved to be a foreign-invested joint stock company limited.

5. The Company distributed dividends and capitalized capital common reserve for the year 1996 in the following manner: The Company paid 1.7 bonus shares for each 10 shares and capitalized capital common reserve on 3.3-for-10 basis.

6. Pursuant to the approval of China Securities Regulatory Committee (CSRC) with ZJFZ (1997) No. 486 and No. 487 document, the Company issued 100 million public shares (A shares) at the price of RMB 5.41 in term of "payable in full on application, pro-rate placing and subject to refund" with the par value of each share being RMB 1 in January 1998.

7. In accordance with the Resolutions of the 1999 Shareholders' General Meeting of the Company and pursuant to the approval of Guangzhou Securities Regulatory Office under CSRC with GZZJH (2000) No. 99 and that of CSRC with ZIGSZ (2000) No. 98, the Company offered 3 Rights for every 10 shares of 764.256249 million shares at the price of RMB 11 per Right. 73,822,250 ordinary shares were actually placed to all.

8. Pursuant to the reply of the General Office of the People's Government of Guangdong Province with YBH (2000) No. 574 document, the state-owned shares were transferred to Guangdong Communication Group Co., Ltd. (Group Co.) for holding and management without compensation.

9. Pursuant to the approval of Shenzhen Stock Exchange, 53.0205 million staff shares of the Company (132,722 shares held by directors, supervisors and senior executives are temporarily frozen) were listed on February 5, 2001.

10. In accordance with the resolutions of 2000 annual shareholders' general meeting, the Company capitalized capital common reserve into 419,039,249 shares on 5-for-10 basis with the total share capital as of the end of 2000, i.e., 838,078,499 shares as base. The date of stock right registration was May 21, 2001. The ex-right date was May 22, 2001.

11. On March 8, 2004, As approved by China Securities Regulatory Commission by document Zheng-Jian-Gong-Si-Zi [2003]No.3, the 45,000,000 non-negotiable foreign shares were placed in Shenzhen Stock

12. On December 21, 2005, the Company's plan for share holding structure reform was voted through at the shareholders' meeting concerning A shares. On January 26 2006, The Ministry of Commerce of PRC issued "The approval on share converting of Guangdong Provincial Expressway Development Co., Ltd." to approve the share equity relocation and transformation. On October 9 2006, according to the "Circular about implementing of share equity relocation and relative trading" issued by Shenzhen Stock Exchange, the abbreviation ID of the Company's A shares was restored from "G-Expressway" "Expressway A".

Upon the approval document of CSRC No.230-2016 Zheng Jian Xu ke-Approval of the Share-Issuing to Parties such as Guangdong Provincial Expressway Co., Ltd to Purchase Assets and Raise Matching Funds by Guangdong Provincial Expressway Development Co., Ltd, in June 2016 the company issued 33,355,263 shares and paid RMB 803.50 million to Guangdong Provincial Expressway Co., Ltd for purchasing the 25% stake of Guangdong Provincial Fokai Expressway Co., Ltd held by Guangdong Provincial Expressway Co., Ltd; and issued 466,325,020 shares to Guangdong Provincial Highway Construction Co., Ltd for purchasing the 100% stake of Guangzhou Guangzhu Traffic Investment Management Co., Ltd held by Guangdong Provincial Highway Construction Co., Ltd. On June 21, 2016, the company directionally issued 334,008,095 A-shares to Yadong Fuxing Yalian Investment Co.,Ltd, Tibet Yinyue Investment Management Co.,Ltd and GF Securities Co.,Ltd. The issuance of shares have been registered on July 7, 2016, the new shares will be listed on July 8, 2016.

## 2. Company's registered place and headquarters address

Company name: Guangdong Provincial Expressway Development Co., Ltd.

Registration place: No.85, Baiyun Road, Yuexiu District, Guangzhou.

Headquarters Office : 45-46/F, Litong Plaza, No.32, Zhujiang East Road, Zhujiang New City, Tihe District , Guangzhou

## 3. Business nature and main business activities

Industry and main products of the company: highway management and maintenance.

General business items: investment, construction, charging, maintenance and service management of expressways, grade roads and bridges; Automobile rescue service, maintenance and cleaning; Parking lot charges; Design, production, release and agency of all kinds of advertisements at home and abroad; Land development along the highway; Warehousing business; Intelligent transportation technology research and development and service; Equity investment, management and consultation. (Projects that must be approved according to law can be operated only after being approved by relevant departments).

The Company is mainly engaged in tolling and maintenance of Guangfo Expressway, Fokai Expressway and Jingzhu Expressway Guangzhu section, investment in technological industries and provision of relevant consultation while investing in Shenzhen Huiyan Expressway Co., Ltd.,

Guangdong Jiangzhong Expressway Co., Ltd., Zhaoqing Yuezhao Expressway Co., Ltd., Ganzhou Kangda Expressway , Ganzhou Gankang Expressway Co., Ltd., Guangdong Yuepu Small Refinancing Co., Ltd., Guangdong Guangle Expressway Co., Ltd. , Guoyuan Securities Co., Ltd. and Hunan Lianzhi Technology Co., Ltd.

#### 4. Scope and changes of consolidated financial statements in the current period

##### (1) Scope of current consolidated financial statements

The consolidated scope of the current financial statements involves Guangdong Expressway Technology Investment Co., Ltd., Yuegao Capital Holding (Guangzhou) Co., Ltd., its holding subsidiaries Guangfo Expressway Co., Ltd., Jingzhu Expressway Guangzhu Section Co., Ltd. and Guanghui Expressway Co., Ltd..

##### (2) Changes in the scope of consolidated financial statements in the current period

None

#### 5. Approval and submission date of financial report

The financial statements have been authorized for issuance by the 21st meeting of the Ninth Board of Directors of the Group on August 26, 2021.

### **IV. Basis for the preparation of financial statements**

#### 1. Preparation basis

The financial statements of the Company have been prepared on basis of going concern in conformity with Chinese Accounting Standards for Business Enterprises and the Accounting Systems for Business Enterprises issued by the Ministry of Finance of People's Republic of China (Ministry of Finance issued order No.33, the Ministry of Finance revised order No.76) on February 15, 2006, and revised Accounting Standards (order 42 of the Ministry of Finance) and Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reports (2014 Revision) issued by the China Securities Regulatory Commission (CSRC).

According to the relevant accounting regulations in Chinese Accounting Standards for Business Enterprises, the Company has adopted the accrual basis of accounting. Held-for-sale non-current assets are measured at the lower of its book value at its classification date and fair value minus expected disposal costs. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements

#### 2. Continuation

There will be no such events or situations in the 12 months from the end of the reporting period that will cause material doubts as to the continuation capability of the Company.

### **V. Significant Accounting Policies and Accounting Estimates**

#### 1. Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company are recognized and measured in accordance with the regulations in the Chinese Accounting Standards for Business Enterprises and they give a true and fair view of the financial position, business result and cash flow of the Company as of June 30, 2021 and from January to June 2021,. In addition, the financial statements of the Company comply, in all material respects, with the revised disclosing

requirements for financial statements and the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by China Securities Regulatory Commission (CSRC) in 2014.

## 2. Accounting period

The accounting period of the Company is classified as interim period and annual period. Interim period refers to the reporting period shorter than a complete annual period. The accounting period of the Company is the calendar year from January 1 to December 31.

## 3. Operating cycle

The normal operating cycle refers to the period from the time when the Group purchases assets for processing to the time when cash or cash equivalents are realized. The Company takes 12 months as a business cycle and uses it as a criterion for liquidity classification of assets and liabilities.

## 4. Standard currency for bookkeeping

The Company adopts CNY to prepare its functional statements.

## 5. Accountings for Business Combinations under the Same Control & Business Combinations not under the Same Control

### 1. Business Combinations under the Same Control

If business participating in the combination are ultimately controlled by the same party or parties before and after the combination, and the control is not temporary, it is an business combination under the same control. Usually, business combination under the same control refers to the combination between business within the same business, except which it is generally not regarded as business combination under the same control.

The assets and liabilities obtained by the Company as the combining party in the business combination shall be measured according to the book value of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date. For the long-term equity investment formed by holding combination under the same control, the company takes the share of the book owner's equity of the combined party on the combination date as the initial investment cost for forming the long-term equity investment. See the long-term equity investment for relevant accounting treatment; The assets and liabilities obtained by absorption and combination under the same control shall be recorded by the Company according to the original book value of the related assets and liabilities in the combined party. The company adjusts the capital reserve according to the difference between the book value of the net assets obtained and the book value of the combination consideration paid (or the total par value of the issued shares); If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

All directly related expenses incurred by the Company as a combining party for business combination, including audit fees, evaluation fees, legal service fees, etc., are included in the current profits and losses when incurred.

Fees and commissions paid for bonds issued by enterprises or other debts shall be included in the initial measurement amount of bonds and other debts issued. Fees, commissions and other expenses incurred in issuing equity securities in business combination shall be offset against the premium income of equity securities, and if the premium income is insufficient to offset, the retained earnings shall be offset.

If the holding under the same control is combined to form a parent-subsidiary relationship, the parent

company shall prepare consolidated financial statements on the consolidation date, including consolidated balance sheet, consolidated income statement and consolidated cash flow statement.

For the consolidated balance sheet, the book value of the combined party in the consolidated financial statements of the ultimate controlling party shall be incorporated into the consolidated financial statements, and the transactions between the combining party and the combined party on the consolidation date and the previous period shall be regarded as internal transactions and offset according to the relevant principles of "Consolidated Financial Statements"; The consolidated income statement and cash flow statement include the net profit and cash flow realized by the combining party and the combined party from the beginning of the current consolidation period to the consolidation date, and involve the cash flow generated by the transactions and internal transactions between the two parties in the current period, which shall be offset according to the relevant principles of the consolidated financial statements.

2. If the parties involved in the combination are not ultimately controlled by the same party or parties before and after the combination, it is a business combination not under the same control.

#### Business Combinations not under the Same Control

Determine the cost of business combination: the cost of business combination includes the fair value of cash or non-cash assets paid by the purchaser for business combination, debts issued or assumed, and equity securities issued on the purchase date.

In the business combination not under the same control, the intermediary expenses such as auditing, legal services, evaluation and consultation and other related management expenses incurred by the purchaser for the business combination shall be included in the current profits and losses when they occur; Transaction costs of equity securities or debt securities issued by the purchaser as combination consideration shall be included in the initial recognized amount of equity securities or debt securities.

For the long-term equity investment obtained by holding combination not under the same control, the company takes the combination cost determined on the purchase date (excluding cash dividends and profits that should be collected from the investee) as the initial investment cost for the long-term equity investment of the purchaser; All identifiable assets and liabilities obtained by absorption and combination under different control that meet the recognition conditions shall be recognized as assets and liabilities of the enterprise at fair value on the date of purchase. If the Company takes non-monetary assets as consideration to obtain the control right of the purchaser or various identifiable assets and liabilities, the difference between the fair value of the relevant non-monetary assets on the purchase date and their book value shall be taken as the disposal profit and loss of the assets and recorded in the income statement of the current consolidation period.

In a business combination not under the same control, the difference between the cost of business combination and the fair value share of identifiable net assets of the purchaser obtained in the combination is recognized as goodwill; In the case of absorption and combination, the difference is recognized as goodwill in the individual financial statements of the parent company; In the case of holding combination, the difference is listed as goodwill in the consolidated financial statements.

The cost of business combination is less than the difference between the fair value share of identifiable net assets acquired during the combination, which is included in the profits and losses (non-operating income) of the current combination period after review by the Company. In the case of absorption and combination, the difference is included in the individual income statement of the parent company in the current combination period; In the case of holding combination, the difference is included in the consolidated income statement of the current combination period.

If the business combination not under the same control realized step by step through multiple exchange transactions is a package transaction, each transaction will be treated as a transaction to obtain control rights; If it

is not a package transaction, the equity of the purchased party held before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and its book value shall be included in the current investment income; If the equity of the purchased party held before the purchase date involves other comprehensive income, other comprehensive income related to it shall be converted into the investment income of the current period on the purchase date, except for other comprehensive income arising from the re-measurement of net liabilities or changes in net assets of the defined benefit plans by the invested party.

## 6. Compilation method of consolidated financial statements

### (1) Consolidation scope

The consolidation scope of consolidated financial statements is determined on the basis of control. Control means that the Company has the power over the investee, is entitled to variable returns by participating in the related activities of the investee, and has the ability to use the power over the investee to influence its return amount. Subsidiaries refer to subjects controlled by the Company (including enterprises, divisible parts of investee(s), structured subjects, etc.).

### (2) Compilation method of consolidated financial statements

The consolidated financial statements of the Company are based on the financial statements of the parent company and its subsidiaries, and are prepared according to other relevant information. When compiling, the important internal transactions between the parent company and its subsidiaries, such as investment, transactions, purchase and sale of inventories and their unrealized profits, are offset and combined item by item, and the minority shareholders' rights and interests and the current income of minority shareholders are calculated. If the accounting policies and accounting periods of subsidiaries are inconsistent with those of the parent company, the accounting statements of subsidiaries shall be adjusted according to the accounting policies and accounting periods of the parent company before combination.

### (3) Increase and decrease the consolidated report processing of subsidiaries during the reporting period

During the reporting period, when preparing the consolidated balance sheet, the balance at the beginning of the consolidated balance sheet is adjusted for the subsidiaries added due to business combination under the same control. When preparing the consolidated balance sheet, the balance at the beginning of the year of the consolidated balance sheet is not adjusted for the subsidiaries added due to business combination not under the same control. During the reporting period, the subsidiaries are disposed of and the balance at the beginning of the consolidated balance sheet is not adjusted when the consolidated balance sheet is prepared.

During the reporting period, the income, expenses and profits of subsidiaries added by business combination under the same control from the beginning to the end of the reporting period are included in the consolidated income statement, and the cash flows from the beginning to the end of the reporting period are included in the consolidated cash flow statement. For subsidiaries added due to business combination not under the same control, the income, expenses and profits of such subsidiaries from the purchase date to the end of the reporting period are included in the consolidated income statement, and their cash flow from the purchase date to the end of the reporting period is included in the consolidated cash flow statement. During the reporting period, the subsidiary is disposed of, and the income, expenses and profits from the beginning of the period to the disposal date are included in the consolidated income statement, and the cash flow from the beginning of the period to the disposal date is included in the consolidated cash flow statement.

When the control right of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity investment after disposal shall be re-measured according to its fair value on



the date of loss of control right. The sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity, minus the difference between the share of the original subsidiary's net assets calculated continuously from the purchase date and the sum of goodwill calculated according to the original shareholding ratio, is included in the investment income in the current period when the control right is lost. Other comprehensive income related to the original subsidiary's equity investment is converted into current investment income when the control right is lost, except for other comprehensive income generated by the investee's re-measurement of net liabilities or changes in net assets of the set income plan.

The difference between the newly acquired long-term equity investment due to the purchase of minority shares and the identifiable net assets share of subsidiaries calculated according to the increased shareholding ratio, and the difference between the disposal price obtained from partial disposal of equity investment in subsidiaries and the net assets share of subsidiaries corresponding to the disposal of long-term equity investment are used to adjust the equity premium in the capital reserve in the consolidated balance sheet. If the equity premium in the capital reserve is insufficient to offset, the retained earnings will be adjusted.

#### (4) Processing of consolidated statements from step-by-step disposal of equity to loss of control rights

If the transactions that dispose of the equity investment in subsidiaries until the loss of control rights are of a package transaction, the transactions shall be treated as transactions that dispose of subsidiaries and lose control rights; However, the difference between the disposal price and the share of the subsidiary's net assets related to the disposal investment before the loss of control right is recognized as other comprehensive income in the consolidated financial statements, which will be transferred to the current profit and loss when the control right is lost, except for other comprehensive income arising from the re-measurement of the net liabilities or changes in net assets of the set income plan by the investee. If it is not a package transaction, before the loss of control, the difference between the disposal price and the corresponding net assets continuously calculated by the subsidiary from the purchase date will be adjusted to the capital reserve, and if the capital reserve is insufficient to offset, the retained earnings will be adjusted; In case of loss of control right, the accounting treatment shall be carried out according to the above accounting policy when the control right over the original subsidiary is lost.

### 7. Joint venture arrangements classification and Co-operation accounting treatment

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement is either a joint operation or a joint venture, depending on the rights and obligation of the Company in the joint arrangement. A joint operation is a joint arrangement whereby the Company has rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the Company has rights to the net assets of the arrangement.

#### (1) Identification of joint venture arrangement

As long as two or more participants exercise joint control over an arrangement, such arrangement can be regarded as a joint venture arrangement, and all participants are not required to be entitled to joint control over the arrangement.

#### (2) Reassessment

If the legal form, contract terms and other relevant facts and circumstances change, the participants in the joint venture arrangement shall reassess the joint venture arrangement: First, assess whether the original joint venture party still has joint control over the arrangement; Second, assess whether the type of joint venture arrangement has changed.

#### (3) Accounting treatment of participants in joint operation

##### ① Accounting treatment of the joint venture in joint operation

##### A. General accounting principles

The joint venture shall recognize the following items related to its share of interests in the joint operation and

carry out accounting treatment in accordance with the relevant accounting standards for enterprises: Firstly, recognize the assets held separately and recognize the assets held jointly according to their share; Secondly, recognize the liabilities undertaken separately and recognize the liabilities jointly undertaken according to their share; Thirdly, recognize the income generated from the sale of its share of joint operating output; Fourthly, recognize the income generated by the joint operation due to the sale of output according to its share; Fifthly, recognize the expenses incurred separately, and recognize the expenses incurred in joint operation according to its share.

The joint venture may use its own assets for joint operations. If the joint venture retains all ownership or control over these assets, the accounting treatment of these assets is no different from the accounting treatment of the joint venture's own assets.

The joint venture may also purchase assets together with other joint ventures to invest in joint operations, and jointly bear the liabilities of joint operations. In this case, the joint venture shall recognize the interest share in these assets and liabilities in accordance with the relevant provisions of the Accounting Standards for Business Enterprises. For example, according to the *Accounting Standards for Business Enterprises No.4-Fixed Assets*, the interest share in related fixed assets is recognized, and the share in related financial assets and financial liabilities is recognized according to the financial instrument recognition and measurement standards.

When the joint operation is achieved through a separate entity, the joint venture shall recognize the liabilities undertaken separately according to the above principles, and recognize the liabilities jointly undertaken according to the share of the enterprise. However, if the joint venture is jointly and severally liable in accordance with the relevant laws of China or the relevant contractual stipulations due to the failure of other shareholders to provide funds to the joint venture arrangement as agreed, its accounting treatment shall be subject to the Accounting Standards for Business Enterprises No.13-Contingencies.

B. Accounting treatment for the joint venture to invest or sell assets that do not constitute business.

When the joint venture invests or sells assets for joint operation (except that the assets constitute business), before the joint operation sells the related assets to a third party or the related assets are consumed (i.e. the unrealized internal profits are still included in the book value of the assets held by the joint venture), only the gains or losses attributable to other participants in the joint venture shall be recognized. If the transaction shows that the assets invested or sold meet the asset impairment losses specified in Accounting Standards for Business Enterprises No.8-Asset Impairment (hereinafter referred to as "Asset Impairment Loss Standards"), the joint venture shall fully recognize the losses.

C. Accounting treatment of assets purchased by the joint venture from joint operation that do not constitute business

Before the joint venture buys assets from joint operation (except that the assets constitute business) and sells the assets to a third party (i.e., when unrealized internal profits are still included in the book value of assets held by the joint venture), the share of profits and losses arising from the transaction that the joint venture is entitled to shall not be recognized. That is, at this time, only the part of the profit and loss arising from the transaction that belongs to other participants in the joint operation shall be recognized.

D. Accounting treatment of the joint venture's share of the interests of the joint operation that constitutes the business

When the joint venture obtains the share of interests in the joint operation, and the joint operation constitutes business, the corresponding accounting treatment shall be carried out in accordance with the relevant standards such as business combination standards, however the provisions of other relevant standards cannot conflict with the provisions of the joint venture arrangement standards. The enterprise shall judge whether the joint operation constitutes a business in accordance with the relevant provisions of the business combination standards. This

treatment principle is not only applicable to the acquisition of the share of interests in the existing joint operation that constitutes business, but also to the establishment of joint operation with other participants, and because other participants introduce the existing business, the joint operation constitutes business when it is established.

② Accounting principles for participants who do not enjoy joint control over joint operations

Participants (non-joint ventures) who are not entitled to joint control of the joint operation shall be treated as the joint ventures if they are entitled to the assets related to the joint operation and bear the liabilities related to the joint operation. That is, the participants in the joint operation, regardless of whether they are entitled to joint control or not, will be subject to the same accounting treatment as the joint ventures as long as they are entitled to the right to jointly operate related assets and undertake the liabilities obligation related to joint operation. Otherwise, its profit share shall be accounted for in accordance with the relevant accounting standards for enterprises.

(4) Accounting treatment of participants in a joint venture

In a joint venture, the participants shall account for their investment in the joint venture in accordance with the Accounting Standards for Business Enterprises No.2-Long-term Equity Investment.

Participants (non-parties) who are not entitled to joint control over the joint venture shall carry out relevant accounting treatment according to their influence on the joint venture: if they have significant influence on the joint venture, their investment in the joint venture shall be accounted for in accordance with the provisions of the long-term equity investment standards; If it has no significant impact on the joint venture, its investment in the joint venture shall be accounted for in accordance with the provisions of the Standards for Recognition and Measurement of Financial Instruments.

## 8. Recognition Standard of Cash & Cash Equivalents

Cash and cash equivalents of the Company include cash on hand, ready usable deposits and investments having short holding term (normally will be due within three months from the day of purchase), with strong liquidity and easy to be exchanged into certain amount of cash that can be measured reliably and have low risks of change.

## 9. Foreign Currency Transaction

(1) Foreign currency business

Foreign currency transactions of the Company are converted into the amount of bookkeeping base currency according to the spot rate on the transaction date.

On the balance sheet date, foreign currency monetary items and foreign currency non-monetary items shall be treated according to the following provisions: foreign currency monetary items shall be converted at the spot rate on the balance sheet date. Exchange differences arising from the difference between the spot rate on the balance sheet date and the spot rate at the time of initial recognition or the previous balance sheet date are included in the current profits and losses; Foreign currency non-monetary items measured at historical cost are still converted at the spot rate on the transaction date, without changing their bookkeeping base currency amount; Foreign currency non-monetary items measured at fair value shall be converted at the spot rate on the fair value determination date, and the difference between the converted bookkeeping base currency amount and the original bookkeeping base currency amount shall be treated as changes in fair value (including exchange rate changes) and included in the current profits and losses; During the capitalization period, the exchange difference between the principal and interest of foreign currency special loans is capitalized and included in the cost of assets that meet the capitalization conditions.

(2) Translation of foreign currency financial statements

When converting foreign currency financial statements, the Company shall comply with the following regulations: assets and liabilities in the balance sheet shall be converted at the spot rate on the balance sheet date, and other items of owner's equity except "undistributed profits" shall be converted at the spot rate at the time of occurrence; The income and expense items in the income statement shall be converted at the spot rate on the transaction date (or at the exchange rate determined by a systematic and reasonable method and similar to the spot rate on the transaction date). The translation difference of foreign currency financial statements generated according to the above translation is recognized as other comprehensive income. The conversion of comparative financial statements shall be handled according to the above provisions.

## 10. Financial instruments

The Company recognizes the financial assets or liabilities when involved in financial instruments' agreements.

### (1) Classification, recognition and measurement of financial assets

In accordance with the characteristics of business model for managing financial assets and the contractual cash flow of financial assets, the Company classifies financial assets into: financial assets measured in amortized cost; financial assets measured at fair value and their's changes are included in other comprehensive income; financial assets measured at fair value and their's changes are included in current profits and losses.

The initial measurement of financial assets is calculated by using fair value. For financial assets measured at fair value, whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses; For other types of financial assets, relevant transaction costs are included in the initial recognition amount.

#### ① Financial assets measured at amortized cost

The business model of the Company's management of financial assets measured by amortized cost is aimed at collecting the contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, the Company adopts the method of real interest rate and makes subsequent measurement according to the cost of amortization. The profits or losses resulting from amortization or impairment are included in current profits and losses.

#### ② Financial assets measured at fair value and changes included in other comprehensive income

The Company's business model for managing such financial assets is to collect the contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The Company measures such financial assets at fair value and their changes are included in other comprehensive gains, but impairment losses or gains, exchange gains and losses and interest income calculated according to the actual interest rate method are included in current profits and losses.

In addition, the Company designated some non-trading equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The Company includes the relevant dividend income of such financial assets in current profits and losses, and the changes in fair value in other comprehensive gains. When the financial asset ceases to be recognized, the accumulated gains or losses previously included in other comprehensive gains shall be transferred into retained income from other comprehensive income, and not be included in current profit and loss.

#### ③ Financial assets measured at fair value and changes included in current profits and losses

The Company includes the above-mentioned financial assets measured at amortized cost and those measured at fair value and their's changes in financial assets other than financial assets of comprehensive income and

classifies them as financial assets measured at fair value and their's changes that are included in current profits and losses. In addition, the Company designates some financial assets as financial assets measured at fair value and includes their changes in current profits and losses in order to eliminate or significantly reduce accounting mismatches during initial recognition. In regard with such financial assets, the Company adopts fair value for subsequent measurement, and includes changes in fair value into current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are immediately recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

1 Financial liabilities measured by the fair value and the changes recorded in profit or loss

The classification by which financial liabilities held-for-trade and financial liabilities designed at the initial recognition to be measured by the fair value follows the same criteria as the classification by which financial assets held-for-trade and financial assets designed at the initial recognition to be measured by the fair value and their changes are recorded in the current profit or loss

Transactional financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured according to fair value. Except for hedging accounting, changes in fair value are included in current profits and losses.

Financial liabilities designated as financial liabilities that are measured at fair value and their's changes are included in current profits and losses. The liabilities are included in other comprehensive gains due to changes in fair value caused by changes in the Company's own credit risk, and when the liabilities are terminated, the changes in fair value caused by changes in its own credit risk of other comprehensive gains are included in the cumulative changes in its fair value caused by changes in its own credit risk of other comprehensive gains. The amount is transferred to retained earnings. The remaining changes in fair value are included in current profits and losses. If the above-mentioned way of dealing with the impact of the changes in the credit risk of such financial liabilities will result in or expand the accounting mismatch in the profits and losses, the Company shall include all the profits or losses of such financial liabilities (including the amount of the impact of the changes in the credit risk of the enterprise itself) into the current profits and losses.

② Other financial liabilities

In addition to the transfer of a financial asset is not in conformity with the conditions to stop the recognition or formed by its continuous involvement in the transferred financial asset, financial liabilities and financial guarantee contract of other financial liabilities classified as financial liabilities measured at the amortized cost, measured at the amortized cost for subsequent measurement, recognition has been stopped or amortization of the profit or loss is included in the current profits and losses.

(3) Recognition basis and measurement methods for transfer of financial assets

Financial assets satisfying one of the following conditions shall be terminated and recognized: ①The contractual right to collect the cash flow of the financial asset is terminated; ②The financial asset has been transferred, and almost all the risks and rewards in the ownership of the financial asset have been transferred to the transferee; ③The financial asset has been transferred, although the enterprise neither transfers nor retains almost all the risks and rewards in the ownership of the financial asset, but it abandoned control of the financial assets.

In case that the enterprise does not transfer or retain almost all risks and rewards on financial assets ownership nor waive to control these assets, relevant financial assets shall be recognized in accordance with the degree for continued involvement of financial assets transferred and relevant liabilities shall be recognized

correspondingly. west bank The term "continuous involvement in the transferred financial asset" shall refer to the risk level that the enterprise faces resulting from the change of the value of the financial asset.

If the overall transfer of the financial assets satisfies the derecognition criteria, the difference between the book value of the transferred financial assets and the sum of the consideration received from transfer and cumulative change in fair value previously recognized in other comprehensive income is accounted into the current profit or loss.

In case that the partial transfer of financial assets meets de-recognition conditions, the book value of financial assets transferred shall be allocated as per respective fair value between de-recognized or not de-recognized parts, and the difference between the sum of the consideration received due to transfer with the accumulated amount of fair value changes that is previously included in other comprehensive income and shall be allocated to de-recognized parts and the aforesaid book amount allocated shall be included in the current profit or loss.

The Company shall determine whether almost all the risks and rewards of the ownership of the financial assets sold by means of recourse or endorsed to transfer the financial assets it holds have been transferred. If almost all the risks and rewards in the ownership of the financial asset have been transferred to the transferee, the confirmation of the financial asset shall be terminated; if almost all the risks and rewards in the ownership of the financial asset have been retained, the confirmation of the financial asset shall not be terminated; if neither the transfer nor the retention of almost all the risks and rewards in the ownership of the financial asset has been made. In case of remuneration, it shall continue to determine whether the enterprise has retained control over the assets and conduct accounting treatment in accordance with the principles described in the preceding paragraphs.

#### (4) Termination confirmation of financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, the Company shall terminate the recognition of the financial liability (or part thereof). If the Company (the debtor) signs an agreement with the lender to replace the original financial liabilities by assuming new financial liabilities, and the contract terms of the new financial liabilities are substantially different from those of the original financial liabilities, it shall terminate the recognition of the original financial liabilities and at the same time confirm a new financial liabilities. If the Company substantially amends the contract terms of the original financial liabilities (or part thereof), it shall terminate the confirmation of the original financial liabilities and at the same time confirm a new financial liabilities in accordance with the revised terms.

If the financial liabilities (or part thereof) are terminated, the difference between their book value and the consideration paid (including the transferred non-cash assets or liabilities assumed) shall be included in the profits and losses of the current period.

#### (5) Offsetting financial assets and financial liabilities

When the Company 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.

#### (6) Method for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant must pay to sell or transfer a liability in an orderly transaction that occurs on the measurement date. The fair value of financial instruments existing in an active market is determined by the Company according to its quoted price in this market. westbank The quoted prices in the active market refer to the prices, which are easily available from the stock exchanges, brokers, industry associations, pricing service institutions and etc. at a fixed term, and which represent the prices at which actually

occurred market transactions are made under fair conditions. If a financial instrument does not exist in active markets, its fair value shall be determined by the Company with assessment techniques. The value appraisal techniques mainly include the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature, the cash flow capitalization method and the option pricing model, etc. In valuation, the Company adopts valuation techniques that are applicable in the current situation and supported by sufficient data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of related assets or liabilities, and give priority to the use of relevant observable input values as far as possible. Unallowable values are used if the relevant observable input values are not available or are not practicable.

#### (7) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity. All types of distribution (excluding stock dividends) made by the Company to holders of equity instruments are deducted from shareholders' equity.

The dividends (including "interest" generated by the tools classified as equity instruments) distributed by the Company's equity instruments during the period of their existence shall be treated as profit distribution.

### 11. Impairment of financial instruments

The Company requires to confirm that the financial assets lost by impairment are financial assets measured by amortized cost, investment in debt instruments and lease receivables which are measured at fair value and whose changes are included in other comprehensive gains, mainly including notes receivable, accounts receivable, other receivables, creditor's rights investment, other creditor's rights investment and long-term receivables and etc. In addition, provision for impairment and confirmation of credit impairment losses are also made for contract assets and some financial guarantee contracts in accordance with the accounting policies described in this section.

#### (1) Method of confirming impairment provision

Based on anticipated credit loss, the Company calculates impairment preparation and confirms credit impairment loss according to the applicable anticipated credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between the cash flow of all contracts discounted according to the original real interest rate and the expected cash flow of all contracts receivable according to the contract, that is, the present value of all cash shortages. Among them, the Company discounts the financial assets purchased or originated with credit impairment at the actual interest rate adjusted by credit.

The general method of measuring anticipated credit loss is whether the credit risk of the Company's financial assets (including other applicable items such as contract assets, similarly hereinafter) has increased significantly since the initial recognition on each balance sheet day. If the credit risk has increased significantly since the initial recognition, the Company shall measure the loss preparation according to the amount equivalent to the expected credit loss in the whole duration. If the credit risk has not increased significantly since the initial recognition, the Company shall measure the loss preparation according to the amount equivalent to the expected credit loss in the next 12 months. The Company shall consider all reasonable and evidenced information, including forward-looking information, when evaluating expected credit losses.

Assuming that their credit risk has not increased significantly since the initial recognition, the Company may choose to measure the loss reserve according to the expected credit loss in the next 12 months for financial instruments with low credit risk on the balance sheet date.

## (2) Criteria for judging whether credit risk has increased significantly since the initial recognition

If the probability of default of a financial asset on the estimated duration of the balance sheet is significantly higher than the probability of default during the estimated duration of the initial recognition, the credit risk of the financial asset is significantly increased. Except for special circumstances, the Company uses the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the entire duration to determine whether the credit risk has increased significantly since the initial recognition.

## (3) A portfolio-based approach to assessing expected credit risk

The Company shall evaluate the credit risk of financial assets with distinct differences in credit risk, such as the related party's receivables, the receivables in dispute with the other party or involving litigation and arbitration, and receivables that has been proved that the debtor may not be able to fulfill the obligation of repayment, etc.

In addition to the financial assets that assess credit risk individually, the Company shall divide financial assets into different groups based on common risk characteristics, and assess credit risk on the basis of portfolio.

## (4) Accounting treatment of impairment of financial assets

At the end of the duration, the Company shall calculate the anticipated credit losses of various financial assets. If the anticipated credit losses are greater than the book value of its current impairment provision, the difference is deemed as impairment loss. If the balance is less than the book value of the current impairment provision, the difference is deemed as impairment profit.

## (5) Method of determining credit losses of various financial assets

## ① Receivable Account and Contract assets

In regard to receivables without significant financing components, the Company shall measure loss preparation according to the amount of anticipated credit loss equivalent to the entire duration.

In regard to accounts receivable with significant financing components, the Company shall choose to measure loss preparation according to the amount equivalent to the expected credit loss within the duration all the time.

In addition to the accounts receivable that assesses the credit risk individually, receivables are divided into different portfolios based on their credit risk characteristics:

Items	Basis for determining combination:
Portfolio 1: Aging portfolio	This portfolio is characterized by the aging of receivables as a credit risk.
Portfolio 2 : Quality Guarantee portfolio	This portfolio is the contract quality guarantee fund and other funds

For the above portfolio 1, the measurement method of bad debts reserve is the aging analysis method, specifically as follows:

Aging	Proportion (%)
Within 1 year (Including 1 year)	0
1-2 years	10
2-3 years	30
3-4 years	50
4-5 years	90
Over 5 years	100

For the guarantee fund portfolio of portfolio 2, no provision for bad debts shall be made unless there is objective evidence that the money cannot be recovered according to the original terms of accounts receivable and contract assets.

## ② Other receivable



The Company has measured the impairment loss based on the amount of expected credit losses in the next 12 months or the entire duration, based on whether the credit risk of other receivables has increased significantly since the initial recognition. In addition to the other accounts receivable which assesses the credit risk individually, they are divided into different portfolios based on their credit risk characteristics:

Items	Basis for determining combination:
Portfolio 1	This portfolio is a collection of various deposits, advances, pledges and other receivables in daily activities.
Portfolio 2	This portfolio is a reserve fund borrowed by employees in their daily business activities.
Portfolio 3	Other receivables other than the above portfolio.

Combination of deposit, quality assurance fund and deposit and reserve fund combination except for objective evidence that the Group will not be able to recover the amount according to the original terms of receivables, will not normally be accrued for bad debt reserves. The measurement method of bad debt reserves for other combinations is aging analysis, and the accrual proportion is the same as accounts receivable.

### ③ Creditor's rights investment

Creditor's rights investment mainly accounts for bond investment measured by amortized cost, etc. The Company has measured the impairment loss based on the amount of expected credit losses in the next 12 months or the entire duration, based on whether the credit risk has increased significantly since the initial recognition. The Company adopts the method of evaluating credit risk with individual assets for creditor's rights investment.

## 12.Inventory

### 1.Inventories class:

The company' s stocks can be classified as: raw materials, etc.

2. Valuation method of inventory issued :The company calculates the prices of its inventories according to the weighted averages method or the first-in first-out method.

### (3) Measurement of ending inventory

On the balance sheet date, inventory shall be measured at the lower of cost and net realizable value. If the cost of inventory is higher than its net realizable value, provision for inventory depreciation shall be accrued and recorded into the current profits and losses.

If the difference between the cost calculated by a single inventory item and its net realizable value is higher, the inventory depreciation reserve shall be accrued and recorded into the current profits and losses. Net realizable value refers to the estimated selling price of inventory in daily activities minus the estimated costs to be incurred upon completion, estimated sales expenses and related taxes and fees.

4. Physical inventories are managed by the perpetual inventory taking system.

## 13.Contract assets

The Company lists the customer's unpaid contract consideration for which the Company has fulfilled its performance obligations according to the contract, and which is not the right to collect money from customers unconditionally (that is, only depending on the passage of time) as a contract asset in the balance sheet. Contract assets and liabilities under the same contract are listed in net amount, while contract assets and liabilities under different contracts are not offset.

See Note V. 11, Impairment of Financial Instruments for the determination method and accounting treatment

method of expected credit loss of contract assets.

#### 14. Long-term equity investments

##### (1) Initial measurement

The Company makes initial measurement of long-term equity investment in the following two situations:

① The initial investment cost of long-term equity investment formed by business combination shall be determined in accordance with the following provisions:

A. In a business combination under the same control, if the combining party pays cash, transfers non-cash assets or assumes debts as the combination consideration, the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the final controlling party shall be taken as the initial investment cost of long-term equity investment on the combination date. The difference between the initial investment cost of long-term equity investment and the cash paid, the transferred non-cash assets and the book value of the debts undertaken is adopted to adjust the capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. All directly related expenses incurred for business combination, including audit fees, evaluation fees, legal service fees, etc., are included in the current profits and losses when they occur.

B. In the business combination not under the same control, the Company determines the combination cost by distinguishing the following situations:

a) For business combination realized by one exchange transaction, the cost of combination is the fair value of assets paid, liabilities incurred or assumed in order to gain control over the purchased party on the purchase date;

b) For business combination realized step by step through multiple exchange transactions, the sum of the book value of the equity investment of the purchased party held before the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment;

c) Intermediary expenses such as auditing, legal services, evaluation and consultation, and other related management expenses incurred for business combination are included in the current profits and losses when they occur;

d) If future events that may affect the combination cost are agreed in the combination contract or agreement, if it is estimated that the future events are likely to occur on the purchase date and the amount of impact on the combination cost can be reliably measured, they will be included in the combination cost.

② Except for the long-term equity investment formed by business combination, the initial investment cost of long-term equity investment obtained by other means shall be determined in accordance with the following provisions:

A. For the long-term equity investment obtained by cash payment, the actual purchase price shall be taken as the initial investment cost. Initial investment cost includes expenses, taxes and other necessary expenditures directly related to obtaining long-term equity investment.

B. For long-term equity investment obtained through exchange of non-monetary assets, the initial investment cost shall be determined according to Accounting Standards for Business Enterprises No.7-Exchange of Non-monetary Assets.

C. For long-term equity investment obtained through debt restructuring, the initial investment cost shall be determined according to Accounting Standards for Business Enterprises No.12-Debt Restructuring.

③ No matter how the long-term equity investment is obtained, when the investment is obtained, the cash dividends or profits included in the paid consideration that have been declared but not yet issued by the investee are separately accounted as receivable items, which does not constitute the initial investment cost of obtaining the long-term equity investment.

##### (2) Subsequent measurement

Long-term equity investment that can be controlled by the investee shall be accounted by the cost method in

individual financial statements. Long-term equity investments that have joint control or significant influence on the investee shall be accounted by equity method.

① Long-term equity investment accounted by cost method is priced according to the initial investment cost. Adjust the cost of long-term equity investment by adding or recovering investment. Cash dividends or profits declared and distributed by the investee shall be recognized as current investment income.

If the initial investment cost of long-term equity investment accounted by equity method is greater than the fair value share of identifiable net assets of the investee, the initial investment cost of long-term equity investment shall not be adjusted; If the initial investment cost of long-term equity investment is less than the fair value share of the identifiable net assets of the investee at the time of investment, the difference shall be included in the current profits and losses, and the cost of long-term equity investment shall be adjusted at the same time.

After obtaining the long-term equity investment, the investment income and other comprehensive income shall be recognized respectively according to the share of the net profit and loss and other comprehensive income realized by the invested unit, and the book value of the long-term equity investment shall be adjusted at the same time; According to the profit or cash dividend declared and distributed by the investee, the book value of long-term equity investment shall be reduced accordingly; The book value of the long-term equity investment is adjusted and included in the owner's equity for other changes in the owner's equity of the investee except net profit and loss, other comprehensive income and profit distribution. When recognizing the share of the net profit and loss of the investee, the net profit of the investee is recognized after adjustment based on the fair value of the identifiable net assets of the investee at the time of obtaining the investment. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted according to the accounting policies and accounting periods of the Company, and the investment income and other comprehensive income shall be recognized accordingly. The net loss incurred by the investee is recognized to be written down to zero by the book value of long-term equity investment and other long-term interests that substantially constitute the net investment of the investee, unless the Company is obligated to bear additional losses. If the investee achieves net profit in the future, the Company will resume the recognition of the revenue sharing amount after its revenue sharing amount compensates for the unrecognized loss sharing amount.

When calculating and recognizing the net profit and loss that should be enjoyed or shared by the investee, the unrealized internal transaction profit and loss with the affiliated enterprise and the joint venture shall be calculated according to the proportion that should be enjoyed, and the part attributable to the Company shall be offset, and the investment income shall be recognized on this basis. Unrealized internal transaction losses between the Company and the investee are asset impairment losses, which shall be fully recognized.

Part of the company's equity investment in affiliated enterprises is indirectly held through venture capital institutions, mutual funds, trust companies or similar entities including investment-linked insurance funds. Regardless of whether the above entities have a significant impact on this part of investment, the Company chooses to measure this part of indirect investment at fair value and its change is included in profit or loss in accordance with the relevant provisions of Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, and the rest is accounted for by equity method.

③ When the Company disposes of long-term equity investment, the difference between its book value and the actual purchase price shall be included in the current profits and losses. For long-term equity investment accounted by equity method, when disposing of the investment, it adopts the same basis as the investee's direct disposal of related assets or liabilities, and accounts for the part originally included in other comprehensive income according to the corresponding proportion.

(3) Basis to determine joint control over and significant influence on the investee

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and the relevant activities of such arrangement must be unanimously agreed by the participants who share the control rights before making decisions. Significant influence means that the investor has the right to participate in the decision-making on the financial and operating policies of the investee, but cannot control or jointly control the formulation of these policies with other parties. When determining whether the investee can be controlled or exert significant influence, the potential voting rights factors such as current convertible bonds and current executable warrants of the investee held by the Company and other parties shall be considered at the same time.

## 15. Investment Property

The measurement mode of investment property

The measurement by the cost method

Depreciation or amortization method

Investment property is held to earn rentals or for capital appreciation or for both. Investment property includes leased or ready to transfer after capital appreciation land use rights and leased buildings.

(1) The measurement mode of investment property

① Depreciation or amortization method

The estimated service life, net salvage value rate and annual depreciation (amortization) rate of investment real estate are listed as follows:

Type	Estimated service life (years)	Estimated net salvage value rate	Annual depreciation (amortization) rate
Land use right	Remaining useful life		
Houses and buildings	20-30 years	3% -10%	3% -4.85%

② Impairment test method and accounting treatment method

See "30. Asset Impairment" for details of impairment test methods and impairment provision accrual methods of investment real estate.

(2) Conversion of investment real estate

The Company has conclusive evidence that the use of real estate has changed. When converting investment real estate into self-use real estate or inventory, the fair value on the day of conversion is taken as the book value of self-use real estate, and the difference between fair value and original book value is included in current profits and losses. When self-use real estate or inventory is converted into investment real estate measured by fair value model, the investment real estate is priced according to the fair value on the conversion day. If the fair value on the conversion day is less than the original book value, the difference is included in the current profits and losses; If the fair value on the conversion date is greater than the original book value, the difference shall be included in other comprehensive income.

## 16. Fixed assets

(1) Confirmation conditions

The Company's fixed assets refer to tangible assets held for the production of commodities, provision of labor services, leasing or operation management, which have a service life of more than one year, and whose economic benefits are likely to be included into the Company and whose costs can be reliably measured.

## (2) Depreciation method

①The Company's fixed assets include roads and bridges, houses and buildings, machinery and equipment, electronic equipment, transportation tools and other equipment.

Except for the fixed assets that have been fully depreciated and continue to be used, the depreciation of fixed assets is classified and accrued by the life average method and workload method, and the depreciation rate is determined according to the category of fixed assets, estimated service life and estimated net salvage value rate.

②For the fixed assets formed by special reserve expenditure, the special reserve shall be offset according to the cost to form the fixed assets, and the accumulated depreciation of the same amount shall be recognized. The fixed assets will not be depreciated in future periods.

According to the nature and usage of fixed assets, the Company determines the service life and estimated net salvage value of fixed assets. At the end of the year, the service life, estimated net salvage value and depreciation method of fixed assets shall be rechecked, and if there is any difference with the original estimate, corresponding adjustments shall be made.

The useful life, residual value rate, and annual depreciation rate of various fixed assets are listed as follows:

Type	Depreciation method	Expected useful life(Year)	Residual rate (%)	Annual depreciation rate(%)
Highway and Bridge				
Including: Guangfo Expressway	Working flow basis	28 years	0%	
Fokai Expressway-Xiebian to Sanbao Section	Working flow basis	40 years	0%	
Fokai Expressway-Sanbao to Shuikou Section	Working flow basis	47.5 years	0%	
Jingzhu Expressway Guangzhu Section	Working flow basis	30 years	0%	
Guanghui Expressway Co., Ltd.	Working flow basis	23 years	0%	
House Building	The straight-line method	20-30 years	3%-5%	3.17%-4.85%
Machine Equipment	The straight-line method	3-10 years	3%-5%	9.50%-32.33%
Transportation Equipment	The straight-line method	5-8 years	3%-5%	11.88%-19.40%
Other	The straight-line method	5 years	3%-5%	19.00%-19.40%

## (3) Identification basis, valuation and depreciation method of fixed assets leased by financing

When the leased fixed assets have substantially transferred all risks and rewards related to the assets, the

Company recognizes that the lease of the fixed assets is a financial lease.

The cost of fixed assets acquired by finance lease shall be determined according to the lower of the fair value of the leased assets on the lease start date and the present value of the minimum lease payment.

The depreciation policy consistent with their own depreciated assets is adopted for fixed assets leased by financing. If it can be reasonably determined that the ownership of the leased asset is acquired at the expiration of the lease term, depreciation shall be accrued within the serviceable life of the leased asset; If it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, depreciation shall be accrued within the shorter period of the lease term and the serviceable life of the leased asset.

#### 17. Construction-in process

The construction in progress of the Company refers to the plant, equipment and other fixed assets under construction, which are accounted for in detail according to the project and recorded according to the actual cost, including direct construction and installation costs and borrowing costs that meet the capitalization conditions. When the construction in progress reaches the scheduled usable state, it will be carried over to fixed assets by temporary estimation, stop interest capitalization, and start to accrue depreciation according to the determined depreciation method of fixed assets. After the project is completed and final accounts are made, the original estimated amount will be adjusted according to the amount of final accounts, but the original accrued depreciation amount will not be adjusted.

#### 18. Borrowing cost

##### (1) Recognition principle and capitalization period of borrowing cost capitalization

Borrowing costs incurred by the Company can be directly attributed to the purchase, construction or production of assets that meet the capitalization conditions, and shall be capitalized when the following conditions are met at the same time and included in the relevant asset costs:

- ① Production and expenditure have occurred;
- ② Borrowing costs have already occurred;
- ③ The purchase, construction or production activities required to make the assets reach the intended usable or saleable state have started.

Capitalization of borrowing costs shall be suspended if the assets that meet the capitalization conditions are abnormally interrupted in the process of purchase, construction or production, and the interruption time continuously exceeds 3 months. Borrowing costs incurred during the interruption period are recognized as expenses and included in the current profits and losses until the purchase and construction of assets or the resumption of production activities. If the interruption is a necessary procedure for the purchased, built or produced assets that meet the capitalization conditions to reach the intended usable or saleable state, the capitalization of borrowing costs will continue.

Capitalization of borrowing costs shall be stopped when assets eligible for capitalization are purchased, built or produced to the intended usable or saleable state. Borrowing costs incurred in the future are recognized as expenses in the current period.

##### (2) Calculation method of capitalization amount of borrowing costs

Where a special loan is borrowed for the purpose of purchasing, building or producing assets that meet the capitalization conditions, it shall be determined by deducting the interest income obtained by depositing unused loan funds into the bank from the interest expenses actually incurred in the current period of special loan or by the investment income obtained by temporary investment.

If the general loan is occupied for the purpose of purchasing, building or producing assets that meet the capitalization conditions, the interest amount of the general loan that should be capitalized shall be calculated and determined according to the weighted average of the accumulated asset expenditure exceeding the special loan portion multiplied by the capitalization rate of the occupied general loan. Capitalization rate is calculated and determined according to the weighted average interest rate of general borrowings.

## 19. Intangible assets

### (1) Pricing method, useful life and impairment test

The Company recognizes the identifiable non-monetary assets owned or controlled by the enterprise as intangible assets, which have no physical form, and the estimated future economic benefits related to the assets are likely to flow into the enterprise and the cost of the assets can be reliably measured.

The intangible assets of the Company are recorded according to the amount actually paid or the determined value.

(1) If the purchase price of intangible assets exceeds the normal credit conditions, which is of financing nature in essence, the cost of intangible assets is determined based on the present value of the purchase price. The difference between the actual paid price and the present value of the purchase price shall be included in the current profits and losses within the credit period, except that it should be capitalized according to the regulations.

(2) The intangible assets invested by investors shall be taken as the cost according to the value agreed in the investment contract or agreement, unless the value agreed in the contract or agreement is unfair.

(3) The expenditure of internal research and development projects of the Company is divided into research stage expenditure and development stage expenditure. Research refers to an original and planned investigation to acquire and understand new scientific or technical knowledge. Development refers to the application of research results or other knowledge to a plan or design to produce new or substantially improved materials, devices and products before commercial production or use.

Expenditures during the research phase of internal research and development projects are included in the current profits and losses when they occur. Expenditures in the development stage of internal research and development projects that meet the following conditions are recognized as intangible assets: it is technically feasible to complete the intangible assets so that they can be used or sold; Have the intention to complete the intangible assets and use or sell them; The ways in which intangible assets generate economic benefits, including those that can prove that there is a market for products produced by using the intangible assets or that the intangible assets themselves exist in the market, and that the intangible assets will be used internally, should prove their usefulness; Have sufficient technical, financial and other resources to complete the development of the intangible assets and have the ability to use or sell the intangible assets; Expenditures attributable to the development stage of the intangible assets can be measured reliably.

Intangible assets with limited service life of the Company shall be amortized on average within the service life since the intangible assets are available for use. Intangible assets with uncertain service life are not amortized. The amortization amount of intangible assets is the amount after deducting the estimated salvage value from its cost. For intangible assets for which impairment provision has been made, the accumulated amount of impairment provision for intangible assets has to be deducted.

The amortization period of intangible assets with limited service life is as follows:

Type	Amortization period
Land use right	Remaining useful life
Software	3-5 years

Type	Amortization period
Toll road franchises	Operating period for residual charges

## 20. Long-term amortizable expenses

Long-term deferred expenses are recorded according to the actual amount incurred, and are amortized equally in installments during the benefit period or within the prescribed period. If the long-term prepaid expense item cannot benefit the future accounting period, the amortized value of the item that has not been amortized will be transferred to the current profits and losses.

## 21. Contract liabilities

Contract liabilities refer to the obligation of the Group to transfer goods to customers for the received or receivable consideration from customers. If the customer has paid the contract consideration or the Group has obtained the unconditional collection right before the Group transfers the goods to the customer, the Group will list the received or receivable amount as the contract liability at the earlier of the actual payment made by the customer and the due date for payment. Contract assets and liabilities under the same contract are listed in net amount, while contract assets and liabilities under different contracts are not offset.

## 22. Employee Benefits

Employee compensation refers to various forms of remuneration or compensation given by the Company for obtaining services provided by employees or dissolving labor relations. Employee compensation includes short-term salary, post-employment benefits, dismissal benefits and other long-term employee benefits. Benefits provided by the Company to spouses, children, dependents, survivors of deceased employees and other beneficiaries of employees are also employee compensation.

### (1) Accounting methods of short-term benefits

During the accounting period when employees provide services, the Company recognizes the actual short-term salary as a liability, which is included in the current profits and losses, except that other accounting standards require or allow it to be included in the cost of assets.

### (2) Accounting methods for post-employment benefits

The Company classifies the post-employment benefit plan into defined contribution plan and defined benefit plans. Post-employment benefit plan refers to the agreement reached between the Company and employees on post-employment benefits, or the rules or measures formulated by the Company to provide post-employment benefits to employees, among which the set deposit plan refers to the post-employment welfare plan in which the Company no longer undertakes further payment obligations after paying a fixed fee to an independent fund; Defined benefit plans refers to the post-employment benefit plan except the set-up deposit plan.

### (3) Accounting Treatment Method of Demission Welfare

If the Company provides dismissal benefits to employees, the employee compensation liabilities arising from the dismissal benefits shall be recognized as soon as possible and included in the current profits and losses: when the company cannot unnaturally withdraw the dismissal benefits provided by the termination of labor relations plan or reduction proposal; when the Company recognizes the costs or expenses related to the reorganization involving the payment of dismissal benefits.



(4) Other long-term employee benefits

If other long-term employee benefits provided by the Company to employees meet the conditions of the set deposit plan, they shall be handled according to the accounting policies of the set deposit plan mentioned above; Otherwise, the net liabilities or net assets of other long-term employee benefits shall be recognized and measured in accordance with the accounting policies of defined benefit plans mentioned above.

23. Estimated liabilities

(1) Recognition criteria of estimated liabilities

If the obligations related to contingencies stipulated by the Company meet the following conditions at the same time, they are recognized as estimated liabilities:

- ① The obligations are the current obligations undertaken by the enterprise;
- ② Fulfilling the obligations is likely to cause economic benefits to flow out of the enterprise;
- ③ The amount of the obligations can be measured reliably.

(2) Measurement method of estimated liabilities

Estimated liabilities are initially measured according to the best estimate of expenditure required to fulfill relevant current obligations. There is a continuous range of required expenditure, and the possibility of occurrence of various results in this range is the same, and the best estimate is determined according to the intermediate value in this range. In other cases, the best estimates are treated as follows:

- ① Contingencies involving a single item shall be determined according to the most probable amount.
- ② Contingencies involving multiple items shall be calculated and determined according to various possible results and relevant probabilities.

When determining the best estimate, the risk, uncertainty and time value of money related to contingencies shall be considered comprehensively. If the time value of money has great influence, the best estimate is determined by discounting the related future cash outflow.

If all or part of the expenses required by the Company to pay off the estimated liabilities are expected to be compensated by a third party, the compensation amount can be recognized as an asset only when it is basically confirmed that it can be received. The recognized compensation amount shall not exceed the book value of the estimated liabilities.

The Company rechecks the book value of the estimated liabilities on the balance sheet date. If there is conclusive evidence that the book value cannot truly reflect the current best estimate, the book value shall be adjusted according to the current best estimate.

24. Revenues

Accounting policies adopted for income recognition and measurement

(1) Revenue recognition principle

Since the starting date of the contract, the company shall evaluate the contract, identifies each individual performance obligation contained in, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point of time.

The performance obligation is defined as fulfillment within a certain period of time if one of the following conditions is met, otherwise, it is defined as fulfilled at a certain point in time: ① The customer obtains and

consumes the economic benefits brought by the company's performance while the company performs the contract;

② The customer can control the goods under manufacturing or services during the company's performance; ③

The goods or services produced during the company's performance have irreplaceable uses, and the company has the right to accumulate for the completed performances during the entire contract period.

For obligations performed within a certain period of time, the company recognizes revenue in accordance with the performance progress in that period. If the performance progress cannot be reasonably determined, and the cost incurred is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined. For obligations performed at a certain point in time, revenue shall be recognized at the point when the customer obtains control of the relevant goods or services. When judging whether the customer has obtained control of the product, the company shall consider the following points: ① The company has the current right to receive payment for the product, that is, the customer has the current payment obligation for the product; ② The company has transferred the legal ownership of the product to the customer, that is, the customer has the legal ownership of the product; ③ The company has transferred the physical product to the customer, that is, the customer has physically taken possession of the product; ④ The company has transferred the main risks and rewards on the ownership of the product to the customer, that is, the customer has obtained the main risks and rewards on the ownership of the product; ⑤ The customer has accepted the product; ⑥ Other signs that the customer has obtained control of the product.

## (2) Principle of revenue measurement

① The company shall measure revenue based on the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration that the company expects to be entitled to receive due to the transfer of goods or services to customers, while does not include payments received on behalf of third parties and payments expected to be returned to customers.

② If there is variable consideration in the contract, the company shall determine its best estimate according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the accumulated amount that, if relevant uncertainty is eliminated, will most likely have no significant reversal.

③ If there is any significant financing component in the contract, the company shall determine the transaction price based on the amount payable in cash when the customer assumes control of the goods or services. The difference between transaction price and contract consideration shall be amortized through effective interest method during the contract period. On the starting date of contract, if the company expects that the customer will

obtain control of the goods or services and pays the price within one year, the significant financing component in contract shall not be considered.

④ If the contract contains two or more performance obligations, the company shall, on date of the contract, allocate the transaction price to each individual obligation item in accordance with the relative proportion of the separate selling price of promised goods.

The adoption of different business models in similar businesses leads to differences in accounting policies for revenue recognition

(3) Specific methods of revenue recognition

(1) Toll service fee income

The toll income of roads and bridges is determined according to the amount collected and receivable by vehicles when passing through.

(2) Income from providing labor services

For services started and completed in the same fiscal year, income is recognized when the services are completed. If the beginning and completion of labor services belong to different fiscal years, the Company shall, on the balance sheet date, recognize the related labor income by the percentage of completion method, provided that the result of the labor service transaction can be reliably estimated. When the following conditions can be satisfied, the results of the transaction can be reliably estimated: ① the total income and total cost of labor services can be reliably measured; ② the economic benefits related to the transaction can flow into the enterprise; ③ the degree of completion of labor services can be reliably determined.

For services started and completed in the same fiscal year, income is recognized when the services are completed. If the beginning and completion of labor services belong to different fiscal years, the Company shall, on the balance sheet date, recognize the related labor income by the percentage of completion method, provided that the result of the labor service transaction can be reliably estimated. When the following conditions can be satisfied, the results of the transaction can be reliably estimated: ① the total income and total cost of labor services can be reliably measured; ② the economic benefits related to the transaction can flow into the enterprise;

If the transaction result of providing labor services on the balance sheet date cannot be estimated reliably, the following situations shall be dealt with respectively:

① If the labor cost already incurred is expected to be compensated, the income from the service shall be recognized according to the amount of the labor cost already incurred, and the labor cost shall be carried over at the same amount.

② If the incurred labor cost is not expected to be compensated, the incurred labor cost shall be included in the profits and losses of the current period, and the income from the provision of labor service shall not be recognized.

When the contracts or agreements signed between the Company and other enterprises include selling goods and providing services, if the part for selling goods and the part for providing services can be distinguished and measured separately, the part for selling goods will be treated as goods sales and the part for providing services will be treated as service provision. Sales of goods and services can not be distinguished, or although they can be distinguished, they can not be measured separately. All parts for the selling goods and providing services will be treated as sales of goods.

The adoption of different business models in similar businesses leads to differences in accounting policies for income recognition

## 25. Contract cost

If the incremental cost incurred by the Company for obtaining the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost. However, if the amortization period of the asset does not exceed one year, it will be included in the current profits and losses when it occurs.

If the cost incurred for the performance of the contract does not fall within the scope of other accounting standards for business enterprises other than Accounting Standards for Business Enterprises No.14-Revenue (Revised in 2017) and meets the following conditions at the same time, it will be recognized as an asset for contract performance cost: ① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs explicitly borne by customers, and other costs incurred only because of the contract; ② This cost increases the resources of the Company for fulfilling its performance obligations in the future; ③ The cost is expected to be recovered.

Assets related to the contract cost are amortized on the same basis as the recognition of commodity income related to the assets, and are included in the current profits and losses.

## 26. Government Grants

Government subsidies are recognized when they meet the conditions attached to government subsidies and can be received.

Government subsidies for monetary assets shall be measured according to the amount received or receivable. Government subsidies for non-monetary assets are measured at fair value; If the fair value cannot be obtained reliably, it shall be measured according to the nominal amount of 1 yuan.

Government subsidies related to assets refer to government subsidies obtained by the Company for purchasing and building or forming long-term assets in other ways; Otherwise, as a government subsidy related to income.

Where the government documents do not specify the object of the subsidy, and the subsidy can form long-term assets, the part of the government subsidy corresponding to the value of the assets shall be regarded as the government subsidy related to the assets, and the rest shall be regarded as the government subsidy related to the income; Where it is difficult to be distinguished, government subsidies as a whole are treated as income-related government subsidies.

Government subsidies related to assets offset the book value of related assets, or are recognized as deferred revenue and included in profits and losses by stages according to a reasonable and systematic method within the service life of related assets. Government subsidies related to income, which are used to compensate related costs or losses that have occurred, shall be included in current profits and losses or offset related costs; If they are used to compensate related costs or losses in later periods, they will be included in the deferred revenue, and they will be included in the current profits and losses or offset related costs during the recognition period of related costs or losses. Government subsidies measured in nominal amount are directly included in current profits and losses. The Company adopts a consistent approach to the same or similar government subsidy business.

Government subsidies related to daily activities, according to the essence of economic business, are included in other income or offset related costs. Government subsidies irrelevant to routine activities shall be included into the non-operating receipt and disbursement.

When the recognized government subsidy needs to be returned, if the book value of related assets is offset during initial recognition, the book value of assets will be adjusted; If there is a relevant deferred revenue balance,

the book balance of the relevant deferred revenue will be offset, and the excess will be included in the current profits and losses; In other cases, it is directly included in the current profits and losses.

For the discount interest of preferential policy loans, if the finance allocates the discount interest funds to the lending bank, the actually received loan amount is taken as the recorded value of the loan, and the borrowing cost is calculated according to the loan principal and preferential policy interest rate. If the finance directly allocates the discount interest funds to the Company, the discount interest will offset the borrowing costs.

## 27. Deferred income tax assets and deferred income tax liabilities

The Company adopts the balance sheet liability method for income tax accounting treatment.

### (1) Deferred tax assets

① If there is a deductible temporary difference between the book value of an asset or liability and its tax basis, the deferred income tax assets generated by the deductible temporary difference shall be calculated and confirmed according to the applicable tax rate during the expected period of recovering the asset or paying off the liability.

② On the balance sheet date, if there is conclusive evidence that sufficient taxable income is likely to be obtained in the future period to offset the deductible temporary difference, the unrecognized deferred income tax assets in the previous period shall be recognized.

③ On the balance sheet date, the book value of deferred income tax assets shall be reviewed. If it is unlikely that enough taxable income will be obtained in the future period to offset the benefits of deferred income tax assets, the book value of deferred income tax assets will be written down. When sufficient taxable income is likely to be obtained, the written-down amount will be reversed.

### (2) Deferred income tax liabilities

If there is a taxable temporary difference between the book value of assets and liabilities and their tax basis, the deferred income tax liabilities arising from the taxable temporary difference shall be recognized according to the applicable tax rate during the expected period of recovering the assets or paying off the liabilities.

## 28. Lease

### (1) Lease accounting policy

Lease refers to a contract in which the Company assigns or obtains the right to control the use of one or more identified assets within a certain period of time in exchange for or payment of consideration. On the start date of a contract, the Company assesses whether the contract is a lease or includes a lease.

#### ① The Company as the lessee

##### A. Initial measurement

At the beginning of the lease period, the Company recognizes the right to use the leased asset during the lease period as a right-of-use asset, and recognizes the present value of unpaid lease payments as a lease liability, except for short-term leases and leases of low-value assets. When calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the lessee's incremental borrowing interest rate is used as the discount rate.

##### B. Follow-up measurement

The Company refers to the "No. 4 Accounting Standards for Business Enterprises—Fixed Assets" related depreciation provisions for the depreciation of the right-of-use assets (see "This Section V. Important Accounting Policies and Accounting Estimates-16, Fixed Assets" for details). For the ownership of the leased asset at the end

of the lease term can be reasonably determined, the Company shall accrue depreciation during the remaining useful life of the leased asset. If it is impossible to reasonably determine that the ownership of the leased asset can be obtained when the lease term expires, the Company shall accrue depreciation during the period of which is shorter of the lease term and the remaining useful life of the leased asset.

For lease liabilities, the Company calculates its interest expenses during each period of the lease term in accordance with a fixed periodic interest rate, which is included in the current profit and loss or included in the cost of related assets. Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit and loss or the cost of related assets when they actually occur.

After the start date of the lease term, when the actual fixed payment amount changes, the estimated amount payable of the guarantee residual value changes, the index or ratio used to determine the lease payment changes, the purchase option, the lease renewal option, or the evaluation result of the termination option, or the actual exercise situation changes, the Company remeasures the lease liability according to the present value of the lease payment after the change, and adjusts the book value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company will include the remaining amount in the current profit and loss.

#### C. Short-term leases and low-value asset leases

For short-term leases (leases whose lease term does not exceed 12 months from the lease start date) and low-value asset leases, the Company adopts a simplified approach, and does not recognize the right-of-use assets and lease liabilities, yet uses the straight-line method during each period of the lease term or other systematic and reasonable methods to include the lease payment in the relevant asset cost or current profit and loss.

##### ②The Company as the lessor

Based on the nature of the transaction, the Company divides leases into financial leases and operating leases on the lease start date. Finance lease refers to a lease that has substantially transferred almost all the risks and rewards related to the ownership of the leased asset. Operating leases refer to leases other than financial leases.

#### A. Operating lease

The Company will include the assets used for operating leases in the relevant items in the balance sheet according to the nature of the assets; for operating leases, the rents of operating leases shall be recognized as current profits and losses during each period of the lease period according to the straight-line method; the initial direct costs incurred shall be included in the current profit and loss; for fixed assets in operating lease assets, the depreciation policy of similar assets is used for depreciation; for other operating lease assets, a systematic and reasonable method is used for amortization; contingent rents are included in current profit and loss when they actually occur .

#### B. Financial leasing

On the start date of the lease term, the Company shall take the sum of the minimum lease receipt amount and the initial direct expenses on the lease start date as the recorded value of the financial lease receivable, and records the unsecured residual value; Recognize the difference between the sum of the minimum lease payment amount, initial direct expenses and unsecured residual value and its present value as unrealized financing income; Distribute unrealized financing income in each period of the lease term; Calculate and confirm the financing income of the current period by using the effective interest rate method; And include contingent rents in current profits and losses when they actually occur.

## 29. Held-for-sale non-current assets, disposal group and termination of operation

### (1) Classification and measurement of held-for-sale non-current assets or disposal groups

When the book value is recovered mainly by selling (including the exchange of non-monetary assets with commercial substance) rather than continuously using a non-current asset or disposal group, the non-current asset or disposal group is classified as held for sale.

The above-mentioned non-current assets do not include investment real estate measured by fair value model, biological assets measured by net amount of fair value minus selling expenses, assets formed by employee compensation, financial assets, deferred income tax assets and rights arising from insurance contracts.

The disposal group refers to a group of assets disposed of together by sale or other means in a transaction as a whole, and liabilities directly related to these assets transferred in the transaction. Under certain circumstances, the disposal group includes goodwill obtained in business combination, etc.

At the same time, non-current assets or disposal groups that meet the following conditions are classified as held for sale: according to the practice of selling such assets or disposal groups in similar transactions, the non-current assets or disposal groups can be sold immediately under the current situation; The sale is very likely to happen, that is, a resolution has been made on a sale plan and a firm purchase commitment has been obtained, and it is expected that the sale will be completed within one year. If the control over subsidiaries is lost due to the sale of investments in subsidiaries, whether or not the Company retains part of the equity investments after the sale, when the investment in subsidiaries to be sold meets the classification conditions of held-for-sale, the investment in subsidiaries will be classified as held-for-sale as a whole in individual financial statements, and all assets and liabilities of subsidiaries will be classified as held-for-sale in consolidated financial statements.

When the non-current assets or disposal groups held for sale are initially measured or re-measured on the balance sheet date, the difference between the book value and the net amount after deducting the selling expenses from the fair value is recognized as the asset impairment loss. For the amount of asset impairment loss recognized for the held-for-sale disposal group, the book value of goodwill in the disposal group is offset first, and then the book value of non-current assets in the disposal group is offset proportionally.

If the net amount of non-current assets held for sale or disposal group's fair value minus selling expenses increases on the subsequent balance sheet date, the previously written-down amount will be restored and reversed within the amount of asset impairment loss recognized after being classified as held-for-sale, and the reversed amount will be included in the current profits and losses. The book value of offset goodwill shall not be reversed.

Non-current assets held for sale and assets in disposal group held for sale are not depreciated or amortized; Interest and other expenses of liabilities in disposal group held for sale continue to be recognized. All or part of the investments of affiliated enterprises or joint ventures classified as held-for-sale shall be accounted for by the equity method for those classified as held for sale, while those retained (not classified as held-for-sale) shall continue to be accounted for by the equity method; When the Company loses significant influence on the affiliated enterprise and joint venture due to the sale, it shall stop using the equity method.

If a certain non-current asset or disposal group is classified as held for sale, but the classification conditions of held for sale are no longer met, the Company will stop classifying it as held for sale and measure it according to the lower of the following two amounts:

① For the book value of the asset or disposal group before it is classified as held for sale, the amount adjusted according to the depreciation, amortization or impairment which should have been recognized without being classified as held for sale;

② Recoverable amount.

(2) Termination of operation

Termination of operation refers to the components that have been disposed of by the Company or classified as held for sale by the Company and can be distinguished separately, which meet one of the following conditions:

- ① This component represents an independent main business or a separate main business area.
- ② This component is part of an associated plan to dispose of an independent main business or a separate main business area.
- ③ This component is a subsidiary acquired for resale.

(3) Presentation

In the balance sheet, the Company lists the non-current assets held for sale or the assets in the disposal group held for sale as "assets held for sale", and lists the liabilities in the disposal group held for sale as "liabilities held for sale".

The Company separately lists the profit and loss from continuing operations and the profit and loss from termination of operations in the income statement. For non-current assets or disposal groups held for sale that do not meet the definition of termination of operation, the impairment loss, reversal amount and disposal profit and loss are listed as the profit and loss of continuing operations. Operating profit and loss and disposal profit and loss such as impairment loss and reversal amount of discontinued operation are listed as discontinued operation profit and loss.

A disposal group that intends to terminate its use instead of selling and meets the conditions of relevant components in the definition of operation termination shall be listed as operation termination from the date when it ceases to use.

For the discontinued operations listed in the current period, in the current financial statements, the information originally listed as the profit and loss of continuing operations is re-listed as the profit and loss of discontinued operations in the comparable accounting period. If the termination of operation no longer meets the classification conditions for held-for-sale, the information originally listed as the profit and loss of operation termination in the current financial statements will be listed again as the profit and loss of continuing operation in the comparable accounting period.

### 30. Impairment of assets

The following signs indicate that the assets may be impaired:

(1) The market price of assets fell sharply in the current period, which was significantly higher than the expected decline due to the passage of time or normal use.

(2) The economic, technical or legal environment in which the Company operates and the market in which the assets are located have undergone major changes in the current period or in the near future, which will have adverse effects on the Company.

(3) The market interest rate or other market return on investment has increased in the current period, which affects the discount rate used by enterprises to calculate the present value of the estimated future cash flow of assets, resulting in a significant decrease in the recoverable amount of assets.

(4) There is evidence that the assets are outdated or their entities have been damaged.

(5) Assets have been or will be idle, terminated or planned to be disposed of in advance.

(6) The evidence reported by the company shows that the economic performance of assets has been or will be lower than expected, such as the net cash flow created by assets or the realized operating profit (or loss) is far lower than the expected amount.

(7) Other indications that assets may have been impaired.

On the balance sheet date, the Company judges various assets that are applicable to the *Accounting Standards for Business Enterprises No.8-Impairment of Assets*, such as long-term equity investment, fixed assets, engineering



materials, construction in progress, intangible assets (except those with uncertain service life), and conducts impairment test when there are signs of impairment-estimating their recoverable amount. The recoverable amount is determined by the higher of the net amount of the fair value of the asset minus the disposal expenses and the present value of the estimated future cash flow of the asset. If the recoverable amount of an asset is lower than its book value, the book value of the asset shall be written down to the recoverable amount, and the written-down amount shall be recognized as the asset impairment loss, which shall be included in the current profits and losses, and the corresponding asset impairment reserve shall be accrued at the same time.

If there are signs that an asset may be impaired, the Company usually estimates its recoverable amount on the basis of individual assets. When it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs.

Asset group is the smallest asset portfolio that can be recognized by the Company, and its cash inflow is basically independent of other assets or asset groups. The asset group consists of assets related to cash inflow. The identification of asset group is based on whether the main cash inflow generated by asset group is independent of other assets or cash inflow of asset group.

The Company conducts impairment test every year for intangible assets with uncertain goodwill and service life formed by business combination and not yet in serviceable condition, regardless of whether there is any sign of impairment. The impairment test of goodwill is carried out in combination with its related asset group or combination of asset groups.

Once the asset impairment loss is confirmed, it will not be reversed in the following accounting period.

### 31. Fair value measurement

Fair value refers to the price that a market participant must pay to sell or transfer a liability in an orderly transaction that occurs on the measurement date.

The Company measures related assets or liabilities at fair value, assuming that the orderly transaction of selling assets or transferring liabilities is conducted in the main market of related assets or liabilities; If there is no major market, the Company assumes that the transaction will be conducted in the most favorable market of related assets or liabilities. The main market (or the most favorable market) is the trading market that the Company can enter on the measurement day. The Company adopts the assumptions used by market participants to maximize their economic benefits when pricing the assets or liabilities.

When measuring non-financial assets at fair value, the ability of market participants to use the assets for the best purpose to generate economic benefits or the ability to sell the assets to other market participants for the best purpose to generate economic benefits shall be considered.

The Company adopts the valuation technology which is applicable in the current situation and supported by sufficient available data and other information, and gives priority to the relevant observable input values, and only uses the unobservable input values when the observable input values are unavailable or impractical.

For assets and liabilities measured or disclosed at fair value in financial statements, it shall determine the fair value level according to the lowest level input value which is of great significance to fair value measurement as a whole: the first-level input value is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in an active market; The second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; The third level input value is the unobservable input value of related assets or liabilities.

On each balance sheet date, the Company reassesses the assets and liabilities recognized in the financial statements that are continuously measured at fair value to determine whether there is a conversion between the

fair value measurement levels.

## 32. Change of main accounting policies and estimations

### (1) Change of main accounting policies

Accounting policy changes caused by the implementation of the new lease standard

The Ministry of Finance issued the "No. 21 Accounting Standards for Business Enterprises-Leases (2018 Revision)" (No. 35-[2018] Cai Kuai) (hereinafter referred to as the "New Lease Standards") on December 7, 2018. After a resolution approved in the sixteenth meeting of the ninth term of the board of directors of the Company on March 25, 2021, the Company will implement the aforementioned new lease standards from January 1, 2021, and make changes to relevant accounting policies in accordance with the provisions of the new lease standards.

According to the provisions of the new lease standard, the Company reassess whether the contract that exists before the first implementation date is a lease or includes a lease. For the lease contract in which it's the lessee, the Company chooses to adjust only the cumulative impact of the lease contract that has not been completed on January 1, 2021. The amount of cumulative impact of the first implementation adjusts the amount of retained earnings and other related items in the financial statements at the beginning of the first implementation period (ie January 1, 2021), and no adjustment will be made to the comparable period information. For the operating lease on the first implementation date, the lessee measures the lease liability based on the present value of the remaining lease payments discounted at the incremental borrowing rate on the first implementation date.

The Company chooses an amount equal to the lease liability according to each lease, and measures the right-of-use assets according to necessary adjustments based on the prepaid rent. And in accordance with the "No. 8 Accounting Standards for Business Enterprises-Asset Impairment", the impairment test of the right-of-use assets is carried out and the corresponding accounting treatments are carried out.

The impact of the implementation of the above accounting policy changes on the financial statements on January 1, 2021 is as follows:

Items	December 31, 2020 (Before change)		January 1, 2021 (After change)	
	Consolidated statements	Parent Company	Consolidated statements	Parent Company
Prepayments	3,607,538.01	2,181,215.03	2,831,124.98	1,404,802.00
Long term share equity investment	2,382,381,165.60	5,529,362,536.53	2,381,947,306.18	5,528,928,677.11
Use right assets			23,154,055.78	21,927,040.99
Long-germ expenses to be amortized	3,462,122.00		2,454,375.00	
Lease liability			12,245,214.89	12,133,352.33
Non-current liability due within 1 year	266,328,017.47	190,331,701.48	275,452,698.33	199,348,977.11
Retained profit	3,725,679,319.35	3,667,543,163.36	3,725,245,459.93	3,667,109,303.94

### (2) Significant estimates changes

The Company held the nineteenth (temporary) meeting of the ninth board of directors on June 28, 2021. At the meeting, the "Proposal on Changes in Accounting Estimates" was passed and the company agreed to the depreciation period of the Sanbao-Shuikou section of the expressway has been changed, and the depreciation period has been extended to June 14, 2044. For this matter, the Company adopted the future application method. This change in accounting estimates resulted in a decrease of 15,277,465.25 yuan and 291,029.46 yuan

respectively in the current period of fixed asset depreciation and intangible asset amortization compared with the original accounting estimates, thus the operating costs decreased by 15,568,494.71 yuan and the net profit increased by 11,676,371.03 yuan, and the net profit attributable to shareholders of the parent company increased by RMB 11,676,371.03. The impact on the financial statement items is as follows:

Contents and causes of changes in accounting estimates	Approval procedure	Time point at which the application begins	Affected report items	Impact amount
Guangdong Provincial Department of Transportation has approved the extension of the charging period for the Sanbao-Shuikou section of the Shenyang-Haikou National Expressway to June 14, 2044.	Resolution of the board of directors	June 1,2021	Fixed assets	15,277,465.25
			Intangible assets	291,029.46
			Main business cost	-15,568,494.71
			Income tax expenses	3,892,123.68

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards

Applicable

Whether need to adjust the balance sheet account at the beginning of the year

Yes  No

Consolidated balance sheet

In RMB

Items	December 31,2020	January 1,2021	Amount involved in the adjustment
Current asset:			
Monetary fund	2,847,398,003.89	2,847,398,003.89	
Settlement provision			
Outgoing call loan			
Transactional financial assets			
Derivative financial assets			
Notes receivable			
Account receivable	168,907,517.56	168,907,517.56	
Financing of receivables			
Prepayments	3,607,538.01	2,831,124.98	-776,413.03
Insurance receivable			
Reinsurance receivable			

Items	December 31,2020	January 1,2021	Amount involved in the adjustment
Provisions of Reinsurance contracts receivable			
Other account receivable	60,925,367.64	60,925,367.64	
Including: Interest receivable			
Dividend receivable	2,705,472.90	2,705,472.90	
Repurchasing of financial assets			
Inventories	53,761.06	53,761.06	
Contract assets	5,452,813.90	5,452,813.90	
Assets held for sales			
Non-current asset due within 1 year	51,745.32	51,745.32	
Other current asset	27,051.69	27,051.69	
Total of current assets	3,086,423,799.07	3,085,647,386.04	-776,413.03
Non-current assets			
Loans and payment on other' s behalf disbursed			
Creditor's right investment			
Other creditor's right investment			
Long-term receivable			
Long term share equity investment	2,382,381,165.60	2,381,947,306.18	-433,859.42
Other equity instruments investment	1,737,015,528.29	1,737,015,528.29	
Other non-current financial assets			
Property investment	3,110,381.89	3,110,381.89	
Fixed assets	11,540,075,929.69	11,540,075,929.69	
Construction in progress	340,611,095.47	340,611,095.47	
Production physical assets			
Oil & gas assets			
Use right assets	Not applicable	23,154,055.78	23,154,055.78
Intangible assets	302,381,356.52	302,381,356.52	

Items	December 31,2020	January 1,2021	Amount involved in the adjustment
Development expenses			
Goodwill			
Long-germ expenses to be amortized	3,462,122.00	2,454,375.00	-1,007,747.00
Deferred income tax asset	330,755,418.39	330,755,418.39	
Other non-current asset	22,361,861.19	22,361,861.19	
Total of non-current assets	16,662,154,859.04	16,683,867,308.40	21,712,449.36
Total of assets	19,748,578,658.11	19,769,514,694.44	20,936,036.33
Current liabilities			
Short-term loans	200,192,500.00	200,192,500.00	
Loan from Central Bank			
Borrowing funds			
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Account payable	369,773,342.71	369,773,342.71	
Advance receipts	11,309,007.41	11,309,007.41	
Contract liabilities	309,734.51	309,734.51	
Selling of repurchased financial assets			
Deposit taking and interbank deposit			
Entrusted trading of securities			
Entrusted selling of securities			
Employees' wage payable	16,726,198.13	16,726,198.13	
Tax payable	217,748,392.78	217,748,392.78	
Other account payable	1,512,619,359.78	1,512,619,359.78	
Including: Interest payable			
Dividend payable	22,262,804.39	22,262,804.39	
Fees and commissions payable			

Items	December 31,2020	January 1,2021	Amount involved in the adjustment
Reinsurance fee payable			
Liabilities held for sales			
Non-current liability due within 1 year	266,328,017.47	275,452,698.33	9,124,680.86
Other current liability	648,581.64	648,581.64	
Total of current liability	2,595,655,134.43	2,604,779,815.29	9,124,680.86
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term loan	4,977,438,800.00	4,977,438,800.00	
Bond payable	1,426,488,336.65	1,426,488,336.65	
Including: preferred stock			
Sustainable debt			
Lease liability	Not applicable	12,245,214.89	12,245,214.89
Long-term payable	40,406,172.37	40,406,172.37	
Long-term remuneration payable to staff			
Expected liabilities			
Deferred income	89,170,569.64	89,170,569.64	
Deferred income tax liability	387,103,060.74	387,103,060.74	
Other non-current liabilities			
Total non-current liabilities	6,920,606,939.40	6,932,852,154.29	12,245,214.89
Total of liability	9,516,262,073.83	9,537,631,969.58	21,369,895.75
Owners' equity			
Share capital	2,090,806,126.00	2,090,806,126.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	645,969,210.48	645,969,210.48	
Less: Shares in stock			
Other comprehensive income	302,895,877.65	302,895,877.65	

Items	December 31,2020	January 1,2021	Amount involved in the adjustment
Special reserve			
Surplus reserves	1,167,785,965.63	1,167,785,965.63	
Common risk provision			
Retained profit	3,725,679,319.35	3,725,245,459.93	-433,859.42
Total of owner' s equity belong to the parent company	7,933,136,499.11	7,932,702,639.69	-433,859.42
Minority shareholders' equity	2,299,180,085.17	2,299,180,085.17	
Total of owners' equity	10,232,316,584.28	10,231,882,724.86	-433,859.42
Total of liabilities and owners' equity	19,748,578,658.11	19,769,514,694.44	20,936,036.33

## Adjustment statement

## Parent Company Balance Sheet

In RMB

Items	December 31,2020	January 1,2021	Amount involved in the adjustment
Current asset:			
Monetary fund	1,781,764,519.09	1,781,764,519.09	
Transactional financial assets			
Derivative financial assets			
Notes receivable			
Account receivable	27,004,827.41	27,004,827.41	
Financing of receivables			
Prepayments	2,181,215.03	1,404,802.00	-776,413.03
Other account receivable	54,148,114.53	54,148,114.53	
Including: Interest receivable			
Dividend receivable	2,705,472.90	2,705,472.90	
Inventories			
Contract assets			
Assets held for sales			

Items	December 31,2020	January 1,2021	Amount involved in the adjustment
Non-current asset due within 1 year	256,279,340.60	256,279,340.60	
Other current asset	27,051.69	27,051.69	
Total of current assets	2,121,405,068.35	2,120,628,655.32	-776,413.03
Non-current assets:			
Creditor's right investment	287,903,684.98	287,903,684.98	
Other Creditor's right investment			
Long-term receivable			
Long term share equity investment	5,529,362,536.53	5,528,928,677.11	-433,859.42
Other equity instruments investment	1,737,015,528.29	1,737,015,528.29	
Other non-current financial assets			
Property investment	2,858,243.64	2,858,243.64	
Fixed assets	6,245,462,940.39	6,245,462,940.39	
Construction in progress	43,086,545.58	43,086,545.58	
Production physical assets			
Oil & gas assets			
Use right assets	Not applicable	21,927,040.99	21,927,040.99
Intangible assets	150,582,241.22	150,582,241.22	
Development expenses			
Goodwill			
Long-germ expenses to be amortized			
Deferred income tax asset	322,365,911.10	322,365,911.10	
Other non-current asset	7,089,990.48	7,089,990.48	
Total of non-current assets	14,325,727,622.21	14,347,220,803.78	21,493,181.57
Total of assets	16,447,132,690.56	16,467,849,459.10	20,716,768.54
Current liabilities			
Short-term loans	200,192,500.00	200,192,500.00	
Transactional financial liabilities			
Derivative financial			



Items	December 31,2020	January 1,2021	Amount involved in the adjustment
liabilities			
Notes payable			
Account payable	105,919,984.52	105,919,984.52	
Advance receipts			
Contract Liabilities			
Employees' wage payable	6,472,802.81	6,472,802.81	
Tax payable	9,165,801.86	9,165,801.86	
Other account payable	1,431,814,861.38	1,431,814,861.38	
Including: Interest payable			
Dividend payable	22,262,804.39	22,262,804.39	
Liabilities held for sales			
Non-current liability due within 1 year	190,331,701.48	199,348,977.11	9,017,275.63
Other current liability	539,618,124.00	539,618,124.00	
Total of current liability	2,483,515,776.05	2,492,533,051.68	9,017,275.63
Non-current liabilities:			
Long-term loan	4,389,653,800.00	4,389,653,800.00	
Bond payable	1,426,488,336.65	1,426,488,336.65	
Including: preferred stock			
Sustainable debt			
Lease liability	Not applicable	12,133,352.33	12,133,352.33
Long-term payable	40,406,172.37	40,406,172.37	
Long-term remuneration payable to staff			
Expected liabilities			
Deferred income	13,403,327.12	13,403,327.12	
Deferred income tax liability	105,636,866.50	105,636,866.50	
Other non-current liabilities			
Total non-current liabilities	5,975,588,502.64	5,987,721,854.97	12,133,352.33
Total of liability	8,459,104,278.69	8,480,254,906.65	21,150,627.96
Owners' equity			

Items	December 31,2020	January 1,2021	Amount involved in the adjustment
Share capital	2,090,806,126.00	2,090,806,126.00	
Other equity instruments			
Including: preferred stock			
Sustainable debt			
Capital reserves	938,969,546.79	938,969,546.79	
Less: Shares in stock			
Other comprehensive income	302,895,877.65	302,895,877.65	
Special reserve			
Surplus reserves	987,813,698.07	987,813,698.07	
Retained profit	3,667,543,163.36	3,667,109,303.94	-433,859.42
Total of owners' equity	7,988,028,411.87	7,987,594,552.45	-433,859.42
Total of liabilities and owners' equity	16,447,132,690.56	16,467,849,459.10	20,716,768.54

Note

(4) Retrospective Restatement of Previous Comparative Data due to the First Execution of any New Standards Governing Financial Instruments or Leases from year 2020

Applicable  Not applicable

## VI. Taxation

### 1. Major category of taxes and tax rates

Tax category	Tax basis	Tax rate
VAT	Taxable income	3%, 5%, 6%, 9%, 13%
City maintenance and construction tax	The actual payment of turnover tax	7%, 5%
Enterprise income tax	Taxable income	25%
Education Fee Surcharge	The actual payment of turnover tax	3%
Local education surcharge	The actual payment of turnover tax	2%

### 2. Preferential tax

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Fully Opening the Pilot of Changing Business Tax to VAT (CS [2016] No.36), the qualified contract energy

management services of the subsidiary Guangdong High-speed Technology Investment Co., Ltd. are exempt from VAT.

## VII. Notes to the major items of consolidated financial statement

Unless otherwise specified, in the following notes (including the notes to main items in the financial statements of the parent company) "the beginning of the period" refers to January 1, 2021, "the end of the period" refers to June 30, 2021, "current period" refers to January-June, 2021, and "last period" refers to January-June, 2020.

### 1. Monetary Capital

In RMB

Items	Amount in year-end	Balance Year-beginning
Cash	82,551.70	54,482.68
Bank deposit	3,566,696,538.96	2,846,821,352.23
Other	517,519.76	522,168.98
Total	3,567,296,610.42	2,847,398,003.89

#### Other note

On January 30, 2021, The balance of restricted bank deposits at the end of the period was 1,221,200.00 yuan, which was the land reclamation fund deposited into the fund custody account for the reconstruction and expansion project of Sanbao to Shuikou section of Fokai Expressway.

## 2. Account receivable

## 1. Classification account receivables.

In RMB

Category	Amount in year-end					Balance Year-beginning				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Of which:										
Accrual of bad debt provision by portfolio	148,842,756.74	100.00%	5,024,861.38	3.38%	143,817,895.36	172,621,378.99	100.00%	3,713,861.43	2.15%	168,907,517.56
Of which:										
Aging portfolio	147,970,199.41	99.41%	5,024,861.38	3.40%	142,945,338.03	171,846,750.22	99.55%	3,713,861.43	2.16%	168,132,888.79
Quality guarantee portfolio	872,557.33	0.59%			872,557.33	774,628.77	0.45%			774,628.77
Total	148,842,756.74		5,024,861.38		143,817,895.36	172,621,378.99		3,713,861.43		168,907,517.56

## Accrual of bad debt provision by portfolio: Accrual of bad debt provision by aging portfolio

In RMB

Name	Balance in year-end		
	Receivable accounts	Bad debt provision	Withdrawal proportion
Within 1 year	117,138,930.20		0.00%
1-2 years	21,329,417.96	2,029,072.20	10.00%
2-3 years	9,085,541.25	2,619,035.18	30.00%
3-4 years	75,000.00	37,500.00	50.00%
4-5 years	20,560.00	18,504.00	90.00%
Over 5 years	320,750.00	320,750.00	100.00%
Total	147,970,199.41	5,024,861.38	--

## Accrual of bad debt provision by portfolio: Notes of the basis of Quality guarantee the group

In RMB

Name	Balance in year-end		
	Receivable accounts	Bad debt provision	Withdrawal proportion
Quality guarantee	872,557.33		
Total	872,557.33		--

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable  Not applicable

## Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	117,359,934.21
1-2 years	21,329,417.96
2-3 years	9,196,201.85
Over 3 years	957,202.72
3-4 years	158,509.20
4-5 years	228,569.83
Over 5 years	570,123.69
Total	148,842,756.74

## (2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	Write-off	Other	
Aging portfolio	3,713,861.43	1,310,999.95				5,024,861.38
Total	3,713,861.43	1,310,999.95				5,024,861.38

Of which the significant amount of the reversed or collected part during the reporting period :None

## (3) The current accounts receivable write-offs situation

None

## (4) The ending balance of other receivables owed by the imputation of the top five parties

In RMB

Name	Relations with the Company	Amount	Aging	Proportion(%)	Bad debt provision
Guangdong Union Electronic Services Co., Ltd.	Related party	68,390,397.52	Within 1 year	45.95	
Guangdong Humen Bridge Co., Ltd.	Related party	25,013,757.94	Within 1 year	16.81	
Guangzhou Lingte Electronic Co.,Ltd.	Non- Related party	14,637,000.00	1-2 years	9.83	1,463,700.00
		864,000.00	Within 1 year	0.58	
Shandong Boan Intelligent Technology Co., Ltd	Non- Related party	7,409,966.25	2-3 years	4.98	2,222,989.88
Guangdong Lulu Traffic Development Co., Ltd.	Non- Related party	6,458,333.33	Within 1 year	4.34	1,744,962.90
Total	/	122,773,455.04	/	82.49	3,686,698.88

## (5) Account receivable which terminate the recognition owing to the transfer of the financial assets

None

(6)The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

None

## 3. Prepayments

## (1) Age analysis

In RMB

Age	Balance in year-end		Balance Year-beginning	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,413,352.66	66.49%	2,741,988.15	96.85%
1-2 years	1,216,552.83	33.51%	89,136.83	3.15%
Total	3,629,905.49	--	2,831,124.98	--

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time:

None

## (2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

In RMB

Name	Relations with the Company	Amount	Aging	Reasons for non-settlement	Proportion %
Guangzhou Lianxu Automation Equipment Co., Ltd	Non- Related party	1,417,699.11	Within 1 year	Outstanding period	39.06
China Pacific Property Insurance Co. Ltd. Guangdong Branch	Non- Related party	838,016.00	1-2 years	Outstanding period	23.09
Tianjing Kechang Huitong Information Technology Co., Ltd.	Non- Related party	300,000.00	Within 1 year	Outstanding period	8.26
Guangdong Power Grid Energy Development Co., Ltd.	Non- Related party	240,500.00	Within 1 year	Outstanding period	6.63
Zhaoqing Yuezhao highway Co., Ltd.	Related party	151,938.00	Within 1 year	Outstanding period	4.19
Total	/	2,948,153.11	/	/	81.22

## 4. Other accounts receivable

In RMB

Items	Balance in year-end	Balance Year-beginning
Dividend receivable	77,609,011.14	2,705,472.90
Other receivable	38,670,306.56	58,219,894.74
Total	116,279,317.70	60,925,367.64

## (1) Dividend receivable

## 1) Dividend receivable

In RMB

Items	Balance in year-end	Balance Year-beginning
-------	---------------------	------------------------

Guangdong Radio and Television Networks investment No.1 Limited partnership enterprise	1,205,472.90	1,205,472.90
Ganzhou Gankang Expressway Co., Ltd.		1,500,000.00
China Everbright Bank	49,403,538.24	
Ganzhou Kangda Expressway Co., Ltd.	27,000,000.00	
<b>Total</b>	<b>77,609,011.14</b>	<b>2,705,472.90</b>

## 2) Significant dividend receivable aged over 1 year

None

## (2) Other accounts receivable

## 1) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
Balance of settlement funds for securities transactions	47,528,056.18	47,528,056.18
Capital reduction due from Gangkang	22,500,000.00	45,000,000.00
Petty cash	7,361,462.04	5,654,205.42
Gelin Enze Account	4,007,679.91	4,007,679.91
Cash deposit	3,839,969.43	4,001,660.43
Tran Other safer of long-term assets receivable	935,820.00	935,820.00
Other	4,159,095.07	2,754,248.87
<b>Subtotal</b>	<b>90,332,082.63</b>	<b>109,881,670.81</b>
<b>Less: Bad-debt provision</b>	<b>51,661,776.07</b>	<b>51,661,776.07</b>
<b>Total</b>	<b>38,670,306.56</b>	<b>58,219,894.74</b>

## 2) The withdrawal amount of the bad debt provision:

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2021	126,039.98		51,535,736.09	51,661,776.07
Balance as at January 1, 2021 in current	---	---	---	---



Balance as at June 30,,2021	126,039.98		51,535,736.09	51,661,776.07
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Of which the significant amount of the reversed or collected part during the reporting period :None

Note 1: The parent company once paid 33,683,774.79 yuan into Kunlun Securities Co., Ltd, Guangdong Expressway technology investment Co., Ltd once paid 18,000,000.00 yuan into Kunlun Securities Co., Ltd. Qinghai Province Xining City's intermediate people's court made a adjudication under law declared that Kunlun Securities Co., Ltd went bankrupt and repaid debt in November 11, 2006. On March 2007, The Company and Guangdong Expressway Technology Investment Co., Ltd had switched the money that paid into Kunlun Securities Co., Ltd to other account receivable, and follow the careful principle to doubtful debts provision. The 710,349.92 yuan Credit was Recovered in 2008, The 977,527.77 yuan credit was recovered in 2011, The 652,012.00 yuan Credit was recovered in 2014, The 1,815,828.92 yuan Credit was recovered in 2018, and the provision for had deb.

Note 2: Guangdong Expressway Technology investment Co., Ltd .should charge Beijing Gelin Enze Organic Fertilizer Co., Ltd.for 12,220,079.91 yuan. Eight millions of it was entrust loan, three million was temporary borrowing 12,400.00 yuan is the commission loan interest, the rest of it was advance money for another, Beijing Gelin Enze Organic Fertilizer Co., Ltd's operating status was had and had already ceased producing, Accordingly, the controlling subsidiary of the company Guangdong Expressway Investment Co., Ltd. accounted full provision for Bad debt 12,220,079.91 yuan provision. The company in 2014 recovered arrears of 8,000,000.00 yuan, rushed back to the provision for bad debts and write off uncollected interest entrusted loans according to fThe e settlement agreement of 212,400.00 yuan.

Changes in significant book balances for loss preparation current period

Applicable  Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	33,375,728.18
1-2 years	3,333,236.45
2-3 years	85,640.38
Over 3 years	53,537,477.62
3-4 years	277,019.07
4-5 years	431,700.40
Over 5 years	52,828,758.15
Subtotal	90,332,082.63
Less: Bad-debt provision	51,661,776.07
Total	38,670,306.56

3) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Balance Year-beginning	Amount of change in the current period				Balance in year-end
		Accrual	Reversed or collected amount	Write-off	Other	
Accrual of single item	51,535,736.09					51,535,736.09
Accrual of portfolio-Aging portfolio	126,039.98					126,039.98
Accrual of portfolio-Other portfolio						
<b>Total</b>	<b>51,661,776.07</b>					<b>51,661,776.07</b>

Where the current bad debts back or recover significant amounts:None

4)The actual write-off other accounts receivable: None

5) Top 5 of the closing balance of the other accounts receivable collated according to the arrears party

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable( %)	Closing balance of bad debt provision
Kunlun Securities Co.,Ltd	Securities trading settlement funds	47,528,056.18	Over 5 years	52.61%	47,528,056.18
Ganzhou Gangkang Expressway Co., Ltd.	Capital reduction due from Gangkang	22,500,000.00	Within 1 year	24.91%	
Beijing Gelin Enze	Loans	4,007,679.91	Over 5 years	4.44%	4,007,679.91
Guangdong Litong Real Estates Investment Co., Ltd.	Lease deposit	1,630,467.36	Within 1 year	1.81%	
	Vehicle parking deposit	58,660.00	Over 5 years	0.06%	
China Railway No.18 Bureau Group Co., Ltd.	Pay compensation for local problems on behalf	963,300.00	Within 1 year	1.07%	
<b>Total</b>	--	<b>76,688,163.45</b>	--	<b>84.90%</b>	<b>51,535,736.09</b>

## (6) Accounts receivable involved with government subsidies

None

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets None

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

None

## 5. Inventories

Whether the company need to comply with the disclosure requirements of the real estate industry

No

## (1) Category of Inventory

In RMB

Items	Closing book balance			Opening book balance		
	Book balance	Provision for inventory impairment	Book value	Book balance	Provision for inventory impairment	Book value
Raw materials	273,584.06		273,584.06	49,380.53		49,380.53
Stock goods	101,769.91		101,769.91	4,380.53		4,380.53
Total	375,353.97		375,353.97	53,761.06		53,761.06

## (2) Inventory depreciation reserve

None

(3) Description of The closing balance of inventories contain the amount of borrowing costs capitalized

None

## (4) Description of amortization amount of contract performance cost in the current period

None

## 6. Contract assets

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Quality guarantee	5,231,809.89		5,231,809.89	5,452,813.90		5,452,813.90
Total	5,231,809.89		5,231,809.89	5,452,813.90		5,452,813.90

Amount and reason of material change of book value of contract assets in the current period::None

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of contract assets is accrued according to the general model of expected credit loss:

Applicable  Not applicable

#### 7. Non-current asset due within 1 year

In RMB

Items	Year-end balance	Year-beginning balance
Pre-payment of business tax before replacing business tax with VAT	51,745.32	51,745.32
7 days notice of deposit interest	6,137,170.84	
<b>Total</b>	<b>6,188,916.16</b>	<b>51,745.32</b>

#### 8. Other current assets

In RMB

Items	Year-end balance	Year-beginning balance
Income tax to be deducted	738,014.86	
Income tax to be certified	54,991.94	27,051.69
<b>Total</b>	<b>793,006.80</b>	<b>27,051.69</b>

## 9. Long-term equity investment

In RMB

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision
		Additional investment	Decrease in investment	Profits and losses on investments Recognized under the equity method	Other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint venture											
2. Affiliated Company											
Guangdong Jiangzhong Expressway Co., Ltd.	192,252,504.94			11,705,544.07						203,958,049.01	
Ganzhou Gankang Expressway Co., Ltd.	145,774,620.72			9,624,187.44						155,398,808.16	
Ganzhou Kangda Expressway Co., Ltd.	216,814,090.50			24,917,168.32			27,000,000.00			214,731,258.82	
Shenzhen Huiyan Expressway Co., Ltd.	285,408,755.15			17,002,946.80						302,411,701.95	
Zhaoqing Yuezhao Highway Co., Ltd.	302,436,218.83			29,706,901.01			39,675,000.00			292,468,119.84	
Guoyuan Securities Co., Ltd.	938,476,820.74			20,302,738.27	1,995,208.32		10,348,258.20			950,426,509.13	
Guangdong Yuepu Small Refinancing Co., Ltd	215,703,320.38			6,351,644.00		-3,778,219.25				218,276,745.13	
Hunnan Lianzhi Technology Co., .Ltd.	85,080,974.92			3,035,459.41						88,116,434.33	

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Subtotal	2,381,947,306.18			122,646,589.32	1,995,208.32	-3,778,219.25	77,023,258.20			2,425,787,626. 37	
Total	2,381,947,306.18			122,646,589.32	1,995,208.32	-3,778,219.25	77,023,258.20			2,425,787,626. 37	

Other note

Note: Guangdong Yueke Technology Petty Loan Co., Ltd. was renamed as Guangdong Yuepu Small Refinancing Co., Ltd in February 2021.

## 10. Other Equity instrument investment

In RMB

Items	Closing balance	Opening balance
Guangle Expressway Co., Ltd.	748,348,301.73	748,348,301.73
Guangdong Radio and Television Networks investment No. 1 Limited partnership enterprise	50,000,000.00	50,000,000.00
China Everbright Bank Co., Ltd.	889,263,688.32	938,667,226.56
Huaxia Securities Co., Ltd. (Notes1)		
Huazheng Asset Management Co., Ltd. (Notes2)		
Kunlun Securities Co., Ltd. (Notes3)		
<b>Total</b>	<b>1,687,611,990.05</b>	<b>1,737,015,528.29</b>

## Breakdown disclosure of investment in non-tradable equity instruments in the current period

In RMB

Items	Dividend income recognized	Cumulative gain	Cumulative loss	Amount of other consolidated income transferred to retained earnings	Reasons for designation as measured at fair value and changes included in other comprehensive income	Reasons for other consolidated income transferred to retained earnings
Guangle Expressway Co., Ltd.					Non-transactional purpose for shareholding	
Guangdong Radio and Television Networks investment No.1 Limited partnership enterprise		7,802,784.15			Non-transactional purpose for shareholding	
China Everbright Bank Co., Ltd.	49,403,538.24	371,702,811.52			Non-transactional purpose for shareholding	
Huaxia Securities Co., Ltd.			5,400,000.00		Non-transactional purpose for shareholding	
Huazheng Asset Management Co., Ltd.			1,620,000.00		Non-transactional purpose for shareholding	
Kunlun Securities Co., Ltd.			30,000,000.00		Non-transactional purpose for	

					shareholding	
Total	49,403,538.24	379,505,595.67	37,020,000.00			

## Other note:

Note 1: The owner's equity of Huaxia Securities Co., Ltd. was negative and it entered liquidation procedure in December 2005. The Company made full provision for impairment in respect of this long-term equity investment of RMB 5.4 million.

Note 2: According to De Wei Ping Gu Zi 2005 No. 88 Appraisal Report issued by Beijing Dewei Appraisal Co., Ltd. As the June 30, 2005, the amount of net assets of Huazheng Asset Management Co., Ltd. in book was 279.132 million yuan and the appraised value was - 2299.5486 million yuan ,On October 14, 2005, Jianyin CITIC Asset Management Co., Ltd. issued the Letter of Soliciting Opinions on Equity Assignment to the Company. Jianyin CITIC Asset Management Co., Ltd. was willing to pay the price of not more than 42 million yuan to acquire 100% equity of Huazheng Asset Management Co., Ltd. and solicited the Company's opinions. The Company replied on December 5, 2005, abandoning the preemptive right under the same conditions. The Company made provision of 1.3932 million yuan for impairment in respect of this long-term equity investment of 1.62 million yuan.

Note 3.The owner's equity of Kunlun Securities Co., Ltd. was negative and it entered liquidation procedure in October 2005. A wholly owned subsidiary of Guangdong Expressway Technology Investment Co., Ltd. Will invest Kunlun Securities Co., Ltd.'s full provision for impairment of 30 million yuan.

## 11. Investment property

## (1) Investment property adopted the cost measurement mode

√Applicable □Not applicable

In RMB

Items	Houses and buildings	Land use right	Construction in progress	Total
I. Original value				
1. Opening balance	12,664,698.25	2,971,831.10		15,636,529.35
2. Increased amount of the period				
(1) Outsourcing				
(2) Inventory, Fixed assets and Construction project into				
(3) Increased of Enterprise consolidation				
3. Decreased amount of the period				



Items	Houses and buildings	Land use right	Construction in progress	Total
(1) Disposal				
(2) Other Out				
4.Closing balance	12,664,698.25	2,971,831.10		15,636,529.35
II.Accumulated depreciation accumulated amortization				
1.Opening balance	10,694,640.90	1,831,506.56		12,526,147.46
2.Increased amount of the period	73,774.56	36,784.68		110,559.24
(1)Withdrawal or amortization	73,774.56	36,784.68		110,559.24
3.Decreased amount of the period				
(1) Disposal				
(2) Other Out				
4.Closing balance	10,768,415.46	1,868,291.24		12,636,706.70
III. Impairment provision				
1.Opening balance				
2.Increased amount of the period				
(1) Withdrawal				
3.Decreased amount of the period				
(1) Disposal				

Items	Houses and buildings	Land use right	Construction in progress	Total
(2) Other Out				
4.Closing balance				
IV. Book value				
1.Closing book value	1,896,282.79	1,103,539.86		2,999,822.65
2.Opening book	1,970,057.35	1,140,324.54		3,110,381.89

## (2) Investment property adopted fair value measurement mode

Applicable  Not applicable

## (3) Details of investment property failed to accomplish certification of property

In RMB

Items	Book balance	Reason
Houses and Building	1,218,972.18	Transportation and other ancillary facilities, Not accreditation

Other note

## 12. Fixed assets

In RMB

Items	Year-end balance	Year-beginning balance
Fixed assets	10,897,122,561.83	11,540,066,429.69
liquidation of fixed assets	13,117.55	9,500.00
Total	10,897,135,679.38	11,540,075,929.69

## (1) List of fixed assets

In RMB

Items	Guangfo Expressway	Fokai Expressway	Guanghui Expressway	Jingzhu Expressway Guangzhu section	House and buildings	Machinery equipment	Transportation equipment	Electricity equipment and other	Total
I. Original price									
1. Opening balance	1,460,270,190.66	10,892,817,927.30	6,475,428,904.48	4,824,881,424.98	653,156,798.92	1,807,080,795.89	61,427,688.89	134,245,998.01	26,309,309,729.13
2. Increased amount of the period				16,210,108.00		27,120.00		290,080.76	16,527,308.76
(1) Purchase						27,120.00			
(2) Transfer of project under construction			276,082.76	303,202.76					
(3) Increased of Enterprise consolidation								13,998.00	13,998.00
(4) Other				16,210,108.00					16,210,108.00
3. Decreased amount of the period					129,039.00	957,990.00	499,966.00	16,482,158.00	18,069,153.00
(1) Disposal or scrap					129,039.00	957,990.00	499,966.00	272,050.00	1,859,045.00

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(2) Government subsidy offset									
(3) Other								16,210,108.00	16,210,108.00
4.Closing balance	1,460,270,190.66	10,892,817,927.30	6,475,428,904.48	4,841,091,532.98	653,027,759.92	1,806,149,925.89	60,927,722.89	118,053,920.77	26,307,767,884.89
II. Accumulated depreciation									
1.Opening balance	1,460,270,190.66	4,999,612,912.32	3,571,631,502.43	2,994,964,464.08	432,913,163.79	1,174,349,065.14	49,827,783.08	77,204,103.16	14,760,773,184.66
2.Increased amount of the period		279,351,679.51	181,279,037.25	81,797,251.54	14,304,055.28	77,259,366.40	1,144,611.08	5,087,884.75	640,223,885.81
(1) Withdrawal		279,351,679.51	181,279,037.25	81,797,251.54	14,304,055.28	77,259,366.40	1,144,611.08	5,087,884.75	640,223,885.81
3.Decreased amount of the period					122,587.05	862,191.00	474,967.70	251,510.60	1,711,256.35
(1)Disposal or scrap					122,587.05	862,191.00	474,967.70	251,510.60	1,711,256.35
4.Closing balance	1,460,270,190.66	5,278,964,591.83	3,752,910,539.68	3,076,761,715.62	447,094,632.02	1,250,746,240.54	50,497,426.46	82,040,477.31	15,399,285,814.12
II.Accumulated depreciation									
1.Opening balance						7,870,708.72		599,405.96	8,470,114.78
2.Increased amount of the period					2,889,394.16				2,889,394.16
(1) Withdrawal					2,889,394.16				2,889,394.16

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3. Decreased amount of the period									
(1) Disposal or scrap									
4. Closing balance					2,889,394.16	7,870,708.72		599,405.96	11,359,508.94
IV. Book value									
1. Closing book value		5,613,853,335.47	2,722,518,364.80	1,764,329,817.36	203,043,733.74	547,532,976.63	10,430,296.43	35,414,037.50	10,897,122,561.83
2. Opening book		5,893,205,014.98	2,903,797,402.05	1,829,916,960.90	220,243,635.13	624,861,021.93	11,599,905.81	56,442,488.89	11,540,066,429.69

## (2) Temporarily idle fixed assets

In RMB

Items	Original price	Accumulated depreciation	Impairment provision	Book value	Remark
House and buildings	6,014,243.63	4,166,329.20		1,847,914.43	
Total	6,014,243.63	4,166,329.20		1,847,914.43	

## (3) Details of fixed assets failed to accomplish certification of property

In RMB

Items	Book value	Reason
House and Building	141,341,854.15	Transportation and other ancillary facilities, Not accreditation.

## (4) liquidation of fixed assets

In RMB

Items	Year-end balance	Year-beginning balance
Transportation equipment		9,500.00
House and Building	6,451.95	
Office equipment and other	6,665.60	
Total	13,117.55	9,500.00

## 13. Project under construction

In RMB

Items	Year-end balance	Year-beginning balance
Project under construction	476,068,792.62	340,611,095.47
Total	476,068,792.62	340,611,095.47

## (1) Project under construction

In RMB

Items	Year-end balance			Year-beginning balance		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Bridge Deck Treatment Project of Dayong	119,531,037.47		119,531,037.47	117,493,329.30		117,493,329.30

Viaduct						
Pavement Treatment Project	122,157,600.54		122,157,600.54	105,958,479.27		105,958,479.27
Gualuhu Interchange project	134,788,295.75		134,788,295.75	52,045,974.12		52,045,974.12
Reconstruction and Expansion of Sanbao to Shuikou	32,639,361.33		32,639,361.33	29,547,232.58		29,547,232.58
Ganshen High-speed railway crossing section expansion project	12,091,362.98		12,091,362.98	2,555,353.00		2,555,353.00
Huizhou North Interchange Project	17,214,947.18		17,214,947.18	283,432.73		283,432.73
Odd project	37,646,187.37		37,646,187.37	32,727,294.47		32,727,294.47
Total	476,068,792.62		476,068,792.62	340,611,095.47		340,611,095.47

## (2) Changes of significant construction in progress

In RMB

Name of project	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	End balance	Proportion %	Project process	Capitalization of interest	Including: capitalization of interest this period	Capitalization of interest rate (%)	Source of funding
Reconstruction and Expansion of Sanbao to Shuikou	3,426,206,700.00	29,547,232.58	3,092,128.75			32,639,361.33	75.86%	82.29%	72,779,504.82			
Gualuhu Interchange project	197,520,000.00	52,045,974.12	82,756,319.63	13,998.00		134,788,295.75	68.24%	68.24%				
Pavement Treatment Project	186,000,000.00	105,958,479.27	16,199,121.27			122,157,600.54	65.68%	65.68%	4,188,901.41	1,708,886.27	4.07%	
Bridge Deck Treatment Project of Dayong Viaduct	123,000,000.00	117,493,329.30	2,037,708.17			119,531,037.47	97.18%	97.18%	6,678,897.11	2,037,708.17	4.07%	
Total	3,932,726,700.00	305,045,015.27	104,085,277.82	13,998.00		409,116,295.09	--	--	83,647,303.34	3,746,594.44		--



## (3) Provision for impairment of construction projects in the current period

None

## 14. Use right assets

In RMB

Items	House and buildings	Transportation equipment	Total
I. Original price			
1. Opening balance	22,494,778.29	659,277.49	23,154,055.78
2. Increased amount of the period		504,113.56	504,113.56
4. Closing balance	22,494,778.29	1,163,391.05	23,658,169.34
II. Accumulated depreciation			
1. Opening balance			
2. Increased amount of the period	4,657,872.55	260,044.03	4,917,916.58
(1) Withdrawal	4,657,872.55	260,044.03	4,917,916.58
4. Closing balance	4,657,872.55	260,044.03	4,917,916.58
III. Impairment provision			
IV. Book value			
1. Closing book value	17,836,905.74	903,347.02	18,740,252.76
2. Opening book value	22,494,778.29	659,277.49	23,154,055.78

Other note :None

## 15. Intangible assets

## (1) List of intangible assets

In RMB

Items	Land use right	Patent right	Non-patent right	Software	The Turnpike franchise	Total
I. Original price						
1. Opening balance	1,311,658.00			39,912,285.19	318,348,741.86	359,572,685.05
2. Increased amount of the period						
(1) Purchase						

Items	Land use right	Patent right	Non-patent right	Software	The Turnpike franchise	Total
(2)Internal Development						
(3)Increased of Enterprise Combination						
3.Decreased amount of the period						
(1) Disposal						
4.Closing balance	1,311,658.00			39,912,285.19	318,348,741.86	359,572,685.05
II.Accumulated amortization						
1.Opening balance	1,311,658.00			32,458,724.38	23,420,946.15	57,191,328.53
2.Increased amount of the period				1,405,532.76	17,245,289.04	18,650,821.80
(1) Withdrawal				1,405,532.76	17,245,289.04	18,650,821.80
3.Decreased amount of the period						
(1) Disposal						
4.Closing balance	1,311,658.00			33,864,257.14	40,666,235.19	75,842,150.33
III. Impairment provision						
1.Opening balance						
2.Increased amount of the period						
(1) Withdrawal						
3.Decreased amount of the period						
(1) Disposal						

Items	Land use right	Patent right	Non-patent right	Software	The Turnpike franchise	Total
4.Closing balance						
IV. Book value						
1.Closing book value				6,048,028.05	277,682,506.67	283,730,534.72
2.Opening book value				7,453,560.81	294,927,795.71	302,381,356.52

The intangible assets by the end of the formation of the company's internal R & D accounted 0.00% of the proportion of the balance of intangible assets

Note: According to the relevant government documents, the company included the relevant operating expenses incurred during the epidemic prevention and control period from February 17, 2020 to May 5, 2020 into intangible assets-book value of toll road franchise, and began to accrue and amortize the remaining operating period in May 2020 according to the traffic flow method.

(2)Details of Land use right failed to accomplish certification of property

None

#### 16. Long-term amortize expenses

In RMB

Items	Balance in year-begin	Increase in this period	Amortized expenses	Other loss	Balance in year-end
Prepaid business tax and surcharges before replacement of business tax with value-added tax	2,454,375.00		175,312.50		2,279,062.50
Total	2,454,375.00		175,312.50		2,279,062.50

#### 17. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets had not been off-set

In RMB

Items	Balance in year-end		Balance Year-beginning	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets

Assets impairment provisions	11,594,966.32	2,898,741.58	8,705,572.16	2,176,393.04
Deductible loss	895,998,889.02	223,999,722.26	1,000,101,381.76	250,025,345.44
Amortization of intangible assets	204,533,341.88	51,133,335.47	269,669,149.91	67,417,287.48
Deferred income	37,761,831.40	9,440,457.85	44,545,569.73	11,136,392.43
Total	1,149,889,028.62	287,472,257.16	1,323,021,673.56	330,755,418.39

## (2) Deferred income tax liabilities had not been off-set

In RMB

Items	Balance in year-end		Balance Year-beginning	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Changes in the fair value of other equity instruments	371,702,811.52	92,925,702.88	421,106,349.76	105,276,587.44
Deductible temporary differences in the formation of asset impairment	1,073,420,402.00	268,355,100.50	1,124,772,402.32	281,193,100.58
Difference of amortization method of franchise of toll road	3,567,807.68	891,951.92	2,533,490.83	633,372.72
Total	1,448,691,021.20	362,172,755.30	1,548,412,242.91	387,103,060.74

## (3) Details of unrecognized deferred tax assets

In RMB

Items	Balance in year-end	Balance Year-beginning
Deductible loss	15,880,112.62	11,452,524.12
Assets impairment provisions	93,295,931.45	91,984,931.50
Total	109,176,044.07	103,437,455.62

## (4) Deductible losses of the un-recognized deferred income tax asset will expire in the following years

In RMB

Year	Balance in year-end	Balance Year-beginning	Remark
2021			
2022	1,133,109.04	1,133,109.04	

2023	3,129,535.72	3,129,535.72	
2024	3,618,779.07	3,618,779.07	
2025	3,571,100.29	3,571,100.29	
2026	4,427,588.50		
Total	15,880,112.62	11,452,524.12	--

## 18. Other Non-current assets

In RMB

Items	Balance in year-end			Balance Year-beginning		
	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Prepaid fixed assets engineering fees	22,732,114.65		22,732,114.65	21,946,578.75		21,946,578.75
Prepaid business tax	441,155.10		441,155.10	467,027.76		467,027.76
Less: Part due within 1 year	51,745.32		51,745.32	51,745.32		51,745.32
Total	23,121,524.43		23,121,524.43	22,361,861.19		22,361,861.19

## 19. Short-term Borrowing

## (1) Short-term Borrowing

In RMB

Total	Balance in year-end	Balance Year-beginning
Credit Borrowing	200,000,000.00	200,000,000.00
Interest accrued on short-term borrowing	175,000.00	192,500.00
Total	200,175,000.00	200,192,500.00

## (2) Overdue short-term borrowings

None

## 20. Account payable

## (1) List of account payable

In RMB

Items	Balance in year-end	Balance Year-beginning
Within 1 year (Including 1 year)	108,653,398.13	252,654,968.64
1-2 years (including 2 years)	95,600,699.27	44,097,234.36
2-3 years (including 3 years)	33,193,319.26	10,392,605.88
Over 3 years	69,061,279.17	62,628,533.83
<b>Total</b>	<b>306,508,695.83</b>	<b>369,773,342.71</b>

## (2) Significant payable aging more than 1 year

In RMB

Items	Balance in year-end	Reason
Foshan Land and resources Bureau.	30,507,598.21	Unsettled
Guang Zhongjiang Expressway project Management Dept	28,000,000.00	Unsettled
Heshan Land and resources Bureau	10,186,893.60	Unsettled
Guangdong Provincial Freeway Co.,Ltd.	8,746,491.18	Unsettled
The Third Research Institute of The ministry Of public Security	8,730,588.49	OBU goods, Unsettled
<b>Total</b>	<b>86,171,571.48</b>	--

Other note:

## 21. Prepayment received

## (1) List of Prepayment received

In RMB

Items	Balance in year-end	Balance Year-beginning
Within 1 year (Including 1 year)	12,523,692.52	1,473,106.10
1-2 years (Including 2 years)		
2-3 years (Including 3 years)		
Over 3 years	9,278,102.25	9,835,901.31
<b>Total</b>	<b>21,801,794.77</b>	<b>11,309,007.41</b>

## (2) Significant advance from customers aging over one year

In RMB

Items	Balance in year-end	Unpaid/Uncarry over reason
Guangzhou Huanlong Expressway Co., Ltd.	7,538,446.46	The Rental is not in the settlement period

Guangdong Xinle Technology Development Co., Ltd.	1,317,877.49	The Rental is not in the settlement period
Total	8,856,323.95	--

## (3) Settlement of outstanding projects resulting from final construction contracts

None

## 22.Contract liabilities

In RMB

Items	Balance in year-end	Balance Year-beginning
Payments received in advance	327,734.51	309,734.51
Less: Other non-current liabilities		
Total	327,734.51	309,734.51

## 23. Payable Employee wage

## (1) Payable Employee wage

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
I. Short-term compensation	16,726,198.13	176,850,610.36	171,066,382.99	22,510,425.50
II. Post-employment benefits - defined contribution plans		29,615,875.36	26,805,310.89	2,810,564.47
III. Dismissal benefits		52,930.00	52,930.00	
Total	16,726,198.13	206,519,415.72	197,924,623.88	25,320,989.97

## (2) Short-term Remuneration

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
1. Wages, bonuses, allowances and subsidies	465,063.49	130,356,876.54	124,264,341.41	6,557,598.62
2. Employee welfare		10,676,725.41	10,676,725.41	
3. Social insurance premiums		12,115,919.26	12,102,773.45	13,145.81

Including : Medical insurance		7,943,235.84	7,931,971.21	11,264.63
Work injury insurance		132,925.72	132,667.60	258.12
Maternity insurance		1,243,270.56	1,241,647.50	1,623.06
Other		2,796,487.14	2,796,487.14	
4.Public reserves for housing		18,938,804.00	18,914,108.00	24,696.00
5.Union funds and staff education fee	14,578,979.10	4,108,021.65	4,454,171.22	14,232,829.53
8.Other	1,682,155.54	654,263.50	654,263.50	1,682,155.54
Total	16,726,198.13	176,850,610.36	171,066,382.99	22,510,425.50

## (3) Defined contribution plans listed

In RMB

Items	Balance Year-beginning	Increase in this period	Payable in this period	Balance in year-end
1. Basic old-age insurance premiums		17,058,245.75	17,033,625.11	24,620.64
2.Unemployment insurance		1,508,985.20	1,508,236.43	748.77
3.Enterprise annuity payment		11,048,644.41	8,263,449.35	2,785,195.06
Total		29,615,875.36	26,805,310.89	2,810,564.47

## 24. Tax Payable

In RMB

Items	Balance in year-end	Balance Year-beginning
VAT	11,310,652.79	19,253,425.01
Enterprise Income tax	161,545,820.11	192,073,414.37
Individual Income tax	379,604.75	2,589,498.58
City Construction tax	735,675.16	1,270,608.27
Education subjoin	354,153.73	594,019.27
Locality Education subjoin	216,166.07	376,577.48
Land use tax	638,542.10	
Property tax	975,716.99	45,461.47
Stamp tax	55,280.55	1,514,826.65
Construction costs for cultural		30,561.68



undertaking		
Total	176,211,612.25	217,748,392.78

## 25. Other accounts payable

In RMB

Items	Balance in year-end	Balance Year-beginning
Dividend payable	630,684,374.92	22,262,804.39
Other account payable	188,472,025.89	1,490,356,555.39
Total	819,156,400.81	1,512,619,359.78

## (1) Dividends payable

In RMB

Items	Balance in year-end	Balance Year-beginning
Common stock dividends	630,684,374.92	22,262,804.39
Total	630,684,374.92	22,262,804.39

Note: Including significant unpaid dividends payable over one year, the unpaid reason shall be disclosed:

Final dividend payable 19,634,536.14yuan for more than a year in unpaid dividends to shareholders over the year was mainly due to non-payment of shareholder dividends did not provide information on interest-bearing bank, did not share reform of shareholders to receive dividends or provide application to receive dividends the bank information is incorrect, resulting in failure to pay a dividend or refund.

## (2) Other accounts payable

## (1) Other accounts payable listed by nature of the account

In RMB

Items	Year-end balance	Year-Beginning balance
M&A funds payable to Guanghui 21% equity		1,221,839,292.00
Estimated project cost	72,631,540.13	147,443,692.67
Deposit, warranty and security deposit	75,542,601.43	82,529,159.41
Other	36,354,505.94	36,456,530.29
Temporary collection payable	3,943,378.39	2,087,881.02
Total	188,472,025.89	1,490,356,555.39

## (2) Other significant accounts payable with aging over one year

In RMB

Items	Closing balance	Unpaid/un-carry over reason
Poly Changda Highway Engineering Co., Ltd.	14,430,723.78	Project Quality guarantees, constrict liquidated damages
Yayao to Xiebian extension	12,499,448.48	Outstanding
Guangdong Guanyue Road & Bridge Co., Ltd.	6,539,681.80	Project Quality guarantee
Guangdong Nengda High Grade Highway Maintenance Co., Ltd.	3,615,020.10	Contract liquidated damages, Wage margin for migrant workers
Dahao Municipal Construction Co., Ltd.	3,000,000.00	Project Quality guarantee
Total	40,084,874.16	--

## 26. Non-current liabilities due within 1 year

In RMB

Items	Balance year-end	Year-beginning balance
Long-term loans due within 1 year	142,956,200.00	203,536,200.00
Long-term payable due within 1 year	944,339.62	732,075.46
Lease liabilities due within 1 year	9,658,303.32	9,124,680.86
Interest payable due within 1 year	22,299,019.57	62,059,742.01
Total	175,857,862.51	275,452,698.33

Other note:

## 27. Other current liabilities

In RMB

Items	Balance year-end	Year-beginning balance
Tax to be rewritten	1,882,974.53	648,581.64
Total	1,882,974.53	648,581.64

## 28. Long-term loan

## (1) Category of long-term loan

In RMB

Items	Balance year-end	Year-beginning balance
Pledge loan	616,030,000.00	657,365,000.00

Credit loan	5,403,966,900.00	4,523,610,000.00
Less:Long-term loans due within one year	142,956,200.00	203,536,200.00
Total	5,877,040,700.00	4,977,438,800.00

## 29. Bond payable

## (1) Bond payable

In RMB

Items	Balance year-end	Year-beginning balance
Medium- term note	1,426,956,661.36	1,426,488,336.65
Total	1,426,956,661.36	1,426,488,336.65

## (2) Changes of bonds payable(Not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability)

In RMB

Name of the bond	Book value	Issue date	Period	Issue amount	Opening balance	The current issue	Withdraw interest at par	Overflow discount amount	Pay in current period	Closing balance
19 Guangdong Expressway MTN001	680,000,000.00	2019.2.27	2019.3.1-2024.3.1	680,000,000.00	678,575,316.87			-223,418.00		678,798,734.87
20 Guangdong Expressway MTN001	750,000,000.00	2020.3.13	2020.3.17-2025.3.17	750,000,000.00	747,913,019.78			-244,906.71		748,157,926.49
Total	--	--	--	1,430,000,000.00	1,426,488,336.65			-468,324.71		1,426,956,661.36

## (3) Note to conditions and time of share transfer of convertible bonds

None

## (4) Other financial instruments that are classified as financial liabilities

None

## 30. Lease liabilities

In RMB

Items	Balance year-end	Year-beginning balance
Long-term lease liabilities	17,381,066.74	21,369,895.75
Including: Financing costs are not recognized	737,310.63	1,134,013.96
Less: Lease liabilities due within 1 year	-9,658,303.32	-9,124,680.86
<b>Total</b>	<b>7,722,763.42</b>	<b>12,245,214.89</b>

## 31. Long-term payable

In RMB

Items	Balance year-end	Year-beginning balance
Long-term payable	3,461,832.74	40,406,172.37
<b>Total</b>	<b>3,461,832.74</b>	<b>40,406,172.37</b>

## (1) Long-term payable listed by nature of the account

In RMB

Items	Balance year-end	Year-beginning balance
Non-operating asset payable	2,022,210.11	2,022,210.11
Entrust loans		36,000,000.00
Medium term bill underwriting fee	2,383,962.25	3,116,037.72
Less: Part due within 1 year	944,339.62	732,075.46
<b>Total</b>	<b>3,461,832.74</b>	<b>40,406,172.37</b>

## 32. Deferred income

In RMB

Items	Opening balance	Increase	Decrease	Closing balance	Cause
Government subsidy	44,545,569.64		6,783,738.24	37,761,831.40	
Lease income	44,625,000.00		3,187,500.00	41,437,500.00	

Total	89,170,569.64		9,971,238.24	79,199,331.40	--
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## Details of government subsidies:

In RMB

Items	Beginning of term	New subsidy in current period	Amount transferred to non-operational income	Other income recorded in the current period	Amount of cost deducted in the current period	Other changes	End of term	Asset-related or income-related
Cancellation of Expressway Provincial Toll Station Project	44,545,569.64			6,783,738.24			37,761,831.40	Related to assets
Total	44,545,569.64			6,783,738.24			37,761,831.40	

## 33. Stock capital

In RMB

	Balance Year-beginning	Changed (+, -)					Balance in year-end
		Issuance of new share	Bonus shares	Capitalizatio n of public reserve	Other	Subtotal	
Total of capital shares	2,090,806,126.00						2,090,806,126.00

## 34. Capital reserves

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Share premium	508,711,146.99			508,711,146.99
(1) Capital invested by investors	2,508,408,342.99			2,508,408,342.99
(2) Influence of business combination under the same control	-1,999,697,196.00			-1,999,697,196.00
Other capital reserves	137,258,063.49	46,064,922.25		183,322,985.74
(1) Changes in other equity of the investee under the equity accounting	525,074.49			525,074.49
(2) Other	136,732,989.00	46,064,922.25		182,797,911.25
Total	645,969,210.48	46,064,922.25		692,034,132.73

- The situation of change in the current capital reserve is as follows:

①The increase of capital reserve-others in this period is mainly due to the agreement signed by Guanghui and Zengcheng District People's Government to add interchange on Zengcheng Section of Guanghui Expressway, which stipulates that Guanghui will build Shaning Road Interchange and Xincheng Avenue Interchange, and all expenses incurred in building interchange will be borne by Zengcheng District People's Government. After the project is completed, it will be managed by Guanghui. A total of RMB268,103,900.00 was received from Zengcheng District Government at the beginning of the period, of which the opening balance of capital reserve attributable to the parent company-other capital reserve was RMB136,732,989.00, and RMB97,731,650.00 was



newly received in this period, of which capital reserve attributable to the parent company-other capital reserve increased by RMB 49,843,141.50 in this period.

②The joint venture Guangdong Yuepu Small Refinancing Co., Ltd increased its capital and expanded its shares. The Company adjusted the book value of long-term equity investment according to the diluted shareholding ratio, reducing the capital reserve by RMB 3,778,219.25.

## 35. Other comprehensive income

In RMB

Items	Year-beginning balance	Amount of current period						Year-end balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Prior period included in other composite income transfer to retained income in the current period	Less: Income tax expenses	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
1.Other comprehensive income will be reclassified into income or loss in the future	315,829,762.32	-49,403,538.24			-12,350,884.56	-37,052,653.68		278,777,108.64
Changes in fair value of investments in other equity instruments	315,829,762.32	-49,403,538.24			-12,350,884.56	-37,052,653.68		278,777,108.64
2.Other comprehensive income reclassifiable to profit or loss in subsequent periods	-12,933,884.67	1,995,208.32				1,995,208.32		-10,938,676.35
Including: Share of other comprehensive income of the investee that cannot be transferred to profit or loss	-12,933,884.67	1,995,208.32				1,995,208.32		-10,938,676.35

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accounted for using the equity method								
Total of other comprehensive income	302,895,877.65	-47,408,329.92			-12,350,884.56	-35,057,445.36		267,838,432.29

## 36. Surplus reserve

In RMB

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	1,167,785,965.63			1,167,785,965.63
Total	1,167,785,965.63			1,167,785,965.63

## 37. Retained profits

In RMB

Items	Amount of this period	Amount of last period
Before adjustments: Retained profits in last period end	3,725,679,319.35	3,915,790,810.76
Adjust the total undistributed profits at the beginning of the period	-433,859.42	
After adjustments: Retained profits at the period beginning	3,725,245,459.93	3,915,790,810.76
Add: Net profit belonging to the owner of the parent company	848,860,350.64	867,842,774.78
Less: Statutory surplus reserve		93,232,912.82
Common stock dividend payable	608,424,582.67	882,320,185.17
Other		82,401,168.20
Retained profit at the end of this term	3,965,681,227.90	3,725,679,319.35

As regards the details of adjusted the beginning undistributed profits

(1) As the retroactive adjustment on Enterprise Accounting Standards and its related new regulations, the affected beginning undistributed profits are RMB 0.00.

(2) As the change of the accounting policy, the affected beginning undistributed profits are RMB 0.00.

(3) As the correction of significant accounting error, the affected beginning undistributed profits are RMB 0.00.

(4) As the change of consolidation scope caused by the same control, the affected beginning undistributed profits are RMB 0.00.

(5) Other adjustment of the total affected beginning undistributed profits are RMB 0.00.

## 38. Operation income and operation cost

In RMB

Items	Amount of this period		Amount of last period	
	Income	Cost	Income	Cost
Main operation	2,448,927,494.46	868,560,892.48	1,089,323,025.02	765,703,663.54
Other operation	39,547,175.35	20,566,849.95	28,431,284.25	11,771,221.72
Total	2,488,474,669.81	889,127,742.43	1,117,754,309.27	777,474,885.26

## 39. Business tax and subjoin

In RMB

Items	Amount of this period	Amount of last period
Urban construction tax	4,707,823.03	2,113,789.37
Education surcharge	2,248,134.09	1,011,633.95
Property tax	1,328,788.22	712,301.65
Land use tax	875,697.88	606,620.40
Vehicle use tax	43,697.47	46,634.19
Stamp tax	196,890.20	113,623.71
Business tax	185,247.66	185,247.66
Locality Education surcharge	1,495,067.55	671,547.50
Total	11,081,346.10	5,461,398.43

Other note:

## 40. Administrative expenses

In RMB

Items	Amount of this period	Amount of last period
Wage	66,423,609.15	55,064,316.42
Depreciation and Amortization	5,724,413.26	4,979,637.57
Intangible assets amortization	1,081,305.76	1,192,383.87
Low consumables amortization	324,317.77	269,115.76
Rental fee	6,032,852.02	5,183,189.17
Business fee	372,403.60	348,171.25
Office expenses	4,187,689.42	3,673,999.40
Travel expenses	325,420.94	112,453.53

Consultation expenses	117,000.00	63,000.00
The fee for hiring agency	3,076,580.06	3,309,843.01
Repairs cost	342,887.00	309,198.01
Vehicle fee	1,504,032.85	1,353,273.53
Listing fee	11,320.75	11,320.75
Information cost and maintenance fee	507,982.88	253,897.56
Other	3,325,219.93	2,538,262.12
<b>Total</b>	<b>93,357,035.39</b>	<b>78,662,061.95</b>

## 41. Financial expenses

In RMB

Items	Amount of this period	Amount of last period
Interest expenses	149,343,110.61	134,883,778.08
Deposit interest income (-)	-29,751,089.44	-15,990,606.72
Exchange Income and loss (Gain-)		
Bank commission charge	93,344.30	104,477.69
Other	1,183,218.60	1,705,527.49
<b>Total</b>	<b>120,868,584.07</b>	<b>120,703,176.54</b>

## 42. Other gains

In RMB

Items	Amount of this period	Amount of last period
Cancellation of Expressway Provincial Toll Station Project	6,783,738.24	5,180,566.19
Stable job subsidies	932,076.28	398,471.22
Enterprises with industrial training subsidies	1,243,500.00	
Yuexiu District Bureau of Commerce awards and subsidies	339,000.00	
Maternity allowance	149,069.16	149,747.43
Veterans' VAT reduction and exemption	15,785.44	12,771.61
Withholding and remitting enterprise prepaid income tax fees	322,529.07	195,056.10
Veterans' VAT reduction and exemption	136,670.84	

Total	9,922,369.03	5,936,612.55
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## 43. Investment income

In RMB

Items	Amount of this period	Amount of last period
Long-term equity investment income by equity method	122,646,589.32	12,358,090.15
Dividends earned during the holding period on investments in other equity instrument	49,403,538.24	50,785,213.04
Interest income on entrusted loans		3,610,807.53
Total	172,050,127.56	66,754,110.72

## 44. Credit impairment losses

In RMB

Items	Amount of this period	Amount of last period
Impairment losses on accounts receivable	-1,310,999.95	-236,683.81
Total	-1,310,999.95	-236,683.81

## 45. Asset impairment loss

In RMB

Items	Amount of this period	Amount of last period
Loss on impairment of fixed assets	-2,889,394.16	
Total	-2,889,394.16	

## 46. Assets disposal income

In RMB

Source	Amount of this period	Amount of last period
Non-current assets disposal gains		
Including: Income from disposal of Fixed assets		
Income from disposal of Intangible assets		
Other		4.37
Total		4.37

## 47. Non-Operation income

In RMB

Items	Amount of this period	Amount of last period	Recorded in the amount of the non-recurring gains and losses
Insurance claim income	2,494,015.56	2,229,165.04	2,494,015.56
Road property claim income	1,436,421.01	1,262,316.21	1,436,421.01
Relocation compensation income		1,549,865.12	
Other	80,783.48	270,342.87	80,783.48
<b>Total</b>	<b>4,011,220.05</b>	<b>5,311,689.24</b>	<b>4,011,220.05</b>

## 48. Non-Operation expense

In RMB

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Road rehabilitation expenditure	1,567,847.87	1,411,624.28	1,567,847.87
Loss & abandonment of non-current assets	135,447.06	184,878.43	135,447.06
Fine	153.62	25,472.76	153.62
Other	107,872.58	615,563.11	107,872.58
<b>Total</b>	<b>1,811,321.13</b>	<b>2,237,538.58</b>	<b>1,811,321.13</b>

## 49. Income tax expense

## (1) Lists of income tax expense

In RMB

Items	Amount of current period	Amount of previous period
Current income tax expense	323,321,325.12	78,051,106.83
Deferred income tax expense	30,703,740.35	16,076,906.91
<b>Total</b>	<b>354,025,065.47</b>	<b>94,128,013.74</b>

## (2) Adjustment process of accounting profit and income tax expense

In RMB



Items	Amount of current period
Total	1,554,011,963.22
Current income tax expense accounted by tax and relevant regulations	388,502,990.81
Influence of income tax before adjustment	2,881,722.95
Influence of non taxable income	-43,012,531.89
Impact of non-deductible costs, expenses and losses	6,149,582.63
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	-496,699.03
Income tax expense	354,025,065.47

## 50.Items of Cash flow statement

## (1) Other cash received from business operation

In RMB

Items	Amount of current period	Amount of previous period
Interest income	23,613,918.60	15,990,606.72
Unit current account	38,551,853.57	39,524,470.85
Cancellation of Expressway Provincial Toll Station Project		55,851,800.00
Total	62,165,772.17	111,366,877.57

## (2) Other cash paid related to operating activities

In RMB

Items	Amount of current period	Amount of previous period
Management expense	14,914,357.27	16,911,831.76
Unit current account	10,957,032.13	9,476,588.65
Total	25,871,389.40	26,388,420.41

## (3).Cash receivable related to other Financing activities

In RMB

Items	Amount of current period	Amount of previous period
Government infrastructure investment subsidies	97,731,650.00	13,180,600.00
Total	97,731,650.00	13,180,600.00

## (4) Cash paid related to other Financing activities

In RMB

Items	Amount of current period	Amount of previous period
Issuance fee of medium-term notes	776,869.75	1,122,177.00
Purchase of 21% equity consideration of Guanghui	1,221,839,292.00	
Cash paid for the lease liabilities	5,157,973.11	
Total	1,227,774,134.86	1,122,177.00

## 51. Supplement Information for cash flow statement

## (1) Supplement Information for cash flow statement

In RMB

Supplement Information	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities	--	--
Net profit	1,199,986,897.75	116,852,967.84
Add: Credit loss preparation	1,310,999.95	236,683.81
Impairment loss provision of assets	2,889,394.16	
Depreciation of fixed assets, oil and gas assets and consumable biological assets	645,076,121.84	534,959,817.53
Depreciation of Use right assets		
Amortization of intangible assets	18,687,606.48	1,528,552.29
Amortization of Long-term deferred expenses	175,312.50	228,821.22
Loss on disposal of fixed assets, intangible assets and other long-term deferred assets		
Fixed assets scrap loss	135,447.06	184,878.43
Loss on fair value changes		
Financial cost	149,343,110.61	137,383,778.08
Loss on investment	-172,050,127.56	-66,754,110.72
Decrease of deferred income tax assets	43,283,161.23	12,995,521.70
Increased of deferred income tax liabilities	-12,579,420.88	3,081,385.21
Decrease of inventories	-321,592.91	

Decease of operating receivables	19,900,483.49	-151,425,588.68
Increased of operating Payable	-80,544,176.47	120,390,589.10
Net cash flows arising from operating activities	1,815,293,217.25	709,663,295.81
II. Significant investment and financing activities that without cash flows:	--	--
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Financing of fixed assets leased		
3. Movement of cash and cash equivalents:	--	--
Ending balance of cash	3,566,075,410.42	3,492,512,939.41
Less: Beginning balance of cash equivalents	2,846,176,803.89	3,052,977,164.15
Add: End balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase of cash and cash equivalent	719,898,606.53	439,535,775.26

## (2) Composition of cash and cash equivalents

In RMB

Items	Balance in year-end	Balance in year-Beginning
Cash	3,566,075,410.42	2,846,176,803.89
Of which: Cash in stock	82,551.70	54,482.68
Bank savings could be used at any time	3,565,475,338.96	2,845,600,152.23
Other monetary capital could be used at any time	517,519.76	522,168.98
Balance of cash and cash equivalents at the period end	3,566,075,410.42	2,846,176,803.89

## 52. The assets with the ownership or use right restricted

In RMB

Items	Book value at the end of the period	Restricted reason
Monetary fund	1,221,200.00	Land reclamation funds in the fund escrow account
Total	1,221,200.00	--

Other:

As of June 30, 2021, the Company's subsidiary Jingzhu Expressway Guangzhu Section Co., Ltd borrowed

616,030,000.00 yuan from Wuyang Sub-branch of Industrial and Commercial Bank of China (including 67,670,000.00 yuan in non-current liabilities due within one year and 548,360,000.00 yuan in long-term loans), and provided a pledge guarantee of 19.2% of the project's toll interest (the right to collect tolls for vehicles traveling on the Guangzhu section of Jingzhu Expressway and the revenue generated by owning such right).

### VIII. Equity in other entities

#### 1. Equity in subsidiary

##### (1) The structure of the enterprise group

Name of Subsidiary	Main Places of Operation	Registration Place	Nature of Business	Shareholding Ratio (%)		Obtaining Method
				direct	indirect	
Guangfo Expressway Co., Ltd.	Guangzhou	Guangzhou	Expressway Management	75.00%		Under the same control business combination
Guangdong Expressway Technology Investment Co., Ltd.	Guangzhou	Guangzhou	Expressway Management	100.00%		Investment
Guangdong Guanghui Expressway Co., Ltd.	Guangzhou	Guangzhou	Expressway Management	51.00%		Under the same control business combination
Jingzhu Expressway Guangzhu Section Co., Ltd.	Zhongshan	Guangzhou	Expressway Management	75.00%		Under the same control business combination
Yuegao Capital Investment(Guangzhou)Co., Ltd.	Guangzhou	Guangzhou	Investment management	100.00%		Investment

Notes: holding proportion in subsidiary different from voting proportion: None

Basis of holding half or less voting rights but still been controlled investee and holding more than half of the voting rights not been controlled investee: None

Significant structure entities and controlling basis in the scope of combination: None

Basis of determine whether the Company is the agent or the principal: None

Other notes:

Yuegao Capital Investment(Hengqin)Co., Ltd. was renamed as Yuegao Capital Investment(Guangzhou)Co., Ltd. in June 16, 2021.

##### (2) Important Non-wholly-owned Subsidiary

In RMB

Name of Subsidiary	Shareholding Ratio of Minority	Profit or Loss Owned by the Minority	Dividends Distributed to the Minority Shareholders in the	Equity Balance of the Minority Shareholders in the End of the

	Shareholders (%)	Shareholders in the Current Period	Current Period	Period
Guangfo Expressway Co., Ltd.	25.00%	31,281,677.09	37,982,900.91	108,400,149.47
Guangdong Guanghui Expressway Co., Ltd.	49.00%	253,242,000.77	304,914,520.46	1,942,453,815.27
Jingzhu Expressway Guangzhu Section Co.,Ltd.	25.00%	66,602,869.25	74,680,354.93	229,763,399.74

Holding proportion of minority shareholder in subsidiary different from voting proportion

None

## (3) The main financial information of significant not wholly owned subsidiary

In RMB

Name	Year-end balance					
	Current assets	Non- current assets	Total assets	Current Liabilities	Non- current liabilities	Total liabilities
Guangfo Expressway Co., Ltd.	475,156,113.44	38,940,988.54	514,097,101.98	78,736,240.45	1,760,263.67	80,496,504.12
Guangdong Guanghui Expressway Co., Ltd.	1,101,624,619.02	3,341,755,936.81	4,443,380,555.83	255,443,544.26	223,745,551.83	479,189,096.09
Jingzhu Expressway Guangzhu Section Co.,Ltd.	117,147,025.52	2,194,887,158.23	2,312,034,183.75	460,471,665.13	932,508,919.65	1,392,980,584.78

(Continue)

Name	Year-beginning balance					
	Current assets	Non- current assets	Total assets	Current Liabilities	Non- current liabilities	Total liabilities
Guangfo Expressway Co., Ltd.	475,293,044.67	55,900,968.26	531,194,012.93	67,267,992.50	3,520,527.29	70,788,519.79
Guangdong Guanghui Expressway Co., Ltd.	1,066,412,539.00	3,451,858,995.85	4,518,271,534.85	305,774,405.46	240,583,197.83	546,357,603.29
Jingzhu Expressway Guangzhu Section Co.,Ltd.	118,177,442.22	2,272,633,604.38	2,390,811,046.60	470,629,108.30	968,818,396.62	1,439,447,504.92

In RMB

Name	Amount of current period				Amount of previous period			
	Business income	Net profit	Total Comprehensive	Cash flows from operating activities	Business income	Net profit	Total Comprehensive	Cash flows from operating activities

Guangdong Provincial Expressway Development Co., Ltd. The Semi-Annual Financial Report 2021

			income				income	
Guangfo Expressway Co., Ltd.	223,491,338.35	125,126,708.37		157,947,488.85	102,043,817.63	44,304,805.16		59,016,009.03
Guangdong Guanghui Expressway Co., Ltd.	1,004,523,049.04	516,820,409.74		680,781,673.26	457,060,461.67	144,984,204.47		291,757,191.47
Jingzhu Expressway Guangzhu Section Co.,Ltd.	560,521,671.83	266,411,477.01		379,260,592.42	232,123,838.11	40,472,322.41		136,327,743.66

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt

None

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

None

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary

(1) Significant joint venture arrangement or associated enterprise

None

(2) Affect of the transaction on the minority equity and owner's equity attributable to the parent company

None

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Name	Main operating place	Registration place	Business nature	Proportion		Accounting treatment of the investment of joint venture or associated enterprise
				Directly	Indirectly	
Zhaoqing Yuezhao Highway Co., Ltd.	Zhaoqing, Guangdong	Zhaoqing, Guangdong	Expressway Management	25.00%		Equity method
Shenzhen Huiyan Expressway Co., Ltd.	Shenzhen	Shenzhen	Expressway Management	33.33%		Equity method
Guangdong Jiangzhong Expressway Co., Ltd.	Zhongshan	Zhongshan	Expressway Management	15.00%		Equity method
Ganzhou kangda Expressway Co., Ltd.	Ganzhou	Ganzhou	Expressway Management	30.00%		Equity method
Ganzhou Gankang Expressway Co., Ltd.	Ganzhou	Ganzhou	Expressway Management	30.00%		Equity method
Guangdong Yuepu Small Refinancing Co., Ltd	Guangzhou	Guangzhou	Hand all kinds of small loans	15.48%		Equity method
Guangyuan Securities Co., Ltd.	Hefei	Hefei	Security business	2.37%		Equity method
Hunan Lianzhi Technology Co., Ltd.	Changsha	Changsha	Research and experimental development		10.10%	Equity method



Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

None

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

Guangdong, Jiangzhong Expressway Co., Ltd., Guangyuan Securities Co., Ltd., Yuepu Small Refinancing Co., Ltd. and Hunan Lianzhi Technology Co., Ltd. holds 20% of the voting rights, but has the power to participate in making decisions on their financial and operating decisions, and therefore deemed to be able to exert significant influence over the investee.

(2) Main financial information of significant joint venture

None

(3) Main financial information of significant associated enterprise

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
	Guoyuan Securities Co., Ltd.	Guoyuan Securities Co., Ltd.
Current assets	64,029,364,790.07	61,811,795,291.30
Non-current assets	36,583,479,739.43	29,078,621,012.06
Total assets	100,612,844,529.50	90,890,416,303.36
Current liabilities	56,859,657,145.26	47,486,651,848.27
Non-current Liabilities	12,394,345,520.50	12,549,458,553.05
Total liabilities	69,254,002,665.76	60,036,110,401.32
Minority Shareholders' Equity	13,172,068.16	12,544,928.96
Shareholders' equity attributable to shareholders of the parent	31,345,669,795.58	30,841,760,973.08
Pro rata share of the net assets calculated	743,330,876.59	731,381,188.20
--Goodwill	207,095,632.54	207,095,632.54
The book value of equity investments in joint ventures	950,426,509.13	938,476,820.74
Fair value of equity investment of associated enterprises with open quotation	824,756,178.54	927,203,934.72
Business income	2,275,384,578.36	2,115,128,481.79
Net profit	846,756,168.54	617,902,373.05
Other comprehensive income	84,942,800.98	99,219,704.73
Total comprehensive income	931,698,969.52	717,122,077.78
Dividends received from associates during the year	10,348,258.20	11,940,297.90

## (4) Summary financial information of insignificant joint venture or associated enterprise

In RMB

	Year-end balance/ Amount of current period	Year-beginning balance/ Amount of previous period
Joint venture:	--	--
Total amount of the pro rata calculation of the following items	--	--
Associated enterprise:	--	--
Total book value of the investment	1,475,361,117.24	1,443,470,485.44
Total amount of the pro rata calculation	--	--
--Net profit	102,343,851.05	-2,270,918.50
--Total comprehensive income	102,343,851.05	-2,270,918.50

## Other note

The book value of the long-term equity investment of associates and joint ventures other than Guoyuan Securities Co., Ltd is not higher than 5% of the company's total owner's equity attributable to the parent company. The company considers other associates and joint ventures to be non-significant joint ventures and associates.

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

None

(6) The excess loss of joint venture or associated enterprise

None

(7) The unrecognized commitment related to joint venture investment

None

(8) Contingent liabilities related to joint venture or associated enterprise investment

None

4. Significant common operation

None

5. Equity of structure entity not including in the scope of consolidated financial statements

None

**IX. Risks Related to Financial Instruments**

The company has the main financial instruments, such as bank deposits, receivables and payables, investments,

loans and so on. Please refer to the relevant disclosure in Notes for the details. The risks associated with these financial instruments mainly include credit risk, market risk and liquidity risk. The company's management shall manage and monitor these risks and ensure above risks to be controlled within certain scope.

(I) The targets and policies of risk management

The target of risk management is to obtain the proper balance between the risk and benefit, to reduce the negative impact that is caused by the risk of the Company to the lowest level, and to maximize the benefits of shareholders and other equity investors. Based on the targets of risk management, the basic strategy of the Company's risk management is to identify and analyze the risks which are faced by the Company, establish suitable risk tolerance baseline and proceed the risk management, and supervise a variety of risks timely and reliably, and control the risks within a limited range.

1. Market risk

(1) Foreign exchange risk

Foreign exchange risk refers to the risk of loss due to exchange rate fluctuations generally. Our foreign exchange risk is mainly related to Hong Kong Dollar. Besides annual distribution of B-share shareholder dividends, other major business activities of our Company are settled in RMB. During the reporting period, due to the short credit period of the Company's income and expenditure related to foreign currency, it was not affected by foreign exchange risk.

(2) Interest rate risk

The Company's risk of cash flow changes in financial instruments caused by interest rate changes is mainly related to floating rate bank borrowings (see this Section VII 28). The Company's policy is to maintain the floating interest rate of these borrowings, and at the same time to reasonably reduce the risk of interest rate fluctuation by shortening the term of a single loan and specifically agreeing on prepayment terms.

(3) Other price risk

The investments held by the Company are classified as financial assets measured at fair value and whose changes are included in other comprehensive income and are measured at fair value on the balance sheet date. Therefore, the Company bears the risk of changes in the securities market.

2. Credit risk

As of June 30, 2021, the largest credit risk exposure that may cause financial losses of the Company mainly comes from the loss of financial assets of the Company caused by the failure of the other party to perform its obligations.

In order to reduce credit risk, the Company only deals with recognized and reputable customers. In addition, the Company reviews the recovery of each single receivables on each balance sheet date to ensure that adequate bad debt provisions are made for unrecoverable amounts. Consequently, the Company's management believes that the Company's credit risk has been greatly reduced.

The Group's working capital is deposited in banks with higher credit rating, so the credit risk of working capital is relatively low.

Financial assets overdue or impaired;

(1) Aging analysis of financial assets with overdue impairment: Not existed

(2) Analysis of financial assets that have suffered single impairment: Refer to "4, Other Receivables" in VII and "10, Investment in Other Equity Instruments" in VII of this section for details.

3. Liquidity risk

When managing liquidity risks, the Company maintains sufficient cash and cash equivalents as deemed by the management and monitor them to meet the Company's operational needs and reduce the impact of cash flow fluctuations. The management of the Company monitors the use of bank loans and ensures compliance with the

loan agreement.

## X. The disclosure of the fair value

### 1. Closing fair value of assets and liabilities calculated by fair value

In RMB

Items	Closing fair value			
	Fir value measurement items at level 1	Fir value measurement items at level 2	Fir value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(3) Other equity instrument investment	889,263,688.32		748,348,301.73	1,637,611,990.05
Total assets continuously measured at fair value	889,263,688.32		748,348,301.73	1,637,611,990.05
II. Non - persistent measure	--	--	--	--

### 2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1.

As at the end of the period, the company holds shares 235,254,944 shares of China Everbright Bank. According to the closing price of June 30, 2021 of 3.78 yuan, the final calculation of fair value was 889,263,688.32 yuan.

### 3. Fair value of financial assets and liabilities not measured at fair value

Items	Fair value as of June 30, 2021	Valuation technology	Unobservable input value
Unlisted equity investment	748,348,301.73	Discounted method of future cash flow	Discount rate

Due to the lack of recent information on the fair value of some other equity instruments, and no significant change in the operation of the invested company, the Company takes the cost as its fair value estimate.

### 4. Fair value of financial assets and liabilities not measured at fair value

The Company's financial assets and liabilities measured in amortized cost mainly include: accounts receivable, other receivables, contract assets, short-term loans, accounts payable, other payables, non-current liabilities due within one year, long-term loans, bonds payable and long-term payables.

There is no significant difference between the book value of financial assets and liabilities not measured at

fair value and the fair value.

## XI. Related parties and related-party transactions

### 1. Parent company information of the enterprise

Name	Registered address	Nature	Redistricted capital	The parent company of the Company's shareholding ratio	The parent company of the Company's vote ratio
Guangdong communication Group Co., Ltd	Guangzhou	Equity management, traffic infrastructure construction and railway project operation	26.8 billion yuan	24.56%	50.12%

Note :

Guangdong Communication Group Co., Ltd. is the largest shareholder of the Company. legal representative: Deng Xiaohua. Date of establishment: June 23, 2000. As of June 30, 2021, Registered capital: 26.8 billion yuan. It is a solely state-owned limited company. Business scope: equity management, organization of asset reorganization and optimized allocation, raising funds by means including mortgage, transfer of property rights and joint stock system transformation, project investment, operation and management, traffic infrastructure construction, highway and railway project operation and relevant industries, technological development, application, consultation and services, highway and railway passenger and cargo transport, ship industry, relevant overseas businesses; The value-added communication business.

The final control of the Company was State owned assets supervision and Administration Commission of Guangdong Provincial People's Government.

### 2. Subsidiaries of the Company

### 3. Information on the joint ventures and associated enterprises of the Company

Details refer to the Note VIII(3), Interests in joint ventures or associates

Information on other joint venture and associated enterprise of occurring related party transactions with the Company in reporting period, or form balance due to related party transactions in previous period:

Name	Relation with the Company
Shenzhen Huiyan Expressway Co., Ltd.	Associated enterprises of the Company
Zhaoqing Yuezhao Highway Co., Ltd.	Associated enterprises of the Company
Ganzhou Kangda Expressway Co., Ltd.	Associated enterprises of the Company
Ganzhou Gankang Expressway Co., Ltd.	Associated enterprises of the Company

Guangdong Jiangzhong Expressway Co., Ltd.	Associated enterprises of the Company
Guangdong Yuepu Small Refinancing Co., Ltd	Associated enterprises of the Company
Hunan Lianke Technology Co., Ltd.	Associated enterprises of the Company

#### 4. Other Related parties

Name	Relation with the Company
Guangdong Boda Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Chaohui Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong East Thinking Management Technology Development Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Gaoda Property Development Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Gaoen Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Expressway Media Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Guangfozhao Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Guangle Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Guangzhu West Line Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Humen Bridge Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Hualu Traffic Technology Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Jiaotong Testing Co., Ltd	Fully owned subsidiary of the parent company
Guangdong Traffic Industry Investment Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Kaiyang Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Litong Technology Investment Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Litong Property Investment Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Union Electron Service Information technology Co., ltd.	Fully owned subsidiary of the parent company
Guangdong Union Electron Service Co., ltd.	Fully owned subsidiary of the parent company
Guangdong Lulutong Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Luoyang Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Maozhan Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Shanfen Expressway Co., ltd.	Fully owned subsidiary of the parent company
Guangdong Provincial Freeway Co.,Ltd.	Fully owned subsidiary of the parent company
Guangdong Highway Construction Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Communication Group Finance Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Read & Bridge Construction Development Co.,	Fully owned subsidiary of the parent company

Ltd.	
Guangdong Taishan Coastal Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Tongyi Expressway Service Area Co., Ltd	Fully owned subsidiary of the parent company
Guangdong Xinyue Traffic Investment Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Yangmao Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Yuegan Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Yueyun Traffic Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Yueyun Traffic Rescue Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Zhaoyang Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangshenzhu Expressway Co., Ltd.	Fully owned subsidiary of the parent company
Guangzhou Xinyue Traffic Technology Co., Ltd.	Fully owned subsidiary of the parent company
Guangzhou Xinyue Asphalt Co., Ltd.	Fully owned subsidiary of the parent company
Guangzhou Yueyun Traffic Co., Ltd.	Fully owned subsidiary of the parent company
Yunfo Guangyun Expressway Co., Ltd	Fully owned subsidiary of the parent company
Guangdong Traffic Development Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Tianlu New Energy Investment Co., Ltd.	Fully owned subsidiary of the parent company
Guangdong Communication Planning & Design Institute Co., Ltd.	Shares of parent company
Guangzhongjiang Expressway Project Management Dept	Managed by the parent company
Hongkong- Zhuhai-Macao Connection line management center	Managed by the parent company
Guangzhou Aitesi Communication equipment Co., Ltd.	Associated enterprises controlled by the same parent company
Jiangmen Jianghe Expressway Co., Ltd.	Associated enterprises controlled by the same parent company
Guangdong Shenshan Expressway Co., Ltd.	Associated enterprises controlled by the same parent company
Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	Associated enterprises controlled by the same parent company
Foshan Guangshan Expressway Co., Ltd.	Associated enterprises controlled by the same parent company
Guangdong Feida Traffic Engineering Co., Ltd.	Associated enterprises controlled by the same parent company
Poly Changda Engineering Co., Ltd.	Shares of parent company
Guangdong Changda Road Conservation Co., Ltd.	Shares of parent company
Guangdong Road Network Digital Media Information Technology Co. Ltd	Joint venture of parent company
Guangdong Xiangfei Highway Engineering Supervision Co., Ltd	Subsidiary of the parent company
Guangdong Jiangzhao Expressway Management Center	Other significant impacts of parent company

## 5. List of related-party transactions

## (1) Information on acquisition of goods and reception of labor service

## Acquisition of goods and reception of labor service

In RMB

Related parties	Content of related transaction	Amount of current period	Amount of last period
1 Business cost			
Guangdong Union electronic services co., Ltd.	Service	14,427,549.75	6,519,360.51
Boly Changda Engineering Co., Ltd.	Service	4,459,339.00	51,358,887.00
Guangdong Feida Traffic Engineering Co., Ltd.	Maintenance	2,066,264.07	2,020,413.97
Guangdong East Thinking Management Technology Development Co., Ltd.	Maintenance, Service	30,000.00	
Guangdong Humen Bridge Co., Ltd.	Service		20,981.64
Subtotal		20,983,152.82	59,919,643.12
2. Financial expenses			
Jiangzhou Expressway Co., Ltd.	Interest	27,405.00	712,530.00
Subtotal		27,405.00	712,530.00
3. Management expenses			
Guangdong East Thinking Management Technology Development Co., Ltd.	OA Maintenance	60,000.00	60,000.00
Guangdong Union electronic services co., Ltd.	Service		17,094.71
Subtotal		60,000.00	77,094.71
4. Construction in process			
Maintenance	Purchase assets	141,402,869.60	47,564,260.01
Guangdong Communication Planning & Design Institute Co., Ltd.	Purchase assets	7,455,615.00	
Guangdong Xinyue traffic Investment Co., Ltd.	Purchase assets	584,557.32	1,908,423.62
Guangdong Xiangfei Highway Supervision Co., Ltd.	Purchase assets	208,829.00	89,603.00
Guangdong Guanyue Road & Bridge Co., Ltd.	Purchase assets		3,068,158.00
Guangdong Jiaoke Testing Co., Ltd.	Purchase assets		391,026.50
Guangdong Hualu Traffic Technology Co., Ltd.	Purchase assets		2,002,200.00
Subtotal		149,651,870.92	55,023,671.13

## Related transactions on sale goods and receiving services

In RMB

Related party	Content	Amount of current period	Amount of previous period
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Related party	Content	Amount of current period	Amount of previous period
1.Business income			
Jingzhu Expressway Guangzhu North section Co., Ltd.	Commission management fee	9,622,924.52	9,734,292.46
Guangdong Provincial Freeway Co.,Ltd.	Project	1,773,900.00	1,773,900.00
Guangdong Tongyi Expressway Service Area Co., Ltd	water and electricity	577,014.73	378,440.26
Poly Changda Engineering Co., Ltd.	water and electricity	103,082.55	76,900.41
Guangdong Feida Traffic Engineering Co., Ltd	CPC card sales revenue	56,991.15	138,053.09
Guangdong Xinyue Traffic Investment Co., Ltd.	Project	52,187.72	15,840.71
Guangdong Expressway Media Co., Ltd.	water and electricity	49,750.19	10,992.74
Guangdong Yueyun Traffic Co., Ltd.	water and electricity	18,905.54	
Guangshenzhu Expressway Co., Ltd.	Project		8,407.08
Guangdong Union electronic services co., Ltd.	Promotion fees		1,525,613.18
Subtotal		12,254,756.40	13,662,439.93

## (2) Information of related lease

The Company was lessor:

In RMB

Name of lessee	Category of lease assets	The lease income confirmed in this year	The lease income confirmed in last year
Guangdong Expressway Media Co., Ltd.	Advertising lease	842,169.89	12,905.92
Guangdong Litong Technology Investment Co., Ltd.	Communication Piping	819,439.23	545,439.38
Guangdong Guanyue Road & Bridge Co., Ltd.	Service Area Lease	232,891.43	232,891.43
Total		1,894,500.55	791,236.73

- The company was lessee:

In RMB

Lessor	Category of leased assets	The lease income confirmed in this year	Category of leased assets
Guangdong Litong Real Estate Investment Co., Ltd	Office space	4,604,363.83	4,450,575.83
Jingzhu Expressway Guangzhu North	Activity place	53,508.72	53,508.72

section Co., Ltd.			
Guangdong Gaoda Property Development Co., Ltd.	Office space	50,321.37	49,582.73
Zhaoqing Yuezhao Highway Co., Ltd.	Advertising column lease		124,031.00
Guangzhou Yueyun Traffic Co., Ltd.	Car rental fee		59,601.00
Total		4,708,193.92	4,737,299.28

## (3) Inter-bank lending of capital of related parties

In RMB

Related party	Amount borrowed and loaned	Initial date	Due date	Notes
Borrowed				
Guangdong Jiangzhong Expressway Co Loaned., Ltd.	36,000,000.00	November 14,2018	November 13,2023	Reppaid on 8 January 2021
Loaned				

## (4) Rewards for the key management personnel

In RMB

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	2,935,588.00	2,182,956.00

## (5) Other significant related-party transactions

√ Applicable □ Not applicable

## (1) Deposit business

Related party	Relationship	Maximum daily deposit limit (10, 000)	Deposit interest rate range	Beginning balance (10, 000)	The amount incurred (10, 000)	Ending balance (10, 000)
Guangdong Communications Group Finance Co., Ltd	Controlled by the same parent company	300,000.00	1.725%-3.57%	103,110.58	74,933.67	178,044.25

## (2) Loan business

Related party	Relationship	Loan limit (10,000)	Loant interest rate range	Beginning balance (10,000)	The amount incurred (10,000)	Ending balance (10,000)
Guangdong Communications Group Finance Co., Ltd	Controlled by the same parent company	400,000.00	3.15%	20,000.00		20,000.00

## ③ Credit extension or other financial services

Related party	Relationship	Business type	Total amount (10,000)	Actual amount incurred (10,000)
Guangdong Communications Group Finance Co., Ltd	Controlled by the same parent company	Credit extension	120,000.00	20,000.00

The Company respectively signed the "Cash Management Business Cooperation Agreement" with Guangdong Communications Group Finance Co., Ltd and the Guangdong Branch of Industrial and Commercial Bank of China on December 25, 2017; and signed the "Cash Management Business Cooperation Agreement" with Guangdong Communications Group Finance Co., Ltd and the Guangdong Branch of Industrial and Commercial Bank of China on December 22, 2017 respectively, joined the cash pool of Guangdong Communications Group Finance Co., Ltd.

Guangdong Guanghui Expressway Co., Ltd respectively signed the "Cash Management Business Cooperation Agreement" with Guangdong Communications Group Finance Co., Ltd and Agricultural Bank of China Co., Ltd Guangdong Branch on May 19, 2020, joined the cash pool of Guangdong Communications Group Finance Co., Ltd.

## (6) Other related-party transactions

-On June 15, 2016, The company's 29th meeting (Provisional) of the seventh board of directors was convened. The Proposal on Entrustment of Construction Management of the Renovation and Expansion Project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway was deliberated in the meeting, agreed that Guangdong Provincial Fokai Expressway Co., Ltd entrusts Guangdong Provincial Highway Construction Co., Ltd with the construction management of the renovation and expansion project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway, and handling the related matters of the entrustment of the construction management.

## 6. Receivables and payables of related parties

## (1) Receivables

In RMB

Name	Related party	Amount at year end	Amount at year beginning
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		Balance of Book	Bad debt Provision	Balance of Book	Bad debt Provision
Contract assets	Guangdong Xinyue Traffic Investment Co., Ltd.	119,242.50		119,242.50	
Contract assets	广东广东飞达交通工程 Co.,Ltd.	48,230.00		48,230.00	
Contract assets	Guangdong Road & Bridge Construction Development Co., ltd.	25,262.45		25,262.45	
Contract assets	Zhaoqing Yuezhao Expressway Co., Ltd.	22,667.85		22,667.85	
Contract assets	Guangzhenzhu Expressway Co., Ltd.	9,096.00		9,096.00	
Contract assets	Guangdong Jiangzhong Expressway Co., Ltd.	8,412.00		8,412.00	
Contract assets	Guangdong Road Construction Development Co., ltd.	7,200.00		7,200.00	
Contract assets	Guangdong Boda Expressway Co., Ltd.	4,530.99		4,530.99	
Contract assets	Guangdong Humen Bridge Co., Ltd.			2,700.00	
Total		244,641.79		247,341.79	
Account receivable	Guangdong Union electron Service Co., Ltd.	68,390,397.52		100,047,025.70	
Account receivable	Guangdong Humen Bridge Co., Ltd.	25,016,457.94		11,044,082.54	
Account receivable	Jingzhu Expressway Guangzhu North Section Co., Ltd.	4,936,650.00		5,980,163.99	
Account receivable	Guangdong Feida Traffic Engineering Co., Ltd.	2,651,661.50	14,607.55	3,274,356.00	45,916.00
Account receivable	Guangdong Provincial Freeway Co.,Ltd.	1,795,132.00		21,232.00	
Account receivable	Guangdong Litong Technology Investment Co., Ltd.	533,136.00			
Account receivable	Guangdong Road Construction Co., ltd.	249,760.00	21,830.40	1,037,305.45	65,491.20
Account receivable	Guangdong Xinyue Traffic Investment Co., Ltd.	175,139.60	26,888.90	300,009.20	148,208.50
Account receivable	Guangzhenzhu Expressway Co., Ltd.	69,736.00		69,736.00	
Account receivable	Guangdong Road & Bridge Construction Development Co., It	61,891.30		61,891.30	
Account receivable	Guangdong Boda Expressway Co., Ltd.	22,740.00		22,740.00	
Account receivable	Guangdong Jiangzhong Expressway Co., Ltd.			19,708.00	
Account receivable	Guangdong Chaohui Expressway Co.,	7,367.20		7,367.20	

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Bad debt Provision	Balance of Book	Bad debt Provision
	Ltd.				
Account receivable	Guangdong Yueyun Traffic Co., Ltd.	3,032.00		15,032.00	
Account receivable	Guangdong Guangle Expressway Co., Ltd.			7,248.00	
Account receivable	Guangdong Guangzhu West Line Expressway Co., Ltd.			223,500.00	
Account receivable	Guangdong Expressway Media Co., Ltd.			1,966,548.00	
Total		103,913,101.06	63,326.85	124,097,945.38	259,615.70
Advanced payment	Zhaoqing Yuezhao Highway Co., Ltd.	151,938.00		151,938.00	
Advanced payment	Guangdong Feida Traffic Engineering Co., Ltd.	149,400.00		149,400.00	
Advanced payment	Guangdong Litong Real Estate Investment Co., Ltd.			776,413.03	
Total		301,338.00		1,077,751.03	
Dividend Receivable	Ganzhou Kangda Expressway Co., Ltd.,	27,000,000.00			
Dividend Receivable	Ganzhou Gankang Expressway Co., Ltd.			1,500,000.00	
Total		27,000,000.00		1,500,000.00	
Other Account receivable	Ganzhou Gankang Expressway Co., Ltd.	22,500,000.00		45,000,000.00	
Other Account receivable	Guangdong Litong Real Estate Investment Co., Ltd.	1,689,127.36		1,666,147.36	
Other Account receivable	Guangdong Provincial Freeway Co.,Ltd.	463,491.88		463,491.88	
Other Account receivable	Zhaoqing Yuezhao Highway Co., Ltd.	350,000.00		350,000.00	
Other Account receivable	Guangdong Tongyi Expressway Service Area Co., Ltd.	152,737.65			
Other Account receivable	Guangdong Union electron Service Co., Ltd.	50,000.00		50,000.00	
Other Account receivable	Guangdong Expressway Media Co., Ltd.	24,832.25		1,218,110.44	
Other Account receivable	Guangdong Guangzhu West Line Expressway Co., Ltd.	20,000.00		20,000.00	
Other Account receivable	Poly Changda Engineering Co., Ltd.	18,663.97		10,124.14	
Other Account receivable	Guangdong Gaoda Property Development Co., Ltd.	16,268.00		16,268.00	
Other Account receivable	Guangdong Xinyue Traffic Investment			5,340.03	

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Bad debt Provision	Balance of Book	Bad debt Provision
	Co., Ltd.				
Other Account receivable	Guangshenzhu Expressway Co., Ltd.			60,640.00	
Other Account receivable	Guangdong Boda Expressway Co., Ltd.			22,740.00	
Total		25,285,121.11		48,882,861.85	
Non-current assets due within 1 year	Guangdong Communication Group Finance Co., Ltd.	6,137,170.84			
Total		6,137,170.84			
Use right assets	Guangdong Litong Technology Investment Co., Ltd.	16,882,667.46		21,487,031.29	
Use right assets	Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	954,238.28		1,007,747.00	
Total		17,836,905.74		22,494,778.29	
Other Non-Current Assets	Guangdong Road Construction Co., Ltd.	7,089,990.48		7,089,990.48	
Other Non-Current Assets	Guangdong Feida Traffic Engineering Co., Ltd.	1,801,070.70			
Other Non-Current Assets	Guangdong Traffic Development Co., Ltd.	333,398.00			
Other Non-Current Assets	Guangdong Tianlu New Energy Investment Co., Ltd.			333,398.00	
Other Non-Current Assets	Poly Changda Engineering Co., Ltd.			11,599,273.00	
Total		9,224,459.18		19,022,661.48	

## (2) Payables

In RMB

Name	Related party	Amount at year end	Amount at year beginning
Short-term loan	Guangdong Communication Group Finance Co., Ltd.	200,175,000.00	200,192,500.00
Total		200,175,000.00	200,192,500.00
Account payable	Guangzhongjiang Expressway Project Management Dept	28,000,000.00	28,000,000.00
Account payable	Guangdong Provincial Freeway Co., Ltd.	8,746,491.18	8,746,491.18
Account payable	Guangdong Xinyue Traffic Investment Co., Ltd	8,696,753.69	13,149,675.40

Name	Related party	Amount at year end	Amount at year beginning
Account payable	Poly Changda Engineering Co., Ltd.	6,818,921.30	25,621,536.30
Account payable	Guangzhou Xinyue Asphalt Co., Ltd.	4,013,984.24	47,362.94
Account payable	Guangdong Communication Planning & Design Institute Co., Ltd.	3,010,539.80	8,929,645.80
Account payable	Guangdong Union Electron Service Co.,Ltd.	2,672,961.97	254,011.26
Account payable	Guangdong Hua lu Traffic Technology Co., Ltd.	1,708,586.87	2,198,660.67
Account payable	Guangdong Feida Traffic Engineering Co., Ltd.	1,628,342.10	500,864.10
Account payable	Guangzhou Aitesi Communication Equipment Co., Ltd.	1,283,018.78	1,283,018.78
Account payable	Guangdong East Thinking Management Technology Development Co., Ltd.	739,010.55	1,584,416.70
Account payable	Guangdong Changda Road Maintenance Co., Ltd.	309,101.00	309,101.00
Account payable	Guangdong Lulutong Co., Ltd.	269,526.40	3,560,871.60
Account payable	Guangdong Litong Technology Investment Co., Lt	85,074.95	85,074.95
Account payable	Guangdong Jiaoke Testing Co., Ltd.		88,880.00
Account payable	Guangdong Yueyun Traffic Co., Ltd.		268,021.00
Total		67,982,312.83	94,627,631.68
Advance received	Guangdong Road Network Digital Media Information Technology Co. Ltd.	2,777.78	2,777.78
Total		2,777.78	2,777.78
Other Payable account	Poly Changda Engineering Co., Ltd.	19,275,354.39	20,042,113.05
Other Payable account	Guangdong Union Electron Service Co.,Ltd.	2,021,914.48	956,272.04
Other Payable account	Guangdong Xinyue Traffic Investment Co., Ltd.	1,825,829.92	1,889,981.61
Other Payable account	Guangdong Feida Traffic Engineering Co., Ltd.	1,658,998.35	1,700,740.34
Other Payable account	Guangdong Changda Road Maintenance Co. Ltd.	1,630,765.00	1,630,765.00
Other Payable account	Guangdong Hua lu Traffic Technology Co., Ltd.	1,410,484.00	1,327,451.00
Other Payable account	Guangdong Lulutong Co., Ltd.	1,084,995.15	1,084,995.15
Other Payable account	Guangzhou Xinyue Asphalt Co., Ltd.	567,221.00	567,221.00
Other Payable account	Guangdong Communication Planning & Design Institute Co., Ltd.	238,479.70	238,479.70
Other Payable account	Guangzhongjiang Expressway Project Management Dept	200,000.00	200,000.00
Other Payable account	Guangzhou Xinyue Traffic Technology Co., Ltd.	171,809.00	171,809.00

Name	Related party	Amount at year end	Amount at year beginning
Other Payable account	Guangdong Litong Technology Investment Co., Ltd.	131,962.50	167,591.50
Other Payable account	Guangdong Tongyi Expressway Service Area Co., Ltd.	120,000.00	120,000.00
Other Payable account	Guangdong Expressway Media Co., Ltd.	70,000.00	70,000.00
Other Payable account	Guangdong East Thinking Management Technology Development Co., Ltd.	51,697.00	58,991.40
Other Payable account	Guangdong Yueyun Traffic Rescue Co. Ltd.	900.00	900.00
Other Payable account	Guangdong Provincial Freeway Co.,Ltd.		1,221,839,292.00
Total		30,460,410.49	1,252,066,602.79
Non-current liabilities due 1 year	Guangdong Jiangzhong Expressway Co., Ltd.		43,065.00
Total			43,065.00
Long-term payable	Guangdong Jiangzhong Expressway Co., Ltd.		36,000,000.00
Total			36,000,000.00

## 7. Related party commitment

None

## XII. Stock payment

### 1. The Stock payment overall situation

Applicable  Not applicable

### 2. The Stock payment settled by equity

Applicable  Not applicable

### 3. The Stock payment settled by cash

Applicable  Not applicable

### 4. Modification and termination of the stock payment

None



## 5.Other

None

**XIII. Commitments**

## 1. Significant commitments

Significant commitments at balance sheet date

## (1) Capital commitment

On June 15, 2016, the Company's 29th meeting (Provisional) of the seventh board of directors was convened. In the meeting, the Proposal on Increasing Funding for Guangdong Fokai Expressway Co., Ltd pertaining to the Renovation and Expansion Project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway was examined and approved, agreed that based on the approved total investment amount by relevant government department, then the company's subsidiary- Guangdong Fokai Expressway Co., Ltd carries out the investment and construction of the renovation and expansion project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway; the company increases funding for Guangdong Provincial Fokai Expressway Co., Ltd pertaining to the renovation and expansion project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway, with the contributed funds as a proportion of 35% of the total investment amount approved by relevant government department. The afore-said item had been examined and approved in the first extraordinary general shareholder meeting, The Company had received the approval of the National Development and Reform Commission about the Guangdong Provincial Sanbao-Shuikou Expressway Section Rebuilding and Expansion Project(NO.1874-2016-NDRC Infrastructure Document)from Guangdong Provincial Development and reform Commission On October 11, 2016, agreed with the implementation of the Guangdong Provincial Sanbao-Shuikou Expressway Section Rebuilding and Expansion Project. It's estimated that the total investment of this project is about 3.513 billion yuan(the static investment is about 3.289 billion yuan), of which the project capital is 1.23 billion yuan that accounts for 35% of the total investment and such amount of the project capital will be provided by Guangdong Provincial Fokai Expressway Co., Ltd, and the rest amount of 2,283 billion yuan will be solved by using bank loans. According to the "Official Reply to the preliminary design of reconstruction and extension project of Guangdong Sanbao to Shuikou Road by Ministry of Transport" (No.73-2017 Transport Road Document) issued by Guangdong Provincial Department of Transport, the Ministry of Transport checked and ratified that the general estimate of the preliminary design of reconstruction and extension project of Guangdong Sanbao to Shuikou Road is RMB 3.426 billion As of June 30,2021, The accumulated expenses occurred of Sanboto Shuikou Highway extension project was 2.599 billion yuan.

No	Contract Counterparty	Economic Content	Contract Amount	Fulfilled as of June 30, 2021
1	China Railway Tunnel Group Co., Ltd.	Civil Engineering	262,803,912.00	257,051,236.72
2	Poly Changda Engineering Co., Ltd.	Civil Engineering	700,827,037.00	664,276,757.53
3	China Railway 18th Bureau Group Co., Ltd.	Civil Engineering	216,279,360.00	210,849,755.44
4	CCCC First Navigation Engineering	Civil Engineering	319,869,654.00	313,831,969.84

	Bureau Co., Ltd			
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## 2. Contingency

### (1) Significant contingency at balance sheet date

If there is no major policy factors affected , The toll operation period of Guangfo Expressway operated by the subsidiary Guangfo Expressway Co., Ltd will be less than one year. According to relevant policies and regulations, after the toll operation period ends, Guangfo Expressway will be handed over free of charge. As the specific plan for the transfer of Guangfo Expressway has not been determined, the Company cannot reasonably estimate the expected liabilities that may arise from the transfer of Guangfo Expressway.

(2) The Company have no significant contingency to disclose, also should be stated

None

## **XIV. Events after balance sheet date**

None.

## **XV. Other significant events**

### 1. Segment information

The company's business for the Guangfo Expressway , the Fokai Expressway , Guanghui Expressway and Jingzhu Expressway Guangzhu Section toll collection and maintenance work, the technology industry and provide investment advice, no other nature of the business, no reportable segment.

## 2. Government Subsidy

(1) Government subsidies included in deferred revenue are subsequently measured by the total amount method

Subsidy item	Category	Opening balance	New subsidy amount in current period	The carry-over in current period is included in profit and loss amount	Other changes	Closing balance	Presentation items carried over into profit or loss in the current period	Asset-related/revenue-related
Cancel the special subsidy for the expressway provincial toll station project	Financial appropriation	44,545,569.64		6,783,738.24		37,761,831.40	Other income	Assets related

(2) Government subsidies included in current profits and losses using the total amount method

Subsidy item	Category	Amount included in profit or loss in the current period	Presentation items included in profit or loss in the current period	Asset-related/revenue-related
Subsidy for post stabilization	Subsidy for post stabilization	932,076.28	Other income	Income related
Enterprises with industrial training subsidies	Enterprises with industrial training subsidies	1,243,500.00	Other income	Income related

### 3. Other important transactions and events have an impact on investors decision-making

(1) The 19th (Provisional) Meeting of the Eighth board of directors of Guangdong Provincial Expressway Development Co., Ltd. was held of August 7, 2018. The meeting examined and approved the Proposal on Issuing Medium-Term Notes, Agree that the company intends to register in the China Interbank Market Dealers Association with a quota of not more than 3.4 billion yuan (inclusive), which is within 40% of the company's latest audited net assets. Apply for a one-time or installment in a timely manner, with a term of no less than 5 years (including 5 years), and raise funds to repay the loan and replenish working capital; The matter has been passed by the resolution of the first interim shareholders' meeting in 2018.

On January 4, 2019, the dealers association issued a Notice of Acceptance of Registration (ZSXZ [2019] MTN 9). The amount of acceptance of the company's medium-term notes is 3.4 billion yuan, and the amount of registration is valid for 2 years from the date of receipt of the notice of acceptance, and it is jointly underwritten by Industrial and Commercial Bank of China Limited and China Construction Bank Limited. The company borrowed 680 million yuan and 750 million yuan on March 1 2019 and March 17, 2020.

(2) The Company's plan to purchase 21% equity of Guangdong Guanghui Expressway Co., Ltd. (hereinafter referred to as "Guanghui") held by Guangdong Expressway Co., Ltd. (hereinafter referred to as "Guangdong Expressway") by payment in cash and related matters have been adopted by the resolution of the third extraordinary general meeting of shareholders in 2020. As of June 31, 2021, The company has paid all the equity transfer funds to Guangdong Expressway, accounting for 51% of the total equity transfer, and 21% of Guanghui's equity has been changed to the Company's name. The amendments to Guanghui Articles of Association involved in this major asset restructuring have been filed with the market supervision and management department.

According to the Profit Compensation Agreement signed by Guangdong Expressway and the Company, it is agreed that Guangdong Expressway shall undertake the compensation obligation when the actual net profit of Guanghui is less than the predicted net profit within the compensation period. The compensation period is the year when the transaction is completed and the next two years thereafter, namely 2020, 2021 and 2022. After negotiation between the Company and Guangdong Expressway, the predicted net profit of Guanghui after deducting non-recurring gains and losses in 2020, 2021 and 2022 is RMB 652,477,500, RMB 1,112,587,300 and RMB 1,234,200,900 respectively. Within the compensation period, if the accumulated realized net profit at the end of any fiscal year of Guanghui does not reach the accumulated predicted net profit, Guangdong Expressway will compensate the company in cash, and the specific compensation amount paid by Guangdong Expressway in that year will be calculated and determined according to the following formula: current compensation amount promised for performance = (accumulated predicted net profit as of the end of the current period - accumulated realized net profit as of the end of the current period) ÷ sum of predicted net profits of each year within the compensation period × transaction price of the underlying assets - accumulated compensated amount of Guangdong Expressway. When the compensation amount calculated in each year is less than the RMB 0, the value shall be taken as RMB 0, and the compensated amount shall not be reversed.

The predicted net profit of Guanghui after deducting non-recurring gains and losses in 2020 is RMB 769.2326 million, which is RMB 116.7551 million more than the promised amount.

## **XVI. Notes of main items in financial reports of parent company**

### 1. Account receivable

#### 1. Classification account receivables.

In RMB

Category	Amount in year-end					Balance Year-beginning				
	Book Balance		Bad debt provision		Book value	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)		Amount	Proportion(%)	Amount	Proportion(%)	
Of which										
Accrual of bad debt provision by portfolio	19,737,518.67	100.00%			19,737,518.67	27,004,827.41	100.00%			27,004,827.41
Of which:										
Aging portfolio	19,737,518.67	100.00%			19,737,518.67					
Total	19,737,518.67				19,737,518.67	27,004,827.41	100.00%			27,004,827.41

Accrual of bad debt provision by single item: None

② Accrual of bad debt provision by portfolio:

In RMB

Name	Balance in year-end		
	Book balance	Bad debt provision	Withdrawal proportion
Within 1 year	19,737,518.67	0.00	0.00%
Total	19,737,518.67	0.00	--

Provision for bad debts according to Quality guarantee portfolio

Relevant information of the provision for bad debts will be disclosed with reference to the disclosure method of other receivables if the provision for bad debts of bills receivable is accrued according to the general model of expected credit loss:

Applicable  Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year (Including 1 year)	19,737,518.67
Total	19,737,518.67

(2) Accounts receivable withdraw, reversed or collected during the reporting period

None

(3) The current accounts receivable write-offs situation

None

(4) The ending balance of other receivables owed by the imputation of the top five parties

In RMB

Name	Amount	Proportion(%)	Bad debt provision
Guangdong Union Electronic Services Co., Ltd.	19,737,518.67	100.00%	
Total	19,737,518.67	100.00%	

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

None

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

None

## 2. Other receivable

In RMB

Items	Year-end balance	Year-beginning balance
Dividend receivable	77,609,011.14	2,705,472.90
Other receivable	30,067,855.02	51,442,641.63
Total	107,676,866.16	54,148,114.53

## (1) Dividend receivable

## 1) Dividend receivable

In RMB

Items	Balance in year-end	Balance Year-beginning
Guangdong Radio and Television Networks investment No.1 Limited partnership enterprise	1,205,472.90	1,205,472.90
Ganzhou Gangkang Expressway Co., Ltd.		1,500,000.00
China Everbright Bank	49,403,538.24	
Ganzhou Kangda Expressway Co., Ltd.	27,000,000.00	
Total	77,609,011.14	2,705,472.90

## (2) Other accounts receivable

## 1) Other accounts receivable classified by the nature of accounts

In RMB

Nature	Closing book balance	Opening book balance
Less receivable	22,500,000.00	45,000,000.00
Balance of settlement funds for securities transactions	30,844,110.43	30,844,110.43
Cash deposit	2,275,460.36	2,490,271.36
Petty cash	2,265,469.59	2,140,410.04
Other	3,120,507.07	1,905,542.23
Less: Bad debt provision	30,937,692.43	30,937,692.43
Total	30,067,855.02	51,442,641.63

## 2) Bad debt provision

In RMB

Bad Debt Reserves	Stage 1	Stage 2	Stage 3	Total

	Expected credit losses over the next 12 months	Expected credit loss over life (no credit impairment)	Expected credit losses for the entire duration (credit impairment occurred)	
Balance as at January 1, 2021	93,582.00		30,844,110.43	30,937,692.43
Balance as at January 1, 2021	---	---	---	---
Balance as at June 30, 2021	93,582.00		30,844,110.43	30,937,692.43

Loss provision changes in current period, change in book balance with significant amount

Applicable  Not applicable

Disclosure by aging

In RMB

Aging	Closing balance
Within 1 year	28,249,728.74
1-2 years	962,380.70
2-3 years	78,763.50
Over 3 years	31,714,674.51
Over 5 years	31,714,674.51
Total	61,005,547.45

3) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision:

In RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Reversed or collected amount	write - off	Other	
Accrual of single item	30,844,110.43					30,844,110.43
Accrual of portfolio-Aging portfolio	93,582.00					93,582.00
Total	30,937,692.43					30,937,692.43

Where the current bad debts back or recover significant amounts:None



4)The actual write-off other accounts receivable: None

5) Top 5 of the closing balance of the other accounts receivable collated according to the arrears party

In RMB

Name	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable(%)	Closing balance of bad debt provision
Kunlun Securities Co.,Ltd	Securities trading settlement funds	30,844,110.43	Over 5 years	50.56%	30,844,110.43
Ganzhou Gankang Expressway Co., Ltd.	Less receivable	22,500,000.00	Within 1 year	36.88%	
Petty cash	Petty cash	2,265,469.59	Within 1 year	3.71%	
Guangdong Litong Real Estates Investment Co., Ltd.	Deposit	1,630,467.36	Within 1 year	2.67%	
Guangdong Litong Real Estates Investment Co., Ltd.	Vehicle parking deposit	58,660.00	Over 5 years	0.10%	
China Railway No.18 Bureau Group Co., Ltd	Pay compensation for local problems on behalf	963,300.00	Within 1 year	1.58%	
Total	--	58,262,007.38	--	95.50%	30,844,110.43

(6) Accounts receivable involved with government subsidies

None

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets None

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

None

3. Long-term equity investment

In RMB

Items	End of term			Beginning of term		
	Book Balance	Impairment provision	Book value	Book Balance	Impairment provision	Book value

Investment in subsidiaries	3,257,062,345.85		3,257,062,345.85	3,232,062,345.85		3,232,062,345.85
Investment in joint ventures and associates	2,337,671,192.04		2,337,671,192.04	2,296,866,331.26		2,296,866,331.26
Total	5,594,733,537.89		5,594,733,537.89	5,528,928,677.11		5,528,928,677.11

## (1) Investment to the subsidiary

In RMB

Name	Opening balance	Increase /decrease in reporting period				Closing balance	Closing balance of impairment provision
		Add investment	Decreased investment	Withdrawn impairment provision	Other		
Jingzhu Expressway Guangzhu Section Co., Ltd.	871,171,883.08					871,171,883.08	
Guangfo Expressway Co., Ltd.	154,982,475.25					154,982,475.25	
Guangdong Expressway Technology Investment Co., Ltd.	95,731,882.42					95,731,882.42	
Yuegao Capital Investment (Guangzhou) Co., Ltd.	84,500,000.00	25,000,000.00				109,500,000.00	
Guanghui Expressway Co., Ltd.	2,025,676,105.10					2,025,676,105.10	
Total	3,232,062,345.85	25,000,000.00				3,257,062,345.85	

## (2) Investment to joint ventures and associated enterprises

In RMB

Name	Opening balance	Increase /decrease in reporting period								Closing balance	Closing balance of impairment provision
		Increase in investment	Decrease in investment	Investment income under equity method	Other comprehensive income	Other changes in equity	Announced for distributing cash dividend or profit	Provision for impairment	Other		

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I. Joint ventures											
II. Associated enterprises											
Guangdong Jiangzhong Expressway Co., Ltd.	192,252,504.94			11,705,544.07						203,958,049.01	
Ganzhou Gankang Expressway Co., Ltd.	145,774,620.72			9,624,187.44						155,398,808.16	
Ganzhou Kangda Expressway Co., Ltd.	216,814,090.50			24,917,168.32			27,000,000.00			214,731,258.82	
ShenzhenHuiyan Expressway Co., Ltd.	285,408,755.15			17,002,946.80						302,411,701.95	
Guoyuan Securities Co.,Ltd.	938,476,820.74			20,302,738.27	1,995,208.32		10,348,258.20			950,426,509.13	
Zhaoqing Yuezhao Highway Co., Ltd.	302,436,218.83			29,706,901.01			39,675,000.00			292,468,119.84	
Guangdong Yuepu Small Refinancing Co., Ltd	215,703,320.38			6,351,644.00		-3,778,219.25				218,276,745.13	
Subtotal	2,296,866,331.26			119,611,129.91	1,995,208.32	-3,778,219.25	77,023,258.20			2,337,671,192.04	
Total	2,296,866,331.26			119,611,129.91	1,995,208.32	-3,778,219.25	77,023,258.20			2,337,671,192.04	

## 4. Business income and Business cost

In RMB

Items	Amount of current period		Amount of previous period	
	Revenue	Cost	Revenue	Cost
Main business	687,416,026.88	365,529,996.74	288,021,522.60	326,653,026.85
Other	5,218,671.25	1,710,164.19	5,558,207.44	2,004,931.99
Total	692,634,698.13	367,240,160.93	293,579,730.04	328,657,958.84

## 5. Investment income

In RMB

Items	Amount of current period	Amount of previous period
Long-term equity investment income accounted by cost method	655,349,778.63	380,951,378.72
Long-term equity investment income accounted by equity method	119,611,129.91	55,853,351.49
Investment return on investments held to maturity during the holding period	49,403,538.24	50,785,213.04
Interest income from debt investment during holding period.	19,667,579.79	25,494,258.90
Total	844,032,026.57	513,084,202.15

## XVII. Supplementary Information

## 1. Current non-recurring gains/losses

√ Applicable □ Not applicable

In RMB

Items	Amount	Notes
Gains/Losses on the disposal of non-current assets	-135,447.06	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	9,298,314.52	
Net amount of non-operating income and expense except the aforesaid items	2,335,345.98	
Other non-recurring Gains/loss items	624,054.51	
Less :Influenced amount of income tax	3,030,247.74	
Influenced amount of minor shareholders' equity (after tax)	2,974,828.21	

Total	6,117,192.00	--
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For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Applicable  Not applicable

## 2. Return on equity (ROE) and earnings per share (EPS)

Profit as of reporting period	Weighted average ROE (%)	EPS ( Yuan/share )	
		EPS-basic	EPS-diluted
Net profit attributable to common shareholders of the Company	10.16%	0.41	0.41
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	10.09%	0.40	0.40

## 3. Differences between accounting data under domestic and overseas accounting standards

(1) . Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

Applicable  Not applicable

(2) . Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

Applicable  Not applicable

(3) .Explanation of the reasons for the differences in accounting data under domestic and foreign accounting standards. If the data that has been audited by an overseas audit institution is adjusted for differences, the name of the overseas institution should be indicated