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深圳高速公路集团股份有限公司

SHENZHEN EXPRESSWAY CORPORATION LIMITED

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

2022 Interim Results Preliminary Announcement

I. Important Notice

1.1 Important Notice

2022 Interim Results Preliminary Announcement of the Company is extracted from full Interim Report 2022 of the Company. For detailed information, investor shall read the full interim report to be published on the website of SSE at <http://www.sse.com.cn> and HKEx at <http://www.hkexnews.com.hk>.

The 2022 interim financial statements of the Company were prepared in accordance with CASBE, and also were complied with the disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules.

Unless otherwise stated, the amounts stated in this announcement are in RMB.

1.2 Basic Information of the Company

Type of share	A Share	H Share
Abbreviation	Shenzhen Expressway	Shenzhen Expressway
Stock code	600548	00548
Listing exchanges	SSE	HKEx
Contacts and details	Secretary of the Board	Securities Officer
Name	ZHAO Gui Ping	GONG Xin, XIAO Wei
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II. Interim Profit Distribution Proposal

The Board does not recommend any payment of 2022 interim dividend (2021 Interim: Nil), nor does it recommend any conversion of capital reserve into share capital.

III. Principal Financial Data and Information of the Shareholders

3.1 Principal Financial Data

During the Reporting Period, the Group recorded revenue of RMB4,094,094,000 (2021 interim (restated): RMB4,219,156,000), representing a YOY decrease of 2.96%, which was mainly due to the decrease in the toll revenue of the Group's ancillary toll highways during the Epidemic and the lower revenue from Guilong Development Project that delivered fewer houses.

In the first half of 2022, the Group recorded net profit attributable to owners of the Company ("net profit") of RMB848,549,000 (2021 interim (restated): RMB1,208,604,000), representing a YOY decrease of 29.79%. The decrease was mainly due to the lower toll revenue from toll highways operated and invested by the Group and affected by the Epidemic, and the exchange loss from foreign currency liabilities from exchange rate fluctuation.

Unit: RMB

	As at 30 Jun 2022 (Unaudited)	As at 31 Dec 2021 (Audited)		Change (%)
		After adjustment	Before adjustment	
Total assets	72,205,202,609.00	72,304,935,166.59	60,613,494,756.12	-0.14
Owners' equity attributable to owners of the Company	22,494,990,772.83	25,560,589,952.65	24,638,965,669.92	-11.99

	2022 Interim (Unaudited)	2021 Interim (Unaudited)		Change (%)
		After adjustment	Before adjustment	
Revenue	4,094,093,645.65	4,219,156,183.22	4,211,137,979.84	-2.96
Net profit attributable to owners of the Company/(loss shown with“-”)	848,549,138.56	1,208,603,816.90	1,219,331,455.86	-29.79
Net profit attributable to owners of the Company - excluding non-recurring items/(loss shown with“-”)	758,925,627.05	1,138,473,872.55	1,188,909,972.81	-33.34
Net cash flows from operating activities	1,592,514,611.01	1,566,271,291.26	1,733,606,302.66	1.68
Return on equity - weighted average (%)	3.89	5.45	5.79	Decrease 1.56 pct.pt
Earnings per share - basic (RMB/share) /(loss shown with“-”)	0.347	0.512	0.517	-32.23
Earnings per share - diluted (RMB/share) /(loss shown with“-”)	0.347	0.512	0.517	-32.23

1. In January 2022, due to the consolidation of SIICHIC into the Group as a jointly controlled entity, the Company adjusted the data of consolidated financial statements before 2022 retrospectively pursuant to relevant requirements under the Accounting Standards for Business Enterprises.

2. In 2020, the Company issued RMB4 billion of perpetual bonds, which were included in other equity instruments. The impact of perpetual bonds was deducted when calculating the above earnings per share and weighted average return on net assets pursuant to relevant requirements.

3.2 Information of the Total Number of Shareholders and the Information of Shareholding

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

Unit: share

Total number of shareholders as at the end of the Reporting Period	The Company had 18,492 shareholders in total, including 18,251 holders of A Shares and 241 holders of H Shares.				
The top ten shareholders as at the end of the Reporting Period					
Name of shareholder	Nature of shareholders	Percentage	Number of shares held	Number of restricted circulating shares held	Number of shares pledged or frozen
HKSCC NOMINEES LIMITED ^{Note}	Overseas legal person	33.48%	730,014,042	—	Unknown
Xin Tong Chan Development (Shenzhen) Company Limited	State-owned legal person	30.03%	654,780,000	—	None
Shenzhen Shen Guang Hui Highway Development Company Limited	State-owned legal person	18.87%	411,459,887	—	None
China Merchants Expressway Network & Technology Holdings Company Limited	State-owned legal person	4.18%	91,092,743	—	None
Guangdong Roads and Bridges Construction Development Company Limited	State-owned legal person	2.84%	61,948,790	—	None
China Merchants Bank - SSE Dividend Trading Open Index Securities Investment Fund	Domestic non-state-owned legal person	1.74%	37,947,746	—	Unknown
Hong Kong Central Clearing Company Limited	Domestic non-state-owned legal person	0.68%	14,805,355	—	Unknown
AU SIU KWOK	Overseas natural person	0.50%	11,000,000	—	Unknown
ZHANG PING YING	Domestic natural person	0.35%	7,709,665	—	Unknown
Industrial and Commercial Bank of China Co., Ltd. – Fullgoal China Securities Dividend Index Enhanced Securities Investment Fund	Domestic non-state-owned legal person	0.29%	6,219,324	—	Unknown
Connected relationship or concerted action relationship among the abovementioned shareholders	XTC Company and SGH Company are connected persons under the same control of Shenzhen International. There is no connected relationship among the state-owned shareholders in the above table. The Company did not notice any connected relationship among the other abovementioned shareholders or any connected relationship among the abovementioned state-owned shareholders and other shareholders.				
Note: The H shares held by HKSCC NOMINEES LIMITED were held on behalf of various clients.					

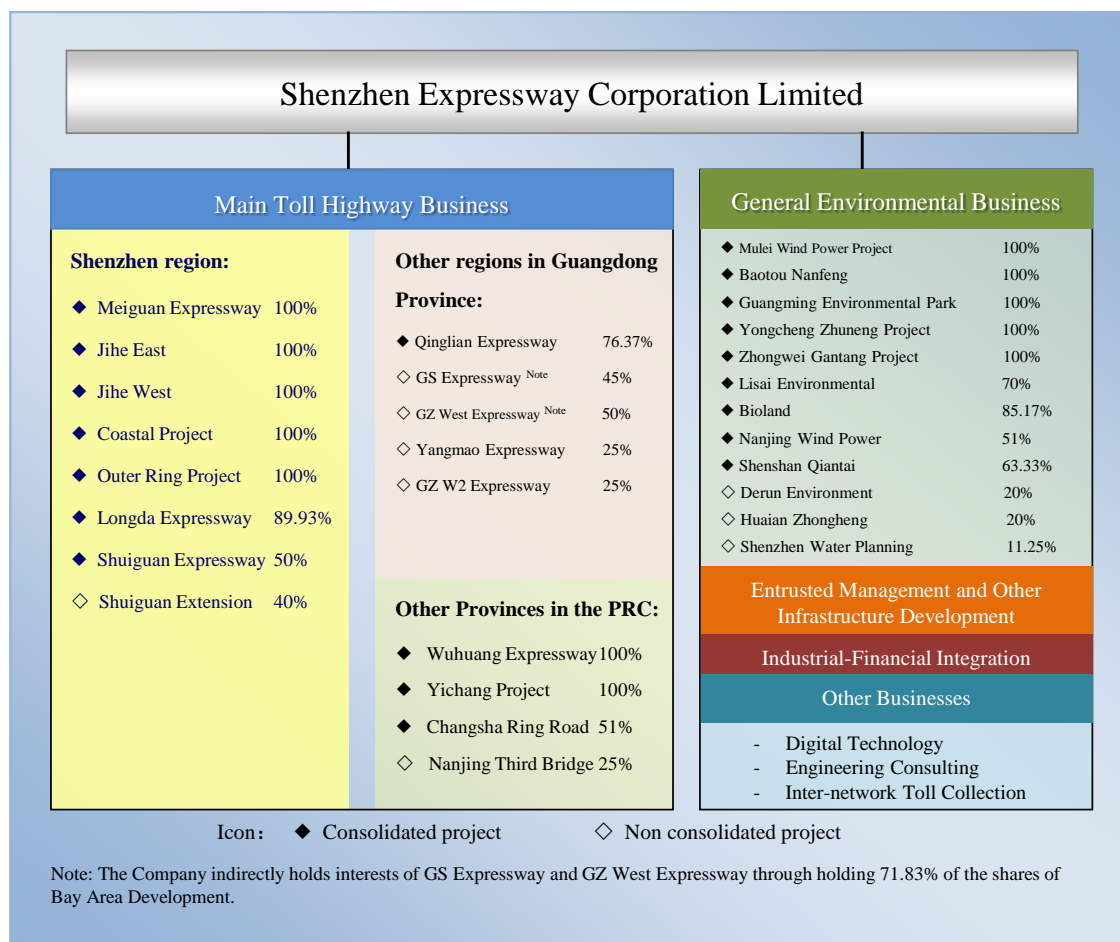
IV. Management Discussion and Analysis

4.1 Core Businesses and Industry

(I) Overview of Core Business

The Company principally engages in the investment, construction, operation and management of toll highways and roads, as well as the general-environmental protection business. At present, the general-environmental protection business includes solid waste treatment and clean energy business. In recent years, the Group adheres to a market-oriented, specialised and industrialised approach to continuously integrate its internal organisational structure and functions. It has gradually established various business platforms for urban infrastructure, environmental protection, operation, construction and new energy which include the Investment Company, a company principally engages in the business of infrastructure construction joint comprehensive development of land; the Operation Development Company, a company principally engages in highway operation, maintenance management services and intelligent transportation business; the Environmental Company, a company principally engages in the expansion of businesses relating to the environmental protection industry such as solid waste treatment; the Construction Company, a company principally engages in the provision of project construction management services; the Infrastructure and Environmental Protection Company, a company, located in the Shenshan Special Cooperation Zone, engages in the provision of large-scale infrastructure construction management services for the cooperation zone and the environmental project investment within the cooperation zone, and the New Energy Company, a company principally engages in the expansion of businesses relating to wind energy and other new energy; and the industry financial management department, which would act as a consolidated management platform of the Group for the industrial-financial integration business. Through the aforesaid business platform, the Group will give full play to its own competitive advantages in infrastructure investment and financing, construction, operation and integrated management. The Group also actively extend its business scope to the upstream and downstream of the industrial chain of its dual core businesses and develop other service-oriented businesses, such as operation maintenance, intelligent transportation/ environmental protection system, engineering management and industrial finance services, etc., striving for greater rooms for the development of the Group's operation.

As of the date of this announcement, the core business of the Group is set out as follows:



(II) Particulars of the Industry in which the Company Operates During the Reporting Period

In the first half of 2022, the aggravation of geopolitical conflicts, heightened risk of global stagflation and repeated recurrences of the COVID-19 made the domestic and international situation harsh and complicated, and inflicted a significant impact upon the economy in China, and the downward pressure increased significantly. In the first half of the year, China achieved a GDP of RMB56.26 trillion, representing a YOY increase of 2.5%, while the Q2 YOY increase was 0.4%. To face the extremely complicated and difficult situation, the Chinese government continued to consolidate the achievements of epidemic prevention and control measures as well as economic and social development. It heightened the regulation of macro-policies, and carried out package policy measures to stabilise the economy, effectively containing the recurrence of epidemic cases and facilitating the stabilisation and recovery of the national economy. In the second half of 2022, China's economic growth is expected to stabilise within a reasonable range and continue to show a trend toward high-quality development. The long-term trend of steady economic development is conducive to the proper development of investment, production and operation activities of the enterprise, which drove the stable growth in general demand for highway transportation and logistics, and enhanced the demand for environmental protection businesses such as solid waste treatment and clean energy to a certain extent. Source of data: Government statistics information website

1. Toll Highway Business

The transportation industry is the foundation of the national economy as well as a piloting service industry, and expressways are an important component of a country's fast transit network. Pursuant to the information released by the MOT, China's total mileage of expressways by the end of 2021 has exceeded 160,000km and ranks first globally. The humongous highway network plays a critical role in promoting the national economic development.

In terms of industrial nature, the highway industry features strong connection with government and industrial policies, weak cycles and abundant cash flow. In terms of industrial competition, highway transportation features flexibility, direct reach and timeliness against railway and aviation industries, and is able to provide “small batch, door-to-door, one-bill through” custom, individual and professional transport service. Therefore, short-distance highway transportation as the most fundamental and widely used mode of transport in the comprehensive transit system will enjoy long-term advantages in competition. In terms of industrial development direction and potential in the future, in January 2022, the State Council issued the "Modern Comprehensive Transportation System during the 14th Five-Year Plan" (the “Transportation Planning”), which set out that during the 14th Five-Year Plan period, the transportation industry will enter a critical period to perfect facility network and close up loopholes as well as a window period to promote integration and upgrade service quality and effects; shall ameliorate the highway system structure and functions, improve the national expressway network quality, expand and reconstruct busy sections of the national expressway trunk lines, and accelerate the construction of parallel lines, connection lines and unfinished sections; and strengthen infrastructure maintenance, develop and regulate highway maintenance market and switch gradually to outsourcing social maintenance service. By 2025, China shall have realised integrated development in comprehensive transportation, where the total mileage of the national expressways shall be 190,000km. By 2035, a modern, high-quality comprehensive multidimensional national transportation system will be basically completed, creating fundamentally a “1-2-3 travel range” and a “global 123 fast movement of goods circle”. The Transportation Planning specified the future development direction for the expressway industry. Based on the Planning, the toll highway industry must enhance its ability to provide quick, convenient, direct, safe traffic network service and serve as important transit channels in metropolitan express travel range and logistics range; meanwhile, the planning to improve expressway transit quality and carry out renovation for capacity expansion of the congested sections on the main lines of national expressways will bring about material development opportunities to toll highway enterprises in the renovation and expansion market; in addition, the training of management and maintenance ability and provision of professional highway maintenance service will be another business operation mode for the toll highway industry. As a fundamental industry supporting economic and social development, the toll highway industry will be subject to new requirements and presented with new opportunities during the “14th Five-Year Plan” period.

Being dedicated to the transport infrastructure industry for more than 20 years, the Group has accumulated extensive experience in areas such as road investment, construction and operation management. During the Reporting Period, the Group completed the acquisition of Bay Area Development, and thus holds partial equity interests in GS Expressway and GZ West Expressway, further consolidating the toll highway assets of the Group. Currently, the Group invested and operated in a total of 17 toll highway projects, with the attributable mileage of approximately 712 kilometres, mainly located in Shenzhen and the Guangdong – Hong Kong – Macao Greater Bay Area and economically developed regions. With its favourable geographical advantages and excellent asset conditions, the Company is in the leading position in terms of the scale of road assets and profitability among the listed domestic expressway companies. In recent years, the Group has actively promoted the research and application of intelligent transport. The road network monitoring, command and control system platform has been successfully launched and put into operation. It also provides an information application platform for businesses including the monitoring and management of road network operation, business synergy and emergency response. The integrated information platform for the management and control of the road condition of Outer Ring Project developed by the Group has obtained the Computer Software Copyright issued by the National Copyright Administration and two patents of practical innovations. In addition, the highway construction management platform based on BIM technology is also under development. The Group actively promotes the application of new technologies to build an “Intelligent Highway” and to empower the operation development of the principal businesses. For further details of the industry position of the Group, please refer to the “Analysis of Core Competitiveness” below.

2. General Environmental Protection Business

During the last strategy period, having set the goal of entering the general-environmental protection industry for strategic transformation, the Company prudently sought opportunities for cooperation with leading enterprises in the general-environmental protection industry to enter the environmental protection and clean energy business sector from a high starting point while consolidating and improving the principal business of toll highways. Besides, it gradually shifted focus to the solid waste treatment and clean energy industry through investment and M&A over the last few years, thereby initially expanding its business presence into the general environmental

protection industry. Being supported by the national policies, the solid waste treatment and clean energy industry is relatively more aligned with the resource advantages and management and operation mode of the Group in view of its mode of return on investment based on the nature of asset-heavy with stable business of the industry.

◆ **Solid waste treatment industry:**

The work of “continue to improve the environment and promote green, low carbon development” was prioritised in the Report of the Work of the Government for 2022. The recycling of organic waste will become integral to the establishment of the ecological civilisation system. The NDRC issued the “14th Five-Year Plan for the Development of Urban Domestic Waste Classification and Treatment Facilities” (《「十四五」城鎮生活垃圾分類和處理設施發展規劃》), which proposed that the utilisation rate of the national urban domestic waste recovery will reach approximately 60% by the end of 2025. The domestic waste classification collection and transportation capacity will reach approximately 700,000 tons/day, which will basically meet the needs of the classification collection, transfer and treatment of urban domestic waste at the prefecture level and above, and the plan has imposed requirements for orderly construction of kitchen waste treatment facilities. In December 2021, 18 departments and units including the Ministry of Ecology and Environment jointly published the “Work Plan for the Construction of “Zero-Waste Cities” during the ‘14th Five-Year’ Plan Period” (《「十四五」時期「無廢城市」建設工作方案》), which set out working goals such as “the promotion of the construction of ‘zero-waste cities’ in approximately 100 cities at the prefecture level and above. In April 2022, the Ministry of Ecology and Environment announced the list of cities for the construction of “zero-waste cities” during the 14th Five-Year Plan period and increased pilot cities to more than 100 cities and regions to deepen the solid waste comprehensive management reform from an overall level of cities. Moreover, in the first half of 2022, the NDRC and the Ministry of Ecology and Environment published documents in relation to household waste classification, charge of treatment fees and solid waste treatment.

With the support of a series of solid waste comprehensive treatment policies promulgated by the PRC government, the solid waste treatment industry has seen significant market opportunities. The degrees of industrialisation and market concentration of the solid waste treatment industry remained relatively low in the PRC, resulting in a relatively large shortfall of production capacity from the requirements of industrial planning. Along with the progress of the construction of “Zero-waste City” and the general launch of waste classification policy, the development of the resource recovery of solid waste sector is entering a rapid growth stage. In the meantime, more and more enterprises with satisfactory business capabilities enter the industry, heating the market competition.

Bioland, a subsidiary of the Company’s wholly-owned subsidiary Environment Company, is currently a major enterprise in the field of integrated solution, construction and operation for organic waste in the PRC. It is equipped with the service capabilities throughout the industry chain which covers the treatment technology in regard of organic wastes. Currently, Bioland has a total of 19 organic waste treatment projects under BOT/PPP model. In April 2022, Environment Company acquired 70% equity interests in Lisai Environmental, and further enhanced the Group’s organic waste treatment capacity in Shenzhen region. Besides, the Company’s wholly-owned subsidiary Guangming Environmental Park Project has kicked off its construction and is scheduled to enter the commissioning stage by the end of 2022. As at the end of the Reporting Period, the organic waste treatment designed capacity of the Group exceeded 6,000 tons/day, ranking among the leaders in the domestic industry. As a new entrant in the solid waste treatment industry, the Group will further optimise business management and integration and development of its professional team. By capitalising on the favorable policies, it will seek market expansion proactively and continue to enhance its core competitiveness and profitability.

◆ **Clean Energy Industry:**

In the first half of 2022, the State and the government departments at all levels issued a number of policies concerning the clean energy industry to expedite its healthy development and boost the achievement of the “Dual Carbon” strategic goal. In March 2022, the NDRC and National Energy Administration released the “14th Five-Year Plan for Modern Energy Systems ” (《「十四五」現代能源體系規劃》), which set out that China has entered a critical period for the assurance of energy security as well as an important window period for the low carbon transformation of energies, and the consumption of non-fossil energies should increase to 20% by 2025, and called for fast development of wind and solar power generation to promote large-scale exploitation and high-quality development. In early June 2022, 9 departments including the NDRC jointly published the “14th

Five-Year Plan for Renewable Energy Development" (「十四五」可再生能源發展規劃) and proposed new development goals for the wind power industry. During the 14th Five-Year Plan period, the increased power generation by renewable energy shall represent more than 50% in the growth of the social power consumption, and the wind and solar power generation shall be doubled. Meanwhile, the document has also defined the key areas for large wind and photovoltaic power generation base development, distributed development, water-wind-photovoltaic comprehensive base integrated development and offshore wind power clustered development.

A series of policies and regulations have thus been promulgated by the central and local governments to secure the development of the clean energy industry. The adoption of renewable energy, mainly wind power and photovoltaic power, has become a major trend in China's energy industry in place of fossil fuels, which will further promote the sustainable and stable development of the wind power industry, and continue to increase the construction scale and operational efficiency of wind power. According to the data published by the National Energy Administration, China's newly installed grid-connected wind power capacity in the first half of 2022 amounted to 12.94 million kW. As of the end of June 2022, the accumulated installed capacity of wind power in China amounted to 340 million kW, representing a YOY increase of 17.2% and accounting for 13.9% of the installed capacity of grid power generation. Meanwhile, in the "grid parity" new cycle, wind power enterprises make every effort to cut cost and increase efficiency. As high capacity wind turbines can effectively increase the energy utilisation ratio and reduce the unit cost of electricity, wind power generators have demonstrated an obvious trend toward larger sizes. As advances China's large wind power base development and construction, the size of wind power generators will grow faster and faster, posing a challenge to the R&D ability and product iteration efficiency of the wind turbine manufacturers.

The Group has controlling interests of Nanjing Wind Power, and has wind power projects with an aggregate installation capacity of 648MW through investment and M&A. Through cooperation platform established with SPIC Fujian Company, it acquired 51% equity interests of Nanjing Avis, which principally engages in the business of after-sales operation and maintenance services. In addition, the Group possessed the license of financial leasing. Through active business layout plan, the Group has developed the capability in the integrated business covering the investment and operation of wind farm projects, research and development and manufacturing of wind power complete machine equipment, after-sales operation and maintenance service and integrated business capability of project financing. As a newcomer in the industry, the Group will intensify the integration of internal management of the merged enterprises, give full play to the synergistic advantage across the upstream and downstream industrial chain of new energy, and fortify the overall market competitiveness of the industrial chain to boost the stable development of the Group's clean energy business.

4.2 Analysis of Core Competitiveness

Major toll highway projects operated and invested by the Company possess outstanding location advantages and maintain good conditions of assets. Over the years, the Company has been dedicated to the sector of transport infrastructure and built good reputation in the industry. With the efficient and innovative management team and employee team established, it has accumulated extensive experience on the investments, construction, operation and management of large-scale infrastructures. At current stage, the Company has confirmed its strategic direction of development of dual core businesses in toll highway operation and general environmental protection. Meanwhile, it has been expanding its business in various business segments such as infrastructure construction, project development and management as well as financial service, related to its core businesses. By giving full play to its professional management experience and innovation capability and leveraging its good financing platform, the Company will gradually realise the upgrading and transformation of the industry and the synergistic development of its two core businesses, thus forming a competitive advantage in the operation and development.

State-owned platform advantage of infrastructures in the Greater Bay Area. Located in Shenzhen, the Company is a platform for the investment, construction, management and maintenance of highway and environmental infrastructures under Shenzhen SASAC. The majority of the highway projects and certain environmental infrastructure projects invested and operated by the Company are located in Shenzhen and Guangdong-Hong Kong-Macao Greater Bay Area, which equips the Company with the geographic advantage and synergistic advantage as a state-owned platform. The Company actively seized the major strategic opportunities arising from the development of "two regions", namely the Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen, as the Pioneering Demonstration Zone for Socialism with Chinese

Characteristics as well as the "Double-Hundred Action" for state-owned enterprise reform. By focusing on the new planning of innovative urban construction and integrated infrastructure services in the region, leveraging the advantages as a state-owned platform to accommodate government needs and thus actively acquiring the opportunities for participating in quality highway and environmental infrastructure projects in the region, the Company have greater rooms for the development of the Group's operation. Proactively seizing the opportunity of state-owned enterprise reform and business layout optimisation launched and promoted in Shenzhen, the Company has also acquired the controlling interests in Bay Area Development successfully. As such, the Company acquired interests in two quality and well-established road assets (GS Expressway and GZ West Expressway) lying in the core district of Guangdong-Hong Kong-Macao Greater Bay Area, as well as the major renovation and expansion project of GS Expressway. Not only does the development of the "two-region" creates new project opportunities, it also continues to boost traffic and transportation demand, which gives impetus to the operational performance of the Company's existing highway and environmental projects. In addition, the Group integrates the development plans of urban clusters in the region with the Company's dual core businesses capability and actively participate in exploring the development business along the regions where Greater Bay Area highway projects are located. The Group plays a synergistic role to unleash the value of the land sites for development along the regions and increase the comprehensive profitability.

Comprehensive integrated management capability. Since its establishment, the Company has been dedicated to the transport infrastructure industry. Through years of investment, construction and operation management of various large-scale infrastructure projects, the Company has accumulated extensive experience in the investment, construction and operation management of heavy assets and franchise business, established a comprehensive investment decision system, construction and operation management system, and developed the comprehensive and integrated management capability covering a wide range from investment to operation. During the Reporting Period, based on this core competence, the Company, on one hand, had been entrusted by the government to carry out construction and operation and maintenance management of a number of public projects, further providing its technologies and experience in the investment, construction and maintenance of highways or expressways, thereby consolidating the Company's position as the core platform for the investment, construction and maintenance of state-owned highways or expressways under Shenzhen SASAC. On the other hand, upon entering the solid waste resource treatment and clean energy business sector with similar operation and management models, the Company continued to give play to its comprehensive and integrated management capability in heavy assets business, and initially accomplished the layout plan of the industrial chain in related industries, creating upstream and downstream synergies. In the future, the Company will further ramp up its professional, comprehensive and integrated management capability in the business sector of general-environmental protection to enhance its market competitiveness.

Innovation capability. The Company has been focusing on reforms and innovation. In terms of business development strategy, through carefully studying the market conditions and industry development trends and aligning with its own characteristics, the Company took an innovative move to adopt the general-environmental protection industry as its second largest core business upon its transformation and upgrading, and continued to further gain the business exposure during the Reporting Period, laying the foundation for enhancing the core business and sustainable corporate development of the Group. In terms of the transport infrastructure industry, along with the changes in the industrial environment and the needs of related parties, the Group flexibly adopt practical innovative business models such as the acquisition of toll highway services by the government, and joint investment and operation in new and expansion projects through PPP model, and has achieved a cooperation mode that not only satisfies the needs of the government in transport planning and the socioeconomic development, but also offers reasonable business returns for enterprises, hence fulfilling the development and breakthrough of the Group's core business of toll highway. Meanwhile, the Company has been focusing on the innovation in the professional areas. The Company conducted R&D in and applied new technologies, new materials and new techniques in key construction projects with innovative designs and construction concepts. Overcoming a number of technical problems, the Company has obtained various scientific research results in the industry. Besides, aligning with the trend of rapid development in information technology at current stage, the Group actively promoted the research and application of intelligent transport/environmental protection. Actively utilizing its innovation capability in various sectors, the Company strives for innovation and transformation to continuously enhance its core competence in the operation and development.

Good financing platform. Listed in both Shanghai and Hong Kong, the Company has a good financing platform for the capital markets in both places. During the Reporting Period, the Company acquired Bay Area Development as an additional quality overseas financing platform. Meanwhile, the Company has been maintaining high domestic and overseas credit ratings and good cooperative relationship with banks and other financial institutions in the long term, resulting in more easy access to financing facilities, which can effectively raise enterprise development funds and control financial costs. For details of the results of the Company's financial strategies as well as capital management and financing arrangements, please refer to "Financial Analysis" below.

4.3 Discussion and Analysis of the Operations

In the first half of 2022, the COVID-19 harassed many cities continuously, and the fast and extensive spread brought about numerous infections across the country. To contain the Epidemic, the government in many regions took control measures in the relevant regions and over road traffic, and some regions including Shenzhen were subject to “citywide static management” when the situation was particularly serious. The Epidemic had an adverse impact upon the normal operation of China’s economy, and inflicted considerable pressure upon the production and operation activities of the Group’s toll highway and other businesses.

During the Reporting Period, the Group, while exercising epidemic prevention and control, took active measures to promote production and operation of the toll highways, general-environmental protection and other related businesses. During the Reporting Period, the Group recorded revenue of approximately RMB4.094 billion, representing a YOY decrease of 2.96%. Among them, toll revenue was approximately RMB2.41 billion, revenue from environmental protection businesses such as clean energy and solid waste treatment was approximately RMB0.836 billion, and other revenue was approximately RMB0.848 billion, which accounted for 58.87%, 20.42% and 20.71% of the total revenue of the Group, respectively.

1. Toll Highway Business

(1) Business Performance and Analysis

The average daily traffic volume and toll revenue of all toll highways operated and invested by the Group during 2022 are as follows:

Toll highway	Average daily mixed traffic volume (number of vehicles in thousand) ⁽¹⁾	Average daily toll revenue (RMB'000)
Guangdong Province – Shenzhen Region:		
Meiguan Expressway	130	358
Jihe East	267	1,665
Jihe West	175	1,217
Coastal Expressway ⁽²⁾	131	1,266
Outer Ring Project ⁽³⁾	221	2,434
Longda Expressway	131	346
Shuiguan Expressway	221	1,500
Shuiguan Extension	52	180
Guangdong Province – Other Regions:		
Qinglian Expressway	44	1,713
GS Expressway ⁽⁴⁾	507	6,214
GZ West Expressway ⁽⁴⁾	215	2,918
Yangmao Expressway	44	1,725
GZ W2 Expressway	70	1,090
Other Provinces in the PRC:		
Wuhuang Expressway	65	1,080
Yichang Project	53	1,078
Changsha Ring Road	82	660
Nanjing Third Bridge	28	1,243

Notes:

- (1) Traffic volume which is toll free during holidays is not included in the figures of average daily mixed traffic volume.
- (2) According the freight compensation agreement entered by Shenzhen Transport Bureau, the Company and Coastal Company, that during the period from 1 January 2021 to 31 December 2024, the vehicles passing through the Coastal Expressway should be charged at 50% of the standard rate of the toll, and such toll waived by the Company and Coastal Company shall be compensated by the government in a one-off manner in March of the following year.
- (3) Outer Ring Phase I commenced operation on 29 December 2020. Outer Ring Phase II commenced operation on 1 January 2022.
- (4) On 11 January 2022, the Group completed the acquisition of 100% equity interests in SIICHIC, thereby indirectly holding approximately 71.83% equity interest in Bay Area Development, which indirectly enjoys 50% profit of GZ West Expressway and 45% profit of GS Expressway.

During the Reporting Period, the epidemic infections were repeatedly reported in many regions in China and had a significantly adverse impact upon the economy. The government's epidemic control measures resulted in lower logistics shipment and public transit demand, and affected negatively the operation performance of the Group's toll highway projects. The comprehensive influence of the abovementioned factors has resulted in a YOY decrease of the overall toll revenues from the toll highways operated and invested by the Group in the first half of the year.

In April 2022, the Guangdong Provincial Government issued the "Notice on Implementation Plan for Comprehensive Promoting Differentiated Tariff of Highways in Guangdong Province"(廣東省全面推廣高速公路差異化收費實施方案的通知), which set out that the expressway operators may choose to implement differentiated toll collection policies to reasonably implement differentiated adjustment. Based on the standard requirements set by the MOT and other authorities, the expressway operators implemented the differentiated toll collection policies in 2021 and the impact of this policy on toll revenue has been reflected to a certain extent. During the Reporting Period, the Group, in considering the internal and external operating environments and the industrial situation, maintained the existing differentiated toll collection policy unchanged.

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

◆ Guangdong Province – Shenzhen Region

During the Reporting Period, relatively large-scale outbreaks occurred in Hong Kong, Shenzhen and surrounding areas. To prevent and control the spread of the Epidemic, Shenzhen exercised traffic control in some urban areas and important traffic hubs and citywide static management during peak period of the Epidemic, resulting in reduction of demand for enterprise logistics transportation and public travel, and freight transport between Shenzhen and Hong Kong and the eastern and western port areas. The decrease in traffic flow had a negative impact on the Company's operating performance of toll highways in Shenzhen area.

Outer Ring Phase II was officially commenced operation on 1 January 2022, and connected to Outer Ring Phase I, producing a positive impact upon the overall operating performance of the Outer Ring Project. During the Reporting Period, benefiting from the operation of Outer Ring Phase II, the traffic volume and toll revenue of the Outer Ring Project saw a significant YOY growth. As most convenient high-speed west-to-east main road in Shenzhen, the Outer Ring Project has brought synergy effect on expressway network of Meiguan Expressway, Coastal Expressway and Longda Expressway, but certain diversion impact on the traffic volume of all sections of Jihe Expressway.

◆ Guangdong Province – Other Region

Guanglian Expressway (Guangzhou – Lianzhou), which is basically parallel to Qinglian Expressway, was officially commenced operation at the end of 2021, diverting certain diversion impact on the traffic volume of Qinglian Expressway. Due to the impact of the Epidemic, there is a significant YOY decrease in the toll revenue of Qinglian Expressway during the Reporting Period. Moreover, Qinglian Expressway passes through many important economic towns and a number of industrial parks and tourist resorts lie

by the road, and vehicles in those areas are easy to access the expressway. Qinglian Company will make use of various channels to publicise the advantageous location of the expressway to attract more traffic. Besides, the opening of the Erguang Expressway Lianzhou Connecting Line and other highways in the neighborhood had positive influence on the operation performance of Qinglian Expressway in general.

GS Expressway serves as an important fast channel between Guangzhou and Shenzhen, and GZ West Expressway is a component of the Pearl River Delta Ring Expressway. After May 2022, as the production and operation activities along the road began to resume, the traffic flow on these sections is recovering. GZJ Expressway (Guangzhou-Zhongshan-Jiangmen Expressway) Phase IV was commissioned at the end of 2021, diverting traffic flow from some sections of GZ West Expressway.

The reconstruction and expansion works of Yangmao Expressway have been completed with all sections of the two-way and eight-lane expressway commenced operation at the end of 2021. The expressway has its toll rate raised from RMB0.45 to RMB0.6 per standard vehicle-kilometre. Benefiting from the interconnection of neighboring highways that commenced operation, the traffic capacity increases significantly. During the Reporting Period, Yangmao Expressway saw a significant growth in toll revenue.

◆ *Other Provinces*

During the Reporting Period, the traffic flow of Wuhuang Expressway began to recover in May 2022, showing the positive impact from the official opening of Ezhou Airport Expressway Phase I in May 2022. Affected by repeated rains, snows and frosty weather and the Epidemic, Yichang Expressway and Changsha Ring Road in Hunan Province saw a decrease in average daily traffic volume and toll revenue. Besides, the traffic flow of Nanjing Third Bridge, which was substantially affected by the epidemic overflow from Shanghai and the traffic control of transit vehicles, began to recover in June.

(2) Business Development

The Shenzhen section of the Outer Ring Expressway (Outer Ring Project) is a toll highway invested by the Group according to the PPP model. It adopted the dual six-lane expressway for all sections with a total length of approximately 77 kilometres. The construction will be carried out in three phases, of which Outer Ring Phase I (about 50.74 kilometres) commenced operation at the end of 2020, Phase II (about 9.35 kilometres) officially commenced operation on 1 January 2022, and the preliminary works of Phase III (a planned length of about 16.8 kilometres) is currently underway. Outer Ring Project is the longest expressway in the expressway network planning of Shenzhen to date. Upon completion, it will be connected to 10 expressways and 8 Class 1 highways in Shenzhen region, and becomes the major trunk connecting the west-to-east traffic in northern Shenzhen. In May 2021, the Board has approved the Company to commence the preliminary work, such as inspection and design, of all sections of Outer Ring Phase III and work such as construction and supervision of the first-stage section of Outer Ring Phase III. During the Reporting Period, the design preparation, environmental impact assessment and other special applications for approval for each work section of Outer Ring Phase III are under active progress. For details of the Outer Ring Project, please refer to the relevant contents in the announcement dated 18 March 2016, and the circular dated 25 April 2016 of the Company.

The construction of Coastal Phase II commenced in December 2015, mainly including the construction of the interchange of the International Convention and Exhibition Center and the connecting lane on the Shenzhen side of Shenzhen-Zhongshan Tunnel. The interchange of the International Convention and Exhibition Centre was completed and put into operation in 2019. The total length of the Shenzhen side of Shenzhen-Zhongshan Tunnel is approximately 5.7 kilometres with two interchanges, namely airport interchange and Hezhou interchange respectively. Running from east to west, it starts from Huanghe toll station of Jihe Expressway (connecting with Jihe Expressway) and ends at the eastern artificial island of Shenzhen-Zhongshan Tunnel (connecting with the open section of Shenzhen-Zhongshan Tunnel). Upon completion, it will be connected to Coastal Phase I, Jihe Expressway, GS Expressway, Shenzhen-Zhongshan Tunnel and Bao'an International Airport. During the Reporting Period, the construction of the roadbed, bridges and accessory works of Coastal Phase II is underway, and the focus is on the construction of the pile foundations on the eastern artificial island. As of the end of the

Reporting Period, approximately 74% of the construction progress of Coastal Phase II has been completed, among which the construction of roadbed, bridges and pavements have been completed at a percentage of approximately 78%, 78% and 10%, respectively.

To match the overall work plan and arrangement of the government's expressway construction and improve road safety and quality and the traffic environment, the Board has approved the preliminary work of the Group's initial design of the Jihe Expressway reconstruction and expansion project in January 2018. In 2020, the Board further approved the work in relation to the first-stage section of the Jihe Expressway reconstruction and expansion project and the relocation of high voltage cable. Jihe Expressway reconstruction and expansion project was granted the approval by the Development and Reform Commission of Guangdong Province in the end of 2020. During the Reporting Period, the Company is actively negotiating with the relevant government authorities on the commercial terms and conditions of the cooperation modes concerning the Jihe Expressway reconstruction and expansion project. The Company will timely perform the approval process upon confirmation of the model.

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

On 11 January 2022, the Group completed the transfer of the acquired 100% equity interests in SIICHIC, and thus holds indirectly approximately 71.83% equity interests in Bay Area Development. Bay Area Development owns high-quality road assets in the core region of the Guangdong-Hong Kong-Macao Greater Bay Area, such as GS Expressway and GZ West Expressway. Through the transaction, the Company can further consolidate its core strengths in road investment, management and operation, while enhancing regional market share, future profitability and cash flows. In addition, it can also promote the land development along the expressway through the reconstruction and expansion of GS Expressway. As a result, the Company can release the value of land development along the expressway and achieve sustainable development in the long run, which is in line with the development strategy and overall interest of the Company. For the operations of Bay Area Development during the Reporting Period, please refer to its Interim Report 2022.

To strengthen the comprehensive management of the Group's internal financial resources and recover the surplus fund from Coastal Company to optimise the capital structure of the investment enterprise, the Board approved that the Company may reduce the capital of Coastal Company by RMB3.8 billion. Relevant capital reduction procedures are in progress and the registered capital of Coastal Company is reduced from RMB5.6 billion to RMB2.8 billion. Besides, in order to reducing its management level, giving full play to the economic efficiency of asset integration, the shareholders had approved the absorption and merger of Coastal Company by the Company at the second extraordinary general meeting 2020. Considering the present situation, the Company adjusted the overall arrangement for Coastal Company. On 1 August 2022, the Board considered and passed the Company's resolution in relation to termination of the absorption and merger of Coastal Company. The issue was approved on 18 August 2022 by the Company's first extraordinary general meeting 2022. For details, please refer to the Company's announcements dated 7 March, 13 May, 1 August, 3 August and 18 August 2022, respectively.

With the approval of the Board, on 18 August 2022, the Company entered into a capital increase agreement with Shenwan Infrastructure, a holding subsidiary of Bay Area Development, in relation to Coastal Company. Pursuant to the agreement, Shenwan Infrastructure intends to subscribe for approximately RMB2,914 million of the increased registered capital of Coastal Company at RMB2,998 million, of which approximately RMB84 million will be included in the capital reserve of Coastal Company (the "Capital Increase"). Coastal Company is

principally engaged in the construction and operation of the Coastal Expressway. Shenwan Infrastructure will directly hold a 51% enlarged equity interest in Coastal Company upon completion of the capital increase, and the Company's equity interest in Coastal Company will be reduced from 100% to 49%. As the Company holds 71.83% of the shares of Bay Area Development, the Group will remain the holding company of Coastal Company after the Capital Increase. The Capital Increase is subject to the approval of the independent shareholders of Bay Area Development. As the alignment and direction of GS Expressway and Coastal Expressway under Bay Area Development are relatively similar to each other, the Capital Increase will enable the integrated management of the above two parallel expressways, enhance the synergy effect within the road network and achieve the objectives of cost reduction, efficiency enhancement and lean management. On the other hand, by enriching the core business of Bay Area Development, it can better perform its role as an investment and financing platform for a Hong Kong listed company, which is conducive to further broadening the Group's financing channels. At the same time, the Group can obtain funds for its business development while maintaining its controlling interest in Coastal Company, which is in the interests of the Group and its shareholders. For details of the Capital Increase, please refer to the announcement of the Company dated 18 August 2022.

2. General-Environmental Protection Business

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

(1) Solid Waste Treatment

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

In June 2022, upon the approval of the Board, Environmental Company may increase not more than RMB1.55 billion of capital to subscribe approximately 0.27 billion newly issued shares of Bioland. The relevant capital increase formalities were completed in 8 August 2022, and the equity interests that the Group holds in Bioland increased from 67.14% to 85.17%. Bioland mainly relied on technologies such as the effective anaerobic reaction treatment and MBR membrane bioreactor and its derivative techniques for the provision of systematically comprehensive solution to customers in regard of municipal organic wastes such as kitchen waste and waste leachate. Bioland has more than 100 patents, and is equipped with more advanced waste leachate treatment system design and integration capability. Its business operation model mainly comprises of, amongst others, project investment and operation PPP (including BOT, the same as below) business model, environment protection construction (EPC), equipment manufacturing and sales business, etc. Bioland has a total of 19 organic waste treatment projects under PPP model with the designed treatment capacities of organic waste over 4,000 tons/day. These projects cover among 16 cities in 11 provinces across the country, mainly cities with better economic development and longer concession period, which can generate relatively stable returns. As of now, 11 projects (the total size of designed capacity of 2,440.5 tons/day) commenced commercial operation. To increase capital in Bioland will optimise its financial structure, accelerate the commissioning of the projects under construction, enhance its business expansion ability and sharpen its competitive edge in the market. In addition, it will also help the Group straighten out its operation management system, fortify the Group's control over its operation management and risk prevention, and promote its standardised operation management to upgrade its profitability. During the Reporting Period, due to the impact of the Epidemic, Bioland failed to reach the targets of production and operation. It processed approximately 372,000 tons of organic waste and the progress of the projects under construction lagged slightly behind the schedule.

Guangming Environmental Park Project shall be implemented by the government under the BOT model. In 2021, the Company signed contract for the Guangming Environmental Park Project through open tender. The Guangming Environmental Park Project is located in Guangming District, Shenzhen. The project will be developed into a large-scale treatment plant with a processing capacity of 1,000 tons/day for organic waste, 100 tons/day for large-pieces waste (wasted furniture) and 100 tons/day for greening waste. The proposed concession period of the project is 10 years and shall be extended for 5 years upon being qualified in assessment and approval of the regional government. To make Guangming Environmental Park Project a high-quality model demonstration project to drive the overall development of the Company’s organic waste treatment business, upon the approval of the Board, the Company may adjust its total amount of investment to not more than RMB958 million during the Reporting Period. For details, please refer to the announcements of the Company dated 8 February 2021 and 28 April 2022, respectively. During the Reporting Period, the Company overcame the adverse impact of the Epidemic, aimed at building a leading model boutique demonstration project in China, and was active to promote the construction of the main structure and the purchase and installation of major equipment of Guangming Environmental Park Project.

In February 2022, upon the approval of the executive Board, Environmental Company signed an agreement with its related parties to invest not more than RMB 131.25 million to acquire 70% of equity interests in Lisai Environmental by way of equity purchase and capital contribution. By April 2022, the transfer of equity interests has been completed, and Lisai Environmental has been consolidated in the Group’s consolidated financial statement as of 20 April 2022. As a company specialised in environment protection construction, Lisai Environmental is entitled to the concession of Urban Biogenic Waste Treatment Construction BOT Project in Shenzhen (“Biogenic Project”) and the area for concession service covers Longhua District of Shenzhen. The Biogenic Project, a key project of the 863 program under the national “11th Five-Year” Plan, is located at Yunan Environmental Park in Longgang district, Shenzhen. Its designated biogenic waste treatment capability is 500 tons/day, and the concession period for kitchen waste and municipal sludge treatment is “10+5” and 25 years respectively. Lisai Environmental has officially operated the project in December 2017. In addition, as entrusted by the related government department, Lisai Environmental also assisted in the treatment of certain kitchen waste in Futian District. To further enhance the project’s operation ability and effect, upon the approval of the executive Board, the Group may invest not more than RMB35.77 million in the overall upgrade and reconstruction of Lisai Environmental to raise the processing capacity of kitchen waste to 650 tons/day, add 30 tons/day to grease processing capacity, and increase the collection and shipment capacity of waste to more than 600 tons/day during the reporting period. The Biogenic Project is a mature project in Shenzhen with a relatively large scale of waste treatment and stable operation and location advantages, while attaining good recovery of the government subsidies. The Environmental Company will obtain the concession for kitchen waste of Longhua District, Shenzhen by the acquisition of the controlling interests in Lisai Environmental, which is favorable to the increase in the market share of the Group for kitchen waste treatment in Shenzhen district, facilitating the development layout plan for the Group’s integration into the related business of the government, thereby further enhancing the influence of the Group in Greater Bay Area.

During the Reporting Period, the key operating data of the Group’s commercial operation projects that operated organic waste treatment business is as follows:

Organic waste			Organic waste disposal volume (thousand tons)	Operating income (RMB'000)
Project	Shareholding ratio of the Group	Proportion of revenue consolidated	Jan-Jun 2022	Jan-Jun 2022
I. Bioland				
Guiyang Project	100%	100%	56.34	46,310.0
Nanning Project	100%	100%	82.49	43,597.0
Dezhou Project	100%	100%	68.44	17,744.6
Taizhou Project	100%	100%	41.94	16,825.1
Other projects	70~100%	100%	122.96	50,405.4
Subtotal			372.17	174,882.0
II. Lisai Environmental⁽¹⁾	70%	100%	29.01	26,403.8
Total			401.18	201,285.8

Notes:

- (1) Lisai Environmental has been consolidated in the Group’s consolidated financial statement as of 20 April 2022. The data in the table above is the operating data from May to June 2022.

Upon approval of the Board, in June 2022, Infrastructure and Environmental Protection Company invested RMB72.47 million to increase its equity interests in Shenshan Qiantai by 13.33%, and thus the equity interests it holds in Shenshan Qiantai increased from 50% to 63.33%. Shenshan Qiantai is qualified for scrapping retired new energy vehicles and is principally engaged in providing scrapping, recycling and disposal services for fuel vehicles as well as integrated resources comprehensive utilisation services for new energy vehicles and retired electric-vehicle batteries. It is also the only enterprise on the whitelist under “Industry Standards and Conditions for the Comprehensive Utilisation of Waste Power Batteries for New Energy Vehicles” (新能源汽车廢舊動力蓄電池綜合利用行業規範條件) in Shenzhen. In addition, Shenshan Qiantai has strong technical capacity in battery echelon utilisation and recycling disposal, and has 9 technical patents, and it is a national high-tech enterprise. Since 2021, Shenshan Qiantai has been actively developing the industrial market and has established good cooperative relationship with the upstream and downstream companies of certain industries and station-based car hailing service providers. During the Reporting Period, Shenshan Qiantai develops well in its operations. It has entered into collaboration with Hellobike for comprehensive battery utilisation and signed contracts for the purchase of upstream retired electric bikes and batteries and for the sale of echelon battery cells and products. In automobile scrapping business, it has won the contract for the scrapping and disposal of recycled vehicles in Shenzhen. Shenshan Qiantai is located in Shenshan Special Cooperation Zone, the only region in which Shenzhen can promote the development of circular economy. For the next step, Qiantai will make full use of its advantageous location and white list qualification to coordinate upstream and downstream enterprises in a regional close loop of industrial chain, and expand its business in the Guangdong-Hong Kong-Macao Greater Bay Area to promote the development of solid waste treatment business in the new energy vehicle aftermarket.

(2) Clean Energy

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

As at the end of the Reporting Period, the cumulative installed capacity of the wind power projects invested and operated by the Group amounted to 648MW, including Baotou Nanfeng Project with five wind farms (247.5MW), Xinjiang Mulei Project with three wind farms (299MW), Yongcheng Zhuneng Project with two distributed wind farms (32MW) and Zhongwei Gantang Project (49.5MW). In addition, the Group holds 20% equity interests in Huaian Zhongheng Wind Power Project (99.4MW). These wind farms are completed projects that enjoy policy subsidies and commenced on-grid power generation. The local wind resources are abundant with promising power consumption. During the Reporting Period, the Company continued to enhance the operation and management of wind farms, tap their production potential and market opportunity and make every effort to increase the operating results. The major operating data of wind power projects of the Group for mid-2022 are as follows:

Wind Power			On-grid power supply (MWh) ⁽¹⁾	Wind Power Project Revenue (RMB '000) ⁽¹⁾
Project	Proportion of the Group's interest	Proportion of revenue consolidated	Jan-Jun 2022	Jan-Jun 2022
Baotou Nanfeng	100%	100%	337,725.67	115,580.5
Xinjiang Mulei	100%	100%	409,904.20	192,064.9
Yongcheng Zhuneng	100%	100%	45,560.66	24,191.6
Zhongwei Gantang	100%	100%	53,380.17	25,588.8
Huaian Zhongheng	20%	—	121,519.22	—

Notes:

- (1) On-grid power supply is accounted for in accordance with the settlement cycle of the power grid, and the operating income included the electricity price subsidy income calculated based on on-grid power supply.

During the Reporting Period, Nanjing Wind Power pushed hard the construction of projects on hand and the implementation of reserve projects, strengthened management integration and cost control and continued with sound post-operation and maintenance service of projects such as Huaian Zhongheng, Zhongwei Gantang and Yongcheng Zhuneng. During the Reporting Period, Nanjing Wind Power's medium and small wind turbines could no longer meet the market demand for large turbines, and the newly developed 4.5MW models have not received any large orders from the market. Besides, due to the recurrence of the Epidemic in the region, the postponed implementation of reserve order projects, and the slow progress of projects under construction, Nanjing Wind Power's production and operation lagged behind slightly. In the second half of the year, the Group will intensify the integration of internal management of Nanjing Wind Power and accelerate the implementation and contracting of backlog projects. Moreover, the Group will boost sales of wind turbines by relying on the synergy from clean energy integration and develop after-sales operation and maintenance services, with a view to enhancing its market competitiveness.

New Energy Company and SPIC Fujian Company jointly established Fenghe Energy on a 50%:50% shareholding basis and acquired 51% equity interests in Nanjing Avis via Fenghe Energy. This transaction has completed in February 2022. For details, please refer to the Company's announcement dated 29 December 2021. Nanjing Avis is a leading enterprise engaged in operation and maintenance services of gearbox equipment in the PRC. It has a larger market share in the gearbox equipment maintenance market, and owns high-quality customer resources and core technical strength. Through the establishment of the joint venture with SPIC Fujian Company and the acquisition of equity interests in Nanjing Avis, the Group may, on one hand, cooperate with leading company in the industry to jointly expand in the clean energy after-sales operation and maintenance service market, and on the other hand, help to expand the integrated wind power industry chain of the Group and enlarge the Group's profit base. During the Reporting Period, Nanjing Avis signed sales orders in an amount of approximately RMB225 million, mainly covering spare unit sales, repair of returned units, spare parts sales and maintenance service.

(3) Water Environmental Remediation and Others

Environmental Company, a wholly-owned subsidiary of the Group, acquired 20% equity interests in Derun Environment. Derun Environment is a comprehensive environmental enterprise, with holding subsidiaries such as Chongqing Water (stock code: 601158) and Sanfeng Environment (stock code: 601827) which are listed on the domestic main board. The major business segments include water supply and sewage treatment, waste incineration power generation and environmental restoration, etc. For the principal business and operations of Chongqing Water and Sanfeng Environment, please refer to their interim reports 2022.

The Group holds 11.25% of the equity interests in Shenzhen Water Planning. Shenzhen Water Planning has been listed and traded on the ChiNext Market of the Shenzhen Stock Exchange in August 2021, with the stock code of 301038. For information of the business development of Shenzhen Water Planning, please refer to its Interim Report 2022.

For details of the profits of wind power projects such as Bioland, Nanjing Wind Power and Xinjiang Mulei, and projects such as Derun Environment during the Reporting Period, please refer to the relevant content in "Financial Analysis" below and notes V\47 and V\54 to the Financial Statements in this announcement.

3. Entrusted Management and the Development of Other Infrastructure

Relying on the core business of toll highway, the Group has continually launched or participated in the entrusted construction management business and the entrusted operation management business (also known as entrusted construction business and entrusted management business) by the expertise and experience accumulated in the relevant areas throughout these years. In addition, the Group has also attempted to participate in the construction and development of local infrastructure by utilising own financial resources and financing capability so as to obtain reasonable revenue and returns.

(1) Entrusted Construction Business

During the Reporting Period, the entrusted construction projects of the Group include Outer Ring Project in Shenzhen, Cargo Organisation Adjustment Project, Shenshan Environmental Park Project, Duohua Bridge

Project and Bimeng Project in Longli County, Guizhou Province, etc. During the Reporting Period, the Group actively promote construction progress of projects under construction and strengthen its safety and quality management, to coordinate and supervise the collection of construction funds and income of various entrusted construction projects.

For the progress of Outer Ring Project during the Reporting Period, please refer to the "Business Development" above in this section. The main building of the second batch Paibang toll stations for cargo organisation adjustment project was completed and opened in January 2022. Shenshan Environmental Technology and Industry Park Project kicked off the construction of public roads to lend access to the park, and the location selection and planning design of pilot projects of public facilities and refuse storage space in the park. Approximately 94% of the Duohua Bridge Project in physical shape has been completed. The main structures of the Bimeng Garden resettlement housing were completed, the interior and exterior decoration and furnishing works were underway, and approximately 67% of the project progress in physical shape has been completed.

(2) Entrusted Management Business

The Four Expressways have been transferred to the Shenzhen Transportation Bureau from 0:00 on 1 January 2019. The consortium established by the Company and Operation Development Company undertook the comprehensive management and maintenance project of the Four Expressways from 11 June 2021 to 10 June 2022. In May 2022, the project operation team was rated by Transport Bureau of Shenzhen Municipality a 2021 AA Credit Rating Routine Maintenance Enterprise among enterprises engaged in maintenance works. During the Reporting Period, the Group won the bid and renewed comprehensive management and maintenance project for the Four Expressways with a contract period of three years and an aggregate contract value of approximately RMB290 million.

During the Reporting Period, the Company also undertook the projects of Baguang and Wutong toll station, and Shahe interim card access station, which were entrusted by authorities from municipal and district government, where the operation management of Baguang toll station attained "excellent" level in the 2021 annual evaluation by Transport Bureau of Shenzhen Municipality. Besides, the Engineering Development Company under Operation Development Company has undertaken the municipal road maintenance business in the whole area of Pingshan District and some streets in Guangming District and Baoan District through bidding in 2021, which not only increases the source of income, but also lays a solid foundation for seeking future market expansion.

For details of the profits as well as incomes and expenses of various entrusted management businesses during the Reporting Period, please refer to the content in "Financial Analysis" below and the relevant content in Note V\47 to the Financial Statements in this announcement.

(3) Development and Management of Land Projects

With the relevant management experience and resources, the Group prudently explores business types such as comprehensive land development related to the core business of highways and urban renewal business arising from land use planning adjustment along expressways, while paying close attention to and seizing the opportunities for the cooperation between the advantageous areas and the existing business-related areas as a beneficial supplement to the businesses and revenue of the Group.

Guilong Regional Development Project

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

At the end of the Reporting Period, Guishen Company has successfully won the bid for the land of Longli Project with an area of approximately 3,038 mu (approximately 2,030,000 square meters) in aggregate, including approximately 2,770 mu of Guilong Project land with a transaction amount of approximately RMB960 million, and approximately 269 mu of Duohua Bridge Project land with a transaction amount of approximately RMB150 million (deed tax included). In respect of Guilong Project land, the interests in approximately 1,610 mu have been transferred, while 1,075 mu is under secondary development as at the end of the Reporting Period. The

remaining land is under planning. Guishen Company has set up certain wholly-owned subsidiaries to hold and manage the land use rights of the land parcels mentioned above.

The project that Guishen Company is developing is named Leisure Villa (悠山美墅). The houses launched for Leisure Villa Phase I and Phase II in Stage I have been fully delivered for use, and payments have been received. During the Reporting Period, the completed commercial supporting properties of the Phase II Stage II and the residential projects of the Phase III Stage I are on sale. The residential projects of the Phase II Stage III, the commercial supporting properties of the Phase III Stage II and the villa projects of the Phase III Stage III are under construction. In response to the regulation policies on the real estate industry, Guishen Company, with the core value proposition of "high villa quality villa living area", has adopted multi-pronged marketing strategies, including billboards, advertisements in media and themed activities, with a view to actively promoting the sale of commercial and residential properties.

Meilin Checkpoint Renewal Project

United Land, in which the Company holds equity interests, is principally engaged in the investment, development and operation of the Meilin Checkpoint Urban Renewal Project. At present, the Company and Vanke Group hold 65.7% and 34.3% equity interests in United Land, respectively. As Meilin Checkpoint Renewal Project is drawing to a close, in order to recover investment as soon as possible and to improve comprehensive fund utility, shareholders of both parties have jointly negotiated to decrease the capital by RMB3.3 billion as per their respective proportion of equity interests in United Land after the consultation to convert approximately RMB2.686 billion balance of the booked capital reserve into paid-in capital, where the Company will decrease capital by approximately RMB1.1319 billion ("the capital decrease"). For details, please refer to the announcement of the Company dated 22 June 2022. As at the date of this announcement, the capital decrease is completed.

The Meilin Checkpoint Renewal Project is developed in three phases. Residential units of Phase I Hefengxuan, Phase II Heyaxuan and Phase III Hesongxuan have all been sold. The project also includes a complex building of office, commercial and business apartments with an area of approximately 190,000 square meters. As at the end of the Reporting Period, 1,079 of over 2,700 sets business apartments have been contracted for sale. The office and commercial buildings are not officially for sale.

(4) Development and Management of Other Infrastructure

Being the implementation department of the Group, Investment Company is responsible for exploring wellness elderly care industry during the strategic period under the "14th Five Year" Plan. Investment Company has established a wholly-owned subsidiary, namely Gaoleyi, to serve as the industry platform for exploring the smart elderly care sector.

In 2021, the consortium led by Investment Company successfully won the bid for three elderly care projects in Guangming District, Shenzhen, thereby achieving substantial progress in exploring the field of wellness elderly care business. The Guangming Wellness Project comprises the Guangming Xincun Community Integrated Service Center PPP Pilot Project (光明新村社區綜合服務中心 PPP 試點項目) and the Fenghuang Jiulongtai Community Integrated Service Center PPP Pilot Project (鳳凰玖龍台社區綜合服務中心 PPP 試點項目) (collectively referred to as the "Two Community Projects in Guangming"), as well as the Guangming District Social Welfare Home PPP Project (光明區社會福利院 PPP 項目). Each of the Guangming Wellness Project has a cooperative concession term of 20.5 years (including the construction period of 0.5 year). Amongst which the Two Community Projects in Guangming are positioned as community embedded elderly care service complexes targeting elderly and children aged 0 to 3 who required assisted living. Other customer needs within the community are also addressed. Feasibility gap subsidies are available for each year during the cooperation period. The Guangming District Social Welfare Home PPP Project is positioned to provide high-quality elderly care services. It is planned to offer over 370 beds and will be developed into a star-rated elderly care institution which integrates medical care and quality service. As of the date of this announcement, Two Community Projects in Guangming have officially operated; The Guangming District Social Welfare Home PPP Project has kicked off construction in May 2022, and is scheduled to be completed for acceptance within 2022.

Shenzhen Expressway One Apartment Management Co., Ltd. (深高速壹家公寓管理有限公司) which was held as to 60% equity interest by Investment Company, as the principal entity for the long-term rental apartment

business in Fuyong and Songgang. The occupancy rate of Songgang Project was 50%, while the occupancy rate of Fuyong Project was 94% as at the end of the Reporting Period.

4. Industrial-Financial Integration

The Company holds approximately 3.44% equity interests in Bank of Guizhou, which was listed on the main board of the HKEx on 30 December 2019 (stock code 06199.HK). For the business development of Bank of Guizhou, please refer to its Interim Report 2022.

During the Reporting Period, the former shareholder of Financial Leasing Company, Shenzhen Jianronghe Investment Co., Ltd. (“Jianronghe Investment”), requested the withdrawal of shares for its own reason. Upon the approval of the executive Board, Financial Leasing Company decreased and returned the capital of Jianronghe Investment. The change of relevant industrial and commercial registration has been completed on 24 May 2022. The Group thus holds directly and indirectly 100% equity interests in Financial Leasing Company, of which, the registered capital is changed from RMB1 billion to RMB902.5 million. The operation of Financial Leasing Company helps to provide financial leasing services to satisfy the business need in the principal businesses and the upstream and downstream of the industry chain of the Group. It is an important way for the Group to achieve “industrial-financial integration” and its business synergy strategy, which will help to expand core businesses of the Group. During the Reporting Period, Financial Leasing Company has been performing its function in providing financial leasing services for wind power generation equipment. It has actively developed financial leasing business in transportation and logistics, and contracted new financial leasing projects in the amount of RMB77 million. As at the end of the Reporting Period, Financial Leasing Company has contracted financial leasing projects in the amount of RMB1.508 billion, and has invested approximately RMB1.349 million therein.

The Company holds 45% equity interest of Foshan Shunde Shengchuang Shenzhen Expressway Environmental Technology Industry M&A Investment Partnership (Limited Partnership) (佛山市順德區晟創深高速環科業並購投資合夥企業 (有限合夥)) (“Shengchuang Fund”). As at the end of the Reporting Period, the total paid-in size of the fund is RMB300 million, of which the Company's paid-in capital is RMB135 million. Shengchuang Fund is managed by Guangdong Shengchuang Investment Management Co., Ltd. (廣東晟創投資管理有限公司). The fund mainly invests in four types of operational projects, namely comprising treatment of industrial hazardous waste, treatment of solid waste, treatment of sewage and the new energy of wind power. As at the end of Reporting Period, Shengchuang Fund has completed the investment in 2 projects.

The Company holds approximately 7.48% interest in Shenzhen State-owned Assets Collaborative Development Private Fund Partnership (Limited Partnership) (深圳國資協同發展私募基金合夥企業 (有限合夥)) (“State-owned Assets Collaborative Development Fund”). The total size of the fund is RMB4.01 billion, of which the Company's contribution is RMB300 million. State-owned Assets Collaborative Development Fund is managed by Shenzhen Kunpeng Equity Investment Management Co., Ltd. (深圳市鯤鵬股權投資管理有限公司). The focus of State-owned Assets Collaborative Development Fund comprises public utilities including environmental protection, new energy and infrastructure, as well as financial and strategic emerging industries. As at the end of the Reporting Period, State-owned Assets Collaborative Development Fund has invested in 2 projects.

5. Other Businesses

As at the end of the Reporting Period, the Company holds 22% equity interests in Yunji Intelligent (formerly known as “Consulting Company”), a professional engineering consulting company with independent legal entity qualification. Its business scope covers pre-consultation, survey and design, tendering agency, cost consulting, engineering supervision, testing and inspection, as well as maintenance consulting, etc., and with the qualification and capability of providing consulting services to the whole process of investment and construction of the engineering project

In March 2022, upon the approval of the executive Board, the Group and Yunji Intelligent established Shenzhen Expressway Digital Technology Co., Ltd., holding 51% and 49% equity interests, respectively. Digital Technology Company is mainly engaged in the information and digital businesses of transportation infrastructure, environmental protection and clean energy that comply national policies and industrial trend and will help the Company seize the opportunity in the digital strategy of infrastructure.

As at the end of the Reporting Period, the Group holds directly and indirectly 10.2% equity interests in Unitoll Services in aggregate. Unitoll Services is principally engaged in the electronic clearing business for the toll highways in Guangdong Province, including investment, management and provision of services of the electronic toll and clearing systems, and sales of related products.

During the Reporting Period, each of the above businesses proceeded smoothly and has met the Group's expectation in general. Due to the limitation on the scale or investment model, yet the contributions from these businesses only account for a very small proportion of the Group's revenue and profit. For details of other businesses during the Reporting Period, please refer to the content in notes V\13, 14, 47, 54 and V\55 to the Financial Statements in this announcement.

4.4 Financial Analysis

In the first half of 2022, the Group recorded net profit attributable to owners of the Company ("net profit") of RMB848,549,000 (2021 interim (restated): RMB1,208,604,000), representing a YOY decrease of 29.79%. The decrease was mainly due to the lower toll revenue from toll highways operated and invested by the Group and affected by the Epidemic, and the exchange loss from foreign currency liabilities from exchange rate fluctuation.

(I) Analysis of Main Business

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

Unit: '000 Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year (Restated)	Change (%)
Revenue	4,094,094	4,219,156	-2.96
Cost of services	2,501,187	2,389,157	4.69
Selling expenses	17,357	29,927	-42.00
General and administrative expenses	193,280	170,282	13.51
Financial expenses	718,156	437,859	64.02
Research and development expenses	18,264	19,875	-8.11
Investment income	338,910	546,208	-37.95
Income tax expenses	191,640	364,212	-47.38
Net cash flows from operating activities	1,592,515	1,566,271	1.68
Net cash flows from investing activities	-2,621,719	-1,965,823	33.36
Net cash flows from financing activities	1,016,160	1,168,827	-13.06

Reasons for change in revenue: mainly due to the decreased toll revenue from ancillary toll highways and lower revenue from Guilong Development Project that delivered fewer houses.

Reasons for change in cost of services: mainly due to the increased cost of entrusted management service and battery comprehensive utilisation business.

Reasons for change in selling expenses: mainly due to the redundancy of selling staff, cut in expenses of the environmental protection sector and reduced expenditure of Guilong Development Project on sales planning and publicity.

Reasons for change in general and administrative expenses: mainly due to the increased YOY depreciation and amortisation from the operation of the new Headquarters office building.

Reasons for change in financial expenses: mainly due to the exchange loss from foreign currency liabilities from exchange rate fluctuation.

Reasons for change in research and development expenses: mainly due to the decrease in expenses for research and development personnel and activities.

Descriptions on the reasons for changes in net cash flows from operating activities: mainly due to the decrease in toll revenue, the payment of the taxes and fees arose from the disposal of the shares in Xintang JV by Bay Area Development in the same period of the previous year and the receipt of VAT credits refund in the current year, etc.

Descriptions on the reasons for changes in net cash flows from investing activities: mainly due to the payment for the acquisition of equity interests in SIICHIC and of the construction expenses of engineering projects.

Descriptions on the reasons for changes in net cash flows from financing activities: mainly due to the YOY decrease in net inflow of borrowings and the distribution of dividends in the same period last year.

For detailed reasons for the change in the items above, please refer to the analysis below.

2. Reasons for Change in Revenue

During the Reporting Period, the Group recorded revenue of RMB4,094,094,000 (2021 interim (restated): RMB4,219,156,000), representing a YOY decrease of 2.96%, which was mainly due to the decrease in the toll revenue of the Group's ancillary toll highways during the Epidemic and the lower revenue from Guilong development project that delivered fewer houses. The detailed analysis is as follows:

Unit: '000 Currency: RMB

Revenue item	Amount for the current period	Proportion (%)	Amount for the corresponding period of last year (restated)	Proportion (%)	Change (%)	Description
Revenue from main business – toll highways	2,410,155	58.87	2,782,023	65.94	-13.37	①
Revenue from main business – clean energy	383,158	9.36	346,657	8.22	10.53	②
Revenue from main business – solid waste treatment – kitchen waste treatment	298,863	7.30	304,906	7.23	-1.98	③
Revenue from main business – solid waste treatment – vehicle scrapping and comprehensive battery utilisation	152,115	3.72	3,911	0.09	3,789	④
Revenue from main business – other environmental protection businesses	2,073	0.05	-	-	-	
Revenue from other businesses – entrusted construction and management	413,473	10.10	194,608	4.61	112.46	⑤
Revenue from other businesses – real estate development	25,235	0.62	273,009	6.47	-90.76	⑥
Revenue from other businesses – revenue from construction services under concession arrangements	250,104	6.11	187,190	4.44	33.61	⑦
Revenue from other businesses – other businesses	158,917	3.88	126,851	3.00	25.28	⑧
Total revenue	4,094,094	100.00	4,219,156	100.00	-2.96	

Description:

- ① During the Reporting Period, the Group recorded a YOY decrease of 13.37% in toll revenue, which was mainly due to the impact from the Epidemic and the operation of Guanglian Expressway which diverts the traffic volume, and the traffic and toll revenue from the Group's ancillary toll highways saw a general YOY decrease.

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

- ② During the Reporting Period, the revenue from clean energy recorded a YOY increase of 10.53%, which was mainly due to the contribution of revenue from the newly acquired wind power generation projects such as Zhongwei Gantang Project and Yongcheng Zhuneng Project.
- ③ During the Reporting Period, the revenue from kitchen waste treatment decreased by 1.98%, mainly due to the decrease in the revenue from kitchen waste construction contract of Bioland.
- ④ During the Reporting Period, the increase in revenue from vehicle scrapping and comprehensive battery utilisation was mainly due to the business growth of Shenshan Qiantai..
- ⑤ During the reporting period, the revenue from entrusted construction and management recorded a YOY increase of 112.46%, which was mainly due to the progress in the construction of Duohua Bridge Project and Bimeng Project resulting in revenue increase from entrusted construction and management.
- ⑥ During the Reporting Period, the revenue from real estate development recorded a YOY decrease of 90.76%, which was mainly due to the delivery of fewer houses of Guilong Development Project.
- ⑦ During the Reporting Period, the Company recognised the revenue from construction services under concession arrangements for projects such as kitchen waste treatment, Coastal Phase II, reconstruction and expansion of Jihe Expressway, and Guangming Environmental Park Project pursuant to "Interpretation of Accounting Standards for Business Enterprises (No. 14).
- ⑧ During the Reporting Period, the revenue from other businesses recorded a YOY increase of 25.28%, which was mainly due to the business growth of Financial Leasing Company.

(1) Breakdown of Main Business by Industry, Product and Region

Unit: '000 Currency: RMB

Breakdown of main business by industry						
Industry	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in revenue (%)	YOY change in gross profit margin (%)
Toll highway	2,410,155	1,260,589	47.70	-13.37	-9.17	Decrease by 2.42 pct. pt
Breakdown of main business by product						
Product	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in revenue (%)	YOY change in gross profit margin (%)
Outer Ring Expressway	440,635	203,207	53.88	5.39	10.38	Decrease by 2.08 pct. pt
Qinglian Expressway	309,989	183,796	40.71	-31.25	-22.78	Decrease by 6.50 pct. pt
Jihe East	301,292	136,181	54.80	-14.45	-8.65	Decrease by 2.87 pct. pt
Jihe West	220,362	52,511	76.17	-17.55	-6.37	Decrease by 2.85 pct. pt
Shuiguan Expressway	271,479	238,823	12.03	-13.02	-4.53	Decrease by 7.82 pct. pt
Coastal Expressway	229,071	128,931	43.72	-16.42	-15.73	Decrease by 0.46 pct. pt
Yichang Expressway	195,063	104,607	46.37	-12.00	-8.97	Decrease by 1.79 pct. pt
Wuhuang Expressway	195,439	111,474	42.96	-5.91	-5.22	Decrease by 0.42 pct. pt
Main business by region						
Region	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in revenue (%)	YOY change in gross profit margin (%)
Guangdong Province	2,080,458	1,172,700	43.63	-6.64	4.86	Decrease by 6.18 pct. pt

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

Description:

During the Reporting Period, the overall gross profit margin of the Group's ancillary toll highways was 47.70%, representing a YOY decrease of 2.42 percentage points, which was mainly due to the decrease in toll revenue affected by the Epidemic, while normal expenditures were still required for cost of services, resulting in a decrease in gross profit margin during the Reporting Period.

Reasons for Change in Cost of Services

During the Reporting Period, the cost of services of the Group amounted to RMB2,501,187,000 (2021 interim (restated): RMB2,389,157,000), representing a YOY increase of 4.69%, which was mainly due to the increased cost from the increased revenue of the battery comprehensive utilisation business, the YOY increase in construction cost with the engineering progress of Guizhou Duohua Bridge Project, Bimeng Project and Shenzhen Guangming Environmental Park Project and the decreased depreciation and amortisation expenses resulting from lower traffic volume on toll highways. The detailed analysis of assets and liabilities is as follows:

Unit: '000 Currency: RMB

Breakdown by industry							
Industry	Cost item	Amount for the current period	Amount for the current period as a percentage of total costs (%)	Amount for the corresponding period of last year (restated)	Amount for the corresponding period of last year as a percentage of total costs (%)	Change (%)	Description
Cost of main business – toll highways	<i>Employee expenses</i>	207,108	8.28	195,924	8.20	5.71	①
	<i>Road maintenance expenses</i>	100,301	4.01	88,961	3.72	12.75	②
	<i>Depreciation and amortisation</i>	831,676	33.25	977,705	40.92	-14.94	③
	<i>Other business costs</i>	121,504	4.86	125,312	5.25	-3.04	④
	Subtotal	1,260,589	50.40	1,387,902	58.09	-9.17	
Cost of main business – clean energy		149,116	5.96	152,014	6.36	-1.91	
Cost of main business – solid waste treatment – kitchen waste treatment		263,824	10.55	273,536	11.45	-3.55	⑤
Cost of main business – solid waste treatment – vehicle scrapping and comprehensive battery utilisation		150,192	6.00	18,934	0.79	693.23	⑥
Cost of main business – other environmental protection businesses		3,226	0.13	-	-	-	
Cost of other business – entrusted construction and management		333,155	13.32	163,109	6.83	104.25	⑦
Cost of other business – real estate development		14,875	0.59	132,237	5.53	-88.75	⑧
Other business costs – cost of construction services under concession arrangements		250,104	10.00	187,190	7.83	33.61	⑨
Other business costs – other businesses		76,106	3.04	74,234	3.12	2.52	⑩
Total cost of services		2,501,187	100.00	2,389,157	100.00	4.69	

Description:

- ① Mainly due to the additional employee expenses from the opening of Outer Ring Phase II during the Reporting Period.
- ② Mainly due to the additional maintenance expenses of Shuiguan Expressway pavement repair.
- ③ Mainly due to the decrease in highway assets amortisation from the lower traffic volume on highways.
- ④ Mainly due to the decrease in the entrusted management fee of Wuhuang Expressway in line with the decreased toll revenue.
- ⑤ Mainly due to the reduction in construction contract costs of Bioland.
- ⑥ Mainly due to the business growth of Shenshan Qiantai.

- ⑦ Mainly due to the YOY increase in the construction costs of Duohua Bridge Project, Bimeng Project and Guangming Environmental Park Project with the engineering progress.
- ⑧ Mainly due to the delivery of fewer houses of Guilong Development Project.
- ⑨ During the Reporting Period, pursuant to the “Interpretation of Accounting Standards for Business Enterprises (No. 14)”, the Company recognised the construction service cost under concession arrangements of projects such as kitchen waste treatment, Coastal Phase II, reconstruction and expansion of Jihe Expressway and Guangming Environmental Park Project.
- ⑩ Mainly due to the business increase of Financial Leasing Company.

3. Expenses

Reasons for Change in Selling Expenses: The Group’s selling expenses for the Reporting Period amounted to RMB17,357,000 (2021 interim: RMB29,927,000), representing a YOY decrease of 42.00%, which was mainly due to the redundancy of selling staff, cut in expenses of the environmental protection sector and reduced expenditure of Guilong Development Project on sales planning and publicity.

Reasons for Change in General and Administrative Expenses: The Group’s general and administrative expenses for the Reporting Period amounted to RMB193,280,000 (2021 interim (restated): RMB170,282,000), representing a YOY increase of 13.51%, which was mainly due to the increased YOY depreciation and amortisation from the operation of the new Headquarters office building.

Reasons for Change in Financial Expenses: The Group’s financial expenses for the Reporting Period amounted to RMB718,156,000 (2021 interim (restated): RMB437,859,000), representing a YOY increase of 64.02%, which was mainly due to the exchange loss from foreign currency liabilities arising from exchange rate fluctuation. For details of the changes in borrowing scale, please refer to “Analysis of Assets and Liabilities” below. The detailed analysis of financial expenses is as follows:

Unit: '000 Currency: RMB

Financial expenses item	Amount for the current period	Amount for the corresponding period of last year (restated)	Change (%)
Interest expenses	576,712	568,636	1.42
Less: Interest capitalised	12,711	15,189	-16.31
Interest income	96,421	89,319	7.95
Add: Exchange loss	247,870	-26,619	-1,031.16
Others	2,707	350	672.72
Total financial expenses	718,156	437,859	64.02

Reasons for Change in Research and Development Expenses:

The Group’s research and development expenses for the Reporting Period amounted to RMB18,264,000 (2021 interim (restated): RMB19,875,000), representing a YOY decrease of 8.11%, which was mainly due to the decrease in research and development personnel and activities of Nanjing Wind Power.

4. Investment Income

During the Reporting Period, the Group’s investment income amounted to RMB338,910,000 (2021 interim (restated): RMB546,208,000), representing a YOY decrease of 37.95%, which was mainly due to the decrease in toll revenue from associated / joint toll highways invested by the Group affected by the Epidemic, the increase in exchange loss from foreign currency liabilities of GS Expressway, the increase in amortisation of assets and interest expense after the completion of the reconstruction and expansion of Yangmao Expressway, and the reception of the waste-to-energy subsidy income for the previous years and the recognition of the gain on disposal of assets by Derun Environment in the same period of the previous year. The detailed analysis is as follows:

Unit: '000 Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year (restated)	Change in amount
1. Investment income attributable to associate/joint venture:			
Associated/joint toll highway enterprises in total	130,275	286,223	-155,948
United Land	17,345	-7,112	24,458
Derun Environment	126,571	163,093	-36,522
Others ^{Note}	55,519	70,958	-15,439
Subtotal	329,710	513,162	-184,055
2. Investment income arising from transfer of equity interests in associate/joint venture	-	25,337	-25,337
3. Investment income from other non-current financial assets	9,282	7,709	1,573
4. Others	-83	-	-83
Total	338,910	546,208	-207,298

Note: Others are attributable to the investment income of Yunji Intelligent, Bank of Guizhou, Shengchuang Fund, Guizhou Hengtongli, Huaian Zhongheng, Fengrunjiu, and Nanjing AVIS, etc.

5. Reasons for Change in Income Tax Expenses

During the Reporting Period, the Group's income tax expenses amounted to RMB191,640,000 (2021 interim (restated): RMB364,312), representing a YOY decrease of 47.38%, which was mainly due to the decrease in the Group's total profits and corresponding income tax expenses.

6. Cash Flow

Descriptions on the reasons for changes in net cash flows from operating activities: During the Reporting Period, the Group's net cash inflows from operating activities amounted to RMB1,592,515,000 (2021 interim (restated): RMB1,566,271,000), representing a YOY increase of RMB26,243,000, which was mainly due to the decrease in toll revenue, the payment of the taxes and fees arose from the disposal of the shares in Xintang JV by Bay Area Development in the same period of the previous year and the receipt of VAT credits refund in the current year, etc. In addition, the recurring cash return on investments from associated/joint toll highway projects invested by the Company^{Note} during the Reporting Period amounted to RMB77,540,000 (2021 interim (restated): RMB60,136,000), representing a YOY increase of RMB17,403,000, which was mainly due to the receipt of dividends from Huayu Expressway and GZ W2 Expressway during the Reporting Period.

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

Descriptions on the reasons for changes in net cash flows from investing activities: During the Reporting Period, the Group's net cash outflows from investing activities recorded a YOY increase of approximately RMB656 million, which was mainly due to the combined effect of the payment for the acquisition of equity interests in SIICHIC, the increase in construction expenditure of projects such as Coastal Project, Outer Ring Project and Guangming Environmental Park Project during the Reporting Period.

Descriptions on the reasons for changes in net cash flows from financing activities: During the Reporting Period, the Group's net cash inflows from financing activities recorded a decrease of approximately RMB153 million, which was mainly due to the YOY decrease of net inflow of borrowings and the distribution of dividends in the same period of the previous year.

7. Amortisation Policies of Concession Intangible Assets for Toll Highways and the Differences of Different Amortisation Methods

The Group's concession intangible assets for toll highways are amortised based on the units-of-usage method. The amortised amount is calculated, based on usage amount per unit, by the percentage of the actual traffic volume in the respective periods to the total projected traffic volume during the toll operating period. The Group conducts regular review on the projected traffic volume and makes corresponding adjustments to ensure reasonableness of the amortised amount.

During the preliminary stages of toll highways' operation, the amortised amount calculated by the units-of-usage method is generally lower than that calculated by the straight-line method. During the Reporting Period, the difference in amortisation attributable to the Company calculated by using the two amortisation methods based on its share of equity interests was RMB300 million (2021 (restated): RMB143 million). The adoption of different amortisation methods had no impact on the cash flow generated from various toll highway projects and thus had no impact on the valuation of various projects.

(II) Analysis of Assets and Liabilities

1. Assets and Liabilities

As at 30 June 2022, the Group's total assets amounted to RMB72,205,203,000 (31 December 2021 (restated): RMB72,304,935,000), which was basically the same as that at the end of 2021.

On 30 June 2022, the Group's total outstanding interest-bearing liabilities amounted to RMB33,216,533,000 (31 December 2021 (restated): RMB30,409,335,000), representing an increase of approximately 9.23% over the end of 2021, which was mainly due to the increase in borrowings as a result of the payment for the acquisition of equity interests in SIICHIC. In the first half of 2022, the Group's average borrowing scale was RMB32.1 billion (2021 interim (restated): RMB30.4 billion), representing a YOY increase of approximately 5.59%.

The detailed analysis of assets and liabilities is as follows:

Unit: '000 Currency: RMB

Name of item	Amount as at the end of the current period	Amount as at the end of the current period as a percentage of total assets (%)	Amount at the end of previous period (restated)	Amount as at the end of last year as a percentage of total assets (%)	Change in amount as at the end of the current period as compared to the end of last year (%)	Description
Bills receivable	16,256	0.02	87,388	0.12	-81.40	(1)
Prepayments	255,843	0.35	191,351	0.26	33.70	(2)
Other current assets	229,463	0.32	546,140	0.76	-57.98	(3)
Long-term prepayments	738,700	1.02	1,792,085	2.48	-58.78	(4)
Long-term receivables	2,018,188	2.80	1,116,298	1.54	80.79	(5)
Construction in progress	155,034	0.21	1,779,733	2.46	-91.29	(6)
Development expenditures	34,748	0.05	25,767	0.04	34.85	(7)
Short-term borrowings	8,771,860	12.15	4,120,586	5.70	112.88	(8)
Transactional financial liabilities	68,786	0.10	-	-	N/A	(9)
Advances from customers	8,160	0.01	12,830	0.02	-36.40	(10)
Employee benefits payable	245,515	0.34	364,070	0.50	-32.56	(11)
Other payables	2,650,767	3.67	1,776,498	2.46	49.21	(12)
Non-current liabilities due within one year	3,270,141	4.53	4,974,845	6.88	-34.27	(13)

Descriptions of assets and liabilities:

- (1) Bills receivable were cashed upon maturity.
- (2) Increase in prepayment for purchase of materials .
- (3) Reclassification of VAT credit of over one year to other non-current assets.

- (4) Upon completion of the acquisition of equity interests in SIICHIC, the prepayment for the acquisition of equity interests was carried forward to “long-term equity investments”; Financial Leasing Company conducted leasing businesses and the advanced payment for the purchase of leasing objects was carried forward to “long-term receivables”.
- (5) Financial Leasing Company conducted leasing businesses and the advanced payment for the purchase of leasing objects was carried forward to “long-term receivables”, as well as the increase in the electricity subsidy receivable of wind farms.
- (6) The newly purchased office building carried forward to “fixed assets” upon completion of renovation.
- (7) Increase in research and development expenses.
- (8) Increase in short-term bridging loans due to the acquisition of equity interests in SIICHIC and increase in short-term borrowings in light of adequacy of fund in the marketplace.
- (9) Obligation to compensate the difference in the price arose from acquisition of equity interest in SIICHIC.
- (10) Carry-over of advance rent received by Financial Leasing Company.
- (11) Payment of performance bonus for year 2021 to the employees.
- (12) Recognition of announced 2021 annual dividends.
- (13) Payment of the loans due within one year.

2. Overseas Assets

(1) Size of assets

Including: overseas assets of RMB996,620,000, accounting for 1.38% of the total assets. Overseas assets mainly consist of part of the H shares of Bank of Guizhou held by Mei Wah Company, a wholly-owned overseas subsidiary of the Company, and the bank deposits of Mei Wah Company and its subsidiaries placed abroad, which account for a small proportion of the Company’s total assets.

3. Restriction of Main Assets as at The End of The Reporting Period

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

(1) As at the end of the Reporting Period, details of the mortgaged or pledged assets of the Company and its subsidiaries are as follows:					
Restriction on the assets involved with the balance of secured loans as of the end of the Reporting Period					
Assets	Type	Beneficiary of the security	Scope of security	Balance of secured liabilities as at the end of the Reporting Period (100 million)	Term
Toll collection rights of Qinglian Expressway	Pledge	Industrial and Commercial Bank of China Limited Qingyuan Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB2.5 billion	19.39	Until repayment of all liabilities under the loan agreement
100% equity interests in Meiguan Company	Pledge	China Construction Bank Shenzhen Branch	Counter-guarantee for the irrevocable guarantee with joint liability in respect of the redemption of the corporate bonds with an amount of RMB800 million upon maturity	8.00	Until repayment of corporate bonds (including principal and interests)
45% equity interests in JEL Company	Pledge	The Hong Kong and Shanghai Banking Corporation Limited	Principal and interests of syndicated loans in an aggregate amount of HKD370 million	HKD0.61	Until repayment of all liabilities under the loan agreement
Toll collection rights of Coastal Expressway	Pledge	A consortium including China Development Bank, etc.	Principal and interests of syndicated loans in an aggregate amount of RMB5.4 billion	25.46	Until repayment of all liabilities under the loan agreement
	Pledge	China Development Bank Shenzhen Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB1 billion	0.3	Until repayment of all liabilities under the loan agreement
Toll collection rights of Shuiguan Expressway	Pledge	Guangdong Huaxing Bank Co., Ltd. Shenzhen Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB600 million	3.86	Until repayment of all liabilities under the loan agreement

Equity interests, franchise rights, accounts receivable and production equipment, among other assets, of various subsidiaries of Bioland of RMB2.237 billion	Pledge, mortgage	Various banks and financial leasing companies	The scope of security covers principal and interests of bank loans and finance leases for various projects in an aggregate amount of RMB1.236 billion	6.38	Certain periods after the repayment of liabilities
37 th , 40-48 th floors of the office property in Hanking Centre	Mortgage	Industrial and Commercial Bank of China Limited Shenzhen Futian Sub-Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB760 million	6.84	Until repayment of all liabilities under the loan agreement
39 th floor of the office property in Hanking Centre	Mortgage	Bank of China Limited Shenzhen Central District Branch	Principal and interests of fixed asset loans with an aggregate amount of RMB92 million	0.92	Until repayment of all liabilities under the loan agreement
Rental receivable under the Xuchang Wind Power Project	Pledge	China Merchants Bank Co., Ltd. Shenzhen Branch	Liabilities incurred in respect of the guaranteed discounting for commercial acceptance bills in an aggregate amount of RMB2 million	0.20	Until repayment of all liabilities under the loan agreement
Rental receivable of Shaoguan Huanya Project	Pledge	Bank of China Limited Shenzhen Central District Branch	Principal and interests of working capital loans with an aggregate amount of RMB6 million	0.06	Until repayment of all liabilities under the loan agreement
Rental receivable of Shanxi Nuohui Project	Pledge	Bank of China Limited Shenzhen Central District Branch	Principal and interests of working capital loans with an aggregate amount of RMB13 million	0.13	Until repayment of all liabilities under the loan agreement
Rental receivable of Shanxi Guanhang Project	Pledge	Bank of China Limited Shenzhen Branch	Principal and interests of working capital loans with an aggregate amount of RMB17 million	0.17	Until repayment of all liabilities under the loan agreement
Rental receivable of Wuqi Hejiu Project	Pledge	Zhuhai China Resources Bank Shenzhen Branch	Principal and interests of working capital loans with an aggregate amount of RMB66.3 million	0.66	Until repayment of all liabilities under the loan agreement
Accounts receivable under the Wuqi Dayi Wind Power Project	Pledge	The Bank of East Asia (China) Limited Shenzhen Branch	Principal and interests of working capital loans in an amount of RMB100 million	0.98	Until repayment of all liabilities under the loan agreement
Toll collection rights of Tuobin and Gaozhuang 32MW distributed wind farm projects	Pledge	Agricultural Bank of China Shenzhen Branch	Principal and interests of fixed asset loans with an aggregate amount of RMB185 million	1.82	Until repayment of all liabilities under the loan agreement
Tariff collection rights of Xinjiang Mulei Project	Pledge	China Construction Bank Urumqi Branch	Principal and interests of project loans in an amount of RMB1,418 million	14.15	Until repayment of all liabilities under the loan agreement
Tariff collection rights of Lingxiang Project	Pledge	China Merchants Bank Baotou Branch	Principal and interests of project loans in an amount of RMB227 million	2.27	Until repayment of all liabilities under the loan agreement
5.8026% equity interests in SIICHIC	Pledge	ICBC (Asia) Co., Ltd.	Principal and interests of term loans with an aggregate amount of HKD600 million	USD0.3 and HKD3.62	Until repayment of all liabilities under the loan agreement
45.454% equity interests in SIICHIC	Pledge	China Merchants Bank Co., Ltd.	Principal and interests of term loans with an aggregate amount of HKD4.7 billion	USD2.4 and HKD27.25	Until repayment of all liabilities under the loan agreement
29.01% equity interest in SIICHIC	Pledge	Ping An Bank Hong Kong Branch	Principal and interests of term loans with an aggregate amount of HKD3 billion	USD1.52 and HKD17.41	Until repayment of all liabilities under the loan agreement
Restriction on the assets involved with the balance of unsecured loans as of the end of the Reporting Period					

Assets	Type	Beneficiary of the security	Scope of security	Note
Toll collection rights and the proceeds and credits receivable from the operating activities of Outer Ring Expressway	Pledge	A consortium including China Development Bank, etc	Principal and interests of syndicated loans in an aggregate amount of RMB6.5 billion	As at the end of the Reporting Period, the accumulated amount of loans withdrawn by Outer Ring Company was approximately RMB4.7 billion, which was settled in full at the end of 2020. The loan facility available was approximately RMB1.8 billion
100% equity interests in Qianzhi, Qianhui and Qianxin	Pledge	ICBC Shenzhen Futian Sub-branch	Principal and interests of loans for acquisition in an aggregate amount of not more than RMB609 million	As at the end of the Reporting Period, the loans for acquisition have not yet been withdrawn by the Company.
(2) As of the end of the Reporting Period, details of the restrictions on the capital of the Company and its subsidiaries are as follows:				
Type of restricted capital			Amount subject to restrictions	
Fund in special deposit account for the entrusted construction and management project			RMB 21 million	
Acceptance deposits for bills payable			RMB 26 million	
Consideration for acquisition of equity interests under supervision			RMB 210 million	
Security for issuance of letter of guarantee			RMB 42 million	
Wage security deposits of rural migrant workers			RMB 1 million	
Mortgage security deposit			RMB 10 million	
Fund frozen due to litigations			RMB 81 million	
Total			RMB 391 million	

Details of restriction of assets:

- (1) Details of the restrictions on the Group's major assets at the end of the Reporting Period are set out in Note V\61 to the Financial Statements in this announcement.

4. Capital Structure and Debt Repayment Capability

The Company is always committed to maintaining a rational capital structure and enhancing its profitability to maintain its good credit ratings and solid financial position. As at the end of the Reporting Period, due to the combined impact of the increase in interest-bearing liabilities scale resulting from the rise in capital expenditure, the announced distribution of dividends, and the increase in the corresponding debts from the acquisition of SIICHIC, the debt-to-asset ratio, the net borrowings-to-equity ratio of the Group and net borrowings/EBITDA indicator increased to a certain extent as compared with those at the beginning of the year. During the Reporting Period, the Group maintained stable interest expenses. Due to the decline in revenue from toll highways affected by the Epidemic and a certain exchange losses from foreign currency liabilities arising from the depreciation of RMB exchange rate, the Group's profitability decreased and interest covered multiple and EBITDA interest multiple decreased YOY during the Reporting Period. Given the Group's stable and robust operating cash flow and its strong capability in financing and capital management, the Board is of the view that the financial leverage ratios remained at a safe level at the end of the Reporting Period.

Key indicators	Amount as at the end of the current period	Amount at the end of previous period (restated)
Debt-to-asset ratio (Total liabilities/Total assets)	60.94%	56.39%
Net borrowings-to-equity ratio ((Total borrowings – cash and cash equivalents)/Total equity)	98.26%	79.13%
Net borrowing/EBITDA ((Total borrowings – cash and cash equivalents)/ Earnings before interests, tax, depreciation and amortisation)	10.42	3.94
	Amount for the current period	Amount for the corresponding period of last year (restated)
Interest covered multiple ((Profit before tax + interest expenses)/Interest expenses)	2.94	4.10
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortisation/ Interest expenses)	4.90	6.21

5. Liquidity and Cash Management

During the Reporting Period, the net current assets of the Group decreased at the end of the period as compared to the end of the previous year because of the combined impact of the increase in capital expenditure of the Group, the increase of short-term bridging loans for the acquisition of SIICHIC as well as the bond repayment at maturity. Based on the financial status and capital needs, the Group further enhance project profitability, strengthen the overall fund arrangements for subsidiaries and key projects, adjust the financing structure to replace short-term debts with mid- and long-term borrowings, continue to optimise the capital structure, maintain appropriate cash on hand, and sufficient bank credit lines to prevent liquidity risks.

Unit: Million Currency: RMB

	Amount as at the end of the current period	Amount at the end of previous period (restated)	Change in amount
Net current assets	-9,443	-5,408	-4,035
Cash and cash equivalents	5,507	5,457	50
Banking facilities available	24,892	27,359	-2,467

6. Capital Expenditure Plan

As of the date of approval of this announcement, the capital expenditures approved by the board of directors of the Group mainly include the construction expenditures for Outer Ring Project, Coastal Phase II, kitchen waste projects of Bioland, Guangming Environmental Park and other projects, as well as equity investment expenditure for acquisition of SIICHIC and others. It is estimated that by the end of 2024, the total capital expenditure of the Group will be approximately RMB4.745 billion. The Group plans to use its own funds and bank loans to meet its funding needs. The Group's financial resources and financing capacity is currently adequate to meet the various capital expenditure needs.

The Group's capital expenditure plans approved by the Board from the second half of 2022 to 2024 are as follows:

Unit: '000 Currency: RMB

Name of item	Second half of 2022	2023	2024	Total
I. Investment in intangible assets and fixed assets				
Outer Ring Project	55,125	644,867	-	699,992
Coastal Phase II	541,553	263,758	12,000	817,311
Kitchen waste projects of Bioland	348,125	67,171	28,506	443,802
Guangming Environmental Park Project	381,442	154,280	69,092	604,814
Acquisition and renovation of the office property in 35 th -48 th floors of Hanking Centre	27,194	-	3,553	30,747
Reinforcement of Changsha Ring Road pavement structure	-	6,441	-	6,441
Lisai Environmental technological renovation project	3,286	291	-	3,577
II. Equity investment				
Acquisition of remaining equity in SIICHIC ^{Note1}	-	2,096,682	-	2,096,682
Acquisition of remaining equity in Lisai Environmental	10,250	-	-	10,250
Shengchuang Fund	13,500	18,000	-	31,500
Total	1,380,475	3,251,490	113,151	4,745,116

Note 1: The capital expenditure of the project of acquisition of SIICHIC includes the relevant liabilities incurred due for repayment.

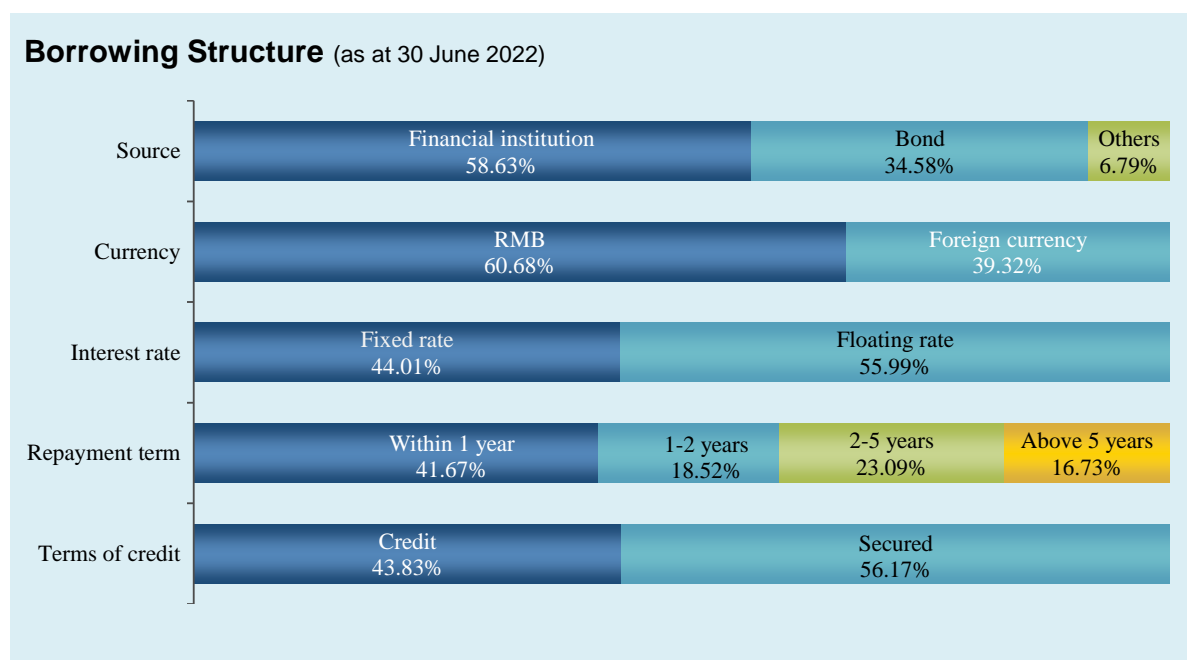
Note 2: In addition, the Board also approved capital expenditures of approximately RMB1.712 billion for the early stage of the projects such as reconstruction and expansion of Jihe Expressway project, Shenshan Second Expressway and Outer Ring Phase III. The construction investment of such projects will be submitted for approval after consultation with the relevant government departments on cooperation conditions.

7. Financial Strategies and Financing Arrangements

During the Reporting Period, the liquidity in the capital market maintained at a reasonably sufficient level with a steady decrease in the price of funds. Based on the demands for operating expenses and the development of project investment, the Group used its self-owned funds, bank loans and proceeds from bonds to meet the capital needs such as operating and investment expenditures and debt repayment during the Reporting Period. Leveraging the favourable market opportunities, the Group issued financing bond instruments such as the corporate bonds and ultra-short-term commercial paper (FIP) for debt replacement and replenishment of working capital. The Group also grasped changes in market conditions and strived for bank loans with better terms through communication in order to further lower financial costs. In view of internal and external liquidity conditions, the Company's operation, financial position and capital expenditure plan, the Company will adjust its financial strategies in a timely manner to optimise debt structure.

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

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



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

As of 30 June 2022, the Group had obtained a total of approximately RMB52.188 billion of banking facilities. As at the end of the Reporting Period, un-utilised banking facilities amounted to approximately RMB24.892 billion.

8. Utilisation of Funds Raised

During the Reporting Period, the Company completed the issuance of phase 1 of the 2022 corporate bonds on 18 January 2022. The fund raised was RMB1.5 billion. After the performance of the relevant approval procedures, the raised fund of this issue of corporate bonds less the issuance expenses will be used in the following manners: RMB800 million for the repayment of maturing debts, RMB450 million for the repayment of interest-bearing liabilities and the remaining RMB250 million as working capital.

9. Contingencies

Details of the Group's contingencies during the Reporting Period are set out in Note VI of the Financial Statements in this announcement.

(IV) Analysis of the Investment

1. External Equity Investments

(1) Material Equity Investments

During the Reporting Period, the total new equity investment of the Group amounted to approximately RMB5,695 million (2021 interim: RMB1,174 million), representing a YOY increase of RMB4.521 billion, which was mainly due to the equity investment in SIICHIC, Nanjing AVIS, Lisai Environmental and Shenshan Qiantai. The details of material equity investments during the Reporting Period are as follows:

Unit: '000 Currency: RMB

Name of investee company	Major business	Shareholding as of 30 June 2022	Investment amount during the Reporting Period	Description
SIICHIC	Mainly holds 71.83% equity interests in Bay Area Development, a Hong Kong listed company.	100%	5,301,942	(1) During the Reporting Period, Mei Wah Company, a wholly-owned subsidiary of the Company, indirectly acquired 71.83% equity interests in Bay Area Development through the acquisition of 100% equity interests in SIICHIC. (2) During the Reporting Period, due to the exchange rate fluctuation and the impact of the Epidemic on expressway sections in which Bay Area Development participated, the net profit attributable to shareholders of the listed company was RMB-95,391,000. (3) The investment amount during the Reporting Period includes the paid debts assumed by the Group for SIICHIC due to the acquisition of equity.
Nanjing AVIS	Mainly engaged in the gearbox operation and maintenance service of the wind turbine operation and maintenance industry, and providing services to domestic and overseas wind power generator gearboxes throughout their service life.	25.5%	200,000	(1) In November 2021, New Energy Company, a wholly-owned subsidiary of the Company, and SPIC Fujian jointly established Fenghe Energy on a 50%:50% shareholding basis. At the end of 2021, Fenghe Energy and the transferee of the equity interests signed an agreement to receive 51% equity interests in Nanjing AVIS at a consideration of RMB403 million. By the end of the Reporting Period, RMB200 million had been paid. (2) During the Reporting Period, recognised the equity investment income in Nanjing AVIS of RMB-2,234,000.
Lisai Environmental	Mainly engaged in kitchen waste treatment.	70%	121,000	(1) During the Reporting Period, Environment Company, a wholly-owned subsidiary of the Company, acquired 70% equity interests in Lisai Environmental through increase of capital and acquisition of equity interests at a total consideration of RMB131 million. (2) During the Reporting Period, Lisai Environmental operated well and contributed net profits attributable to shareholders of the listed company of approximately RMB6,537,000.
Shenshan Qiantai	Vehicle scrapping and power battery aftermarket recycling application business.	63.33%	72,473	(1) During the Reporting Period, through increase in shareholding, Infrastructure and Environmental Protection Company, a wholly-owned subsidiary of the Company, acquired an additional 13.33% equity interests in Shenshan Qiantai and accumulated 63.33% equity interests in it. (2) During the Reporting Period, after deducting premium amortisation, Shenshan Qiantai realised a net profits attributable to shareholders of the listed company of approximately RMB-813,000.

(2) Material Non-equity Investments

During the Reporting Period, the Group's expenditures on material non-equity investments mainly comprised the expenditures for the purchase of 170 sets of Vanke Hesongxuan project for staff temporary housing, the construction expenditures for kitchen waste projects of Bioland, Outer Ring Expressway, Guangming Environmental Park and Coastal Phase II, totalling approximately RMB1.205 billion. The Company meets the relevant investment expenditure with a combination of self-owned funds and debt financing. The investments in major projects are as follows:

Unit: '000 Currency: RMB

Name of item	Project amount	Project progress	Amount invested during the Reporting Period	Actual accumulated amount invested	Gains from the project
Outer Ring Project (Phase I & II)	6,500,000	100%	399,601	5,800,008	For the operation of Outer Ring Project (Phase I & II), please refer to the analysis of main business for Outer Ring Project above. The other construction projects are still underway, and the staff temporary housing of Vanke Hesongxuan project is not delivered yet.
Coastal Phase II	1,000,000	74%	99,627	168,072	
Early stage of reconstruction and expansion of Jihe Expressway	/	/	47,683	881,859	
Outer Ring Phase III	/	/	6,468	49,728	
Various kitchen waste projects of Bioland	/	/	84,912	1,209,907	
Guangming Environmental Park Project	958,100	44.94%	85,388	213,101	
Purchase of 170 sets of Vanke Hesongxuan project for staff temporary housing	363,569	/	353,673	353,673	
Total	/	/	1,077,351	8,676,349	/

(3) Financial Assets at Fair Value

Unit: '000 Currency: RMB

Name of item	Opening balance	Closing balance	Change during the period	Impact on total profit for the Reporting Period	Description
Transactional financial assets (liabilities represented by "-")	-	-68,786	-68,786	3,255	(1)
Transactional financial assets (liabilities represented by "-")	564,018	468,386	-95,632	-	(2)
Other non-current financial assets	738,846	846,219	107,372	107,372	(3)
Total	1,302,864	1,245,819	-57,046	110,627	

Explanation on financial assets / liability at fair value

- (1) During the Reporting Period, the merger of SIICHIC under common control resulted in transactional financial liability of RMB68,786,000.
- (2) Mainly performance-based betting compensation and structural deposit of Bay Area Development, the merged enterprise under common control.
- (3) Mainly the change of fair value held in Shenzhen Water Planning and Unitoll Services.

(V) Disposal of Material Assets and Equity Interests

Applicable Not Applicable

(VI) Analysis of Major Controlling Companies and Participating Companies

1. Analysis of Major Controlling Companies and Participating Companies

Unit: '000 Currency: RMB

Company name	Percentage of interests held by the Group	Registered capital	30 June 2022		2022 Interim			Major business
			Total assets	Net assets	Revenue	Operating profit	Net profit	
Coastal Company	100%	6,600,000	7,737,499	6,630,334	333,179	113,146	85,142	Investment in the construction and operation of Shenzhen section of Coastal Expressway.
Outer Ring Company	100%	6,500,000	7,757,280	6,806,306	440,635	261,214	253,064	Investment in the construction and operation of the Shenzhen section of Outer Ring Expressway.
Qinglian Company	76.37%	3,361,000	6,309,736	3,239,641	312,888	73,283	54,586	Construction, operation and management of Qinglian Expressway and related auxiliary facilities.
Qinglong Company	50%	324,000	1,927,359	1,174,812	273,445	27,884	22,019	Development, construction, toll collection and management of Shuiguan Expressway.
Yichang Company	100%	345,000	2,504,550	1,564,292	195,654	80,732	60,730	Construction, operation, and management of Yichang Expressway.
Magerk Company	100%	USD 280,000	772,244	710,500	195,439	92,135	68,987	Toll collection and management of Wuhuang Expressway.
Shenchang Company	51%	200,000	592,736	343,202	123,452	80,700	60,532	Development, construction, toll collection and management of Shenchang Expressway.
Investment Company	100%	400,000	3,092,652	1,027,895	309,974	45,244	29,364	Investment in industry and engineering construction.
Bioland	68.10%	234,933	4,088,637	1,038,757	335,377	-52,672	-54,716	Research and development of organic waste treatment technology with a focus on kitchen waste, manufacturing of core equipment, investment in construction, and operation and maintenance, etc.
New Energy Company	100%	2,251,990	5,889,830	2,584,830	357,426	158,316	154,287	Investment and operation of wind power projects.
Derun Environment	20%	1,000,000	58,673,199	18,000,634	6,409,294	1,731,736	632,855	A comprehensive environmental enterprise with two subsidiaries listed on the main board of A shares including Chongqing Water (50.04% equity interests) and Sanfeng Environment (43.86% equity interests). The principal businesses of these companies include water supply and sewage treatment, and investment, construction, integrated equipment, and operation management of waste incineration power generation projects, as well as environmental remediation.
SIICHIC	100%	HKD 392	12,321,588	483,667	-	-65,913	-95,391	SIICHIC directly holds 71.83% of the equity of Bay Area Development, Bay Area Development mainly holds the equity interests in GZ West Expressway, GS Expressway and Xintang JV.

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

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

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

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

Note 5: Bioland recorded a loss during the Reporting Period, which was mainly due to the fact that the engineering profit during this year was less than that of the same period last year and some projects transferred into commercial operation resulting in the expense of borrowing interests.

2. Analysis of Controlling and Invested Companies with An Impact of More Than 10% on Net Profit Attributable to the owners of Listed Companies during the Reporting Period

Unit: '000 Currency: RMB

Company name	Shareholding (controlling/participating) by the Group	Net profit/investment income during the Reporting Period	Proportion of net profit/investment income to the net profit attributable to the owners of the Company during the Reporting Period	Revenue from principal business during the Reporting Period	Cost of principal business during the Reporting Period	Profit from principal business during the Reporting Period
Outer Ring Company	wholly-owned subsidiary of the Company	253,064	29.82%	440,635	203,207	237,428
Derun Environment	associate owned as to 20% by the Company	126,571	14.92%	6,409,294	3,914,325	2,494,969

3. Acquisition and Disposal of Subsidiaries during the Reporting Period

- (1) During the Reporting Period, the subsidiary acquired by the Group under common control was SIICHIC, the subsidiary acquired by the Group under non-same control was Lisai Environmental, and the subsidiary acquired by new establishment was Digital Technology Company.
- (2) During the Reporting Period, the Group cancelled the registration of Tianjin Waterland Environmental Protection Equipment Manufacturing Co., Ltd., Hangzhou Zhishou Environmental Technology Co., Ltd., Beijing Bioland Environmental Management Co., Ltd. and Shenzhen Expressway Bioland Environmental Technologies Group (Hong Kong) Co., Ltd (formerly known as Bioland Environmental Technologies Group (Hong Kong) Co., Ltd.).
- (3) Details of the scope of consolidation are set out in Note VI to the financial statement of this announcement.

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

1. Profit Distribution Proposal for 2022 Interim

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2022 (2021 Interim: Nil), nor does it recommend any conversion of capital reserve into share capital.

2. Implementation of the Annual Profit Distribution Proposal for 2021

As considered and approved by the 2021 general meeting, the Company may distribute a final dividend of RMB0.62 per share (tax inclusive) in cash to all shareholders for 2021, based on the total share capital of 2,180,770,326 shares at the end of 2021, with an aggregate amount of RMB1,352,077,602.12. The profit distribution proposal will be completed by 30 August 2022.

4.5 Outlook and Plans

In the first half of 2022, no significant changes occurred in the Group's external policies and operating environment, industrial competition landscape and development trend as well as major risk factors.

2022 is the year for consolidating the foundation of the Group's strategies for the "14th Five Year" period, the year of enhancement for expanding the dual core businesses, as well as the year for deepening quality development in all aspects. Seizing the opportunities of such era arising from the Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen in building a pilot demonstration area of socialism with Chinese characteristics, the Group will consolidate and enhance its advantages in the toll highway industry and proactively expand into the featured environmental protection and integrated clean energy industries to build an intelligent Shenzhen Expressway and facilitate quality sustainable development of the Company.

In the second half of year 2022, the working goals and focuses for the Group are as follows:

Toll Highway Business: The Group will comprehensively enhance the level of refined operation of toll highways, deepen the business integration with Bay Area Development, explore and promote the rational utilisation of resources along the highways, dig market opportunities for investment in mature, quality highway projects, and consolidate the advantages in the principal business of toll highways. Besides, the Group will carry out steady construction of Coastal Phase II and actively push forward the preliminary works of Jihe Expressway reconstruction and expansion project, Outer Ring Phase III and Shenshan Second Expressway. Moreover, the Group will continue to expand the expressway and highway operation, management and maintenance business, build highway industrial chain service ability, expedite and realise the informatised application coverage of the Group's business, and save no efforts to construct an intelligent Shenzhen Expressway.

General Environmental Protection: The Group will seize the development opportunities in segments such as organic waste treatment and clean energy. Focusing on concession project operation, the Group will expand the neighbouring areas through investments in new construction projects and M&A of mature projects, so as to establish its scale advantages and build its brand image. Besides, the Group will continue to upgrade the management of Bioland, ensure the construction and management of existing projects, and compete for new construction and reconstruction projects; complete the construction of Guangming Environmental Park Project in a high-quality manner as planned; and expand the development and acquisition of wind power and photovoltaic projects to drive the industrial chain synergy of Nanjing Wind Power, Financial Leasing Company and Nanjing Avis and to build an integrated clean energy system. Moreover, the Group will continue to enhance the technological management and power generation of Baotou Nanfeng and Xinjiang Mulei wind farms, and make effective use of the Group's internal industrial resources to boost the overall project performance.

Financial Management and Corporate Governance: The Group will closely monitor the changes in monetary policy and financing environment, study various financial instruments, actively expand financing channels to provide a sufficient capital supply for investment expansion and project construction which can reduce financing costs and ensure financial safety. The Group will continue to strengthen its classified management and financial management of the invested companies, and strengthen centralised financial management and control within the Group through adopting information technology. The Group will continue to deepen management upgrade and mechanism reform, improve management systems and authorisation systems, optimise corporate governance structure and boost decision-making quality and efficiency. Adhering to the principles of good corporate governance, the Group will ensure the compliance operation of all business sectors, improve safety management system, develop corporate culture, improve and optimise multilevel incentive and restraint system, and ultimately promote the healthy and sustainable development of the Company.

V. Matters Related to Financial Statements

5.1 Financial Statements

The consolidated 2022 interim financial statements and notes of the Company are set out in the appendix to this results preliminary announcement.

5.2 Changes in the Scope of Consolidated Financial Statements during the Reporting Period

During the Reporting Period, the major changes in the consolidation scope of the Company's financial statements are as follows:

1. During the Reporting Period, Mei Wah Company, a wholly-owned subsidiary of the Group, completed the acquisition of 100% equity of SIICHIC, therefore the Company indirectly holds 100% equity of SIICHIC. SIICHIC have been included into the scope of the Group's consolidated financial statements since 11 January 2022.
2. On 11 March 2022, the Company established a subsidiary Shenzhen Expressway Digital Technology Company Limited and the Company directly holds 51% of its equity. Digital Technology Company have been included into the scope of the Group's consolidated financial statements since 11 March 2022.

3. During the Reporting Period, Environment Company, a wholly-owned subsidiary of the Group, completed the acquisition of 70% equity in Lisai Environmental, which has been included into the scope of the Group's consolidated financial statements since 20 April 2022.

In addition, During the Reporting Period, the Group deregistered Tianjin Shuiqi Lande Environmental Protection Equipment Manufacturing Co., Ltd., Hangzhou Zhishou Environmental Technology Co., Ltd., Beijing Lande Environmental Management Co., Ltd., and Shenzhen Expressway Bioland Environmental Technologies (Hong Kong) Corp., Ltd (formerly known as: Bioland Technology Group (Hong Kong) Co., Ltd.). For details of the above changes in the scope of consolidation, please refer to the note VI to the Financial Statement in this announcement.

5.3 Results Review

The audit committee of the Company has reviewed and endorsed the 2022 interim financial statements and the interim report of the Company.

VI. Other Matters

6.1 Purchase, Sale or Redemption of Securities

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

6.2 Compliance with the Corporate Governance Code

During the Reporting Period, the Company has fully adopted all the code provisions of the "Corporate Governance Code" as set out in Appendix 14 of the Listing Rules and there is no material deviation or breach of the code provisions occurred. For details, please refer to the content in Interim Report 2022 of the Company.

VII. Changes in Accounting Policies

1. Impact of Changes in Accounting Policies

On 30 December 2021, the Ministry of Finance issued "Interpretation of Accounting Standards for Business Enterprises (No. 15)" ("Interpretation No.15"), which regulates the 3 issues including the accounting treatment of external sales of products or by-products produced by enterprises before their fixed assets are ready for intended use state or produced during the research and development process ("trial sales"), judgement of loss-making contracts and presentation of centralised fund management. The regulatory measures on the first two issues will be implemented from 1 January 2022, and the measures on the last issue have been implemented from the date of publication.

Since 1 January 2022, the Group has adopted the relevant provisions on "trial sales" and "judgment of lost-making contracts" under Interpretation No. 15 and made corresponding changes in its accounting policies. During the Reporting Period, the said changes in accounting policies did not have a significant impact on the Group's financial position and operating results.

The above changes in accounting policies have been reviewed and approved at the 25th meeting of the 9th session Board of Directors of the Company. For details, please refer to the relevant announcements of the Company dated 26 August 2022 and note III\32 to the Financial Statements in this announcement.

VIII. Definitions

Company	Shenzhen Expressway Corporation Limited.
Group	The Company and its consolidated subsidiaries.
Reporting Period, 2022, Interim, the Period	The six months ended 30 June 2022.
2022 Interim	The six months ended 30 June 2022.
Reporting Date	The date on which Interim Report 2022 of the Company was approved by the Board, i.e. 26 August 2022.
YOY	Year-on-year change as compared to 2021 Interim or the same period of 2021.
SSE	The Shanghai Stock Exchange.
HKEx	The Stock Exchange of Hong Kong Limited.
Listing Rules	The Rules Governing the Listing of Securities on HKEx.
CASBE	The Accounting Standards for Business Enterprises (2006) of the PRC and the specific accounting standards as well as relevant provisions issued later.
State Council	State Council of the PRC (中華人民共和國國務院).
NDRC	National Development and Reform Commission (中華人民共和國國家發展和改革委員會).
MOT	Ministry of Transport of the People's Republic of China (中華人民共和國交通運輸部).
National Energy Administration	National Energy Administration of the People's Republic of China (中華人民共和國國家能源局).
Ministry of Finance	Ministry of Finance of the People's Republic of China (中華人民共和國財政部).
Ministry of Industry and Information Technology	Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部).
Ministry of Ecology and Environment	Ministry of Ecology and Environment of the PRC (中華人民共和國生態環境部).
Shenzhen SASAC	State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government (深圳市人民政府國有資產監督管理委員會).
Shenzhen Transport Bureau	Transport Bureau of Shenzhen Municipality (深圳市交通運輸局), formerly known as Transport Commission of Shenzhen Municipality (深圳市交通運輸委員會).
SIHC	Shenzhen Investment Holdings Company Limited (深圳市投資控股有限公司).
Shenzhen International XTC Company	Shenzhen International Holdings Limited. Xin Tong Chan Development (Shenzhen) Company Limited (新通產實業開發(深圳)有限公司), formerly known as Shenzhen Freeway Development Company Limited (深圳市高速公路開發公司).
SGH Company	Shenzhen Shen Guang Hui Highway Development Company Limited (深圳市深廣惠公路開發有限公司), formerly known as Shenzhen Shen Guang Hui Highway Development Company (深圳市深廣惠公路開發總公司).

<i>Fund Company</i>	Shenzhen Expressway Private Equity Industrial Investment Fund Management Company Limited (深圳高速私募產業投資基金管理有限公司).
<i>Vanke Group</i>	China Vanke Company Limited (萬科企業股份有限公司) and its consolidated subsidiaries.
<i>Bank of Guizhou</i>	Bank of Guizhou Company Limited (貴州銀行股份有限公司).
<i>Longda Company</i>	Shenzhen Longda Expressway Company Limited (深圳龍大高速公路有限公司).
<i>Coastal Company</i>	Shenzhen Guangshen Coastal Expressway Investment Company Limited (深圳市廣深沿江高速公路投資有限公司).
<i>Outer Ring Company</i>	Shenzhen Outer Ring Expressway Investment Company Limited (深圳市外環高速公路投資有限公司).
<i>Yichang Company</i>	Hunan Yichang Expressway Development Company Limited (湖南益常高速公路開發有限公司).
<i>Magerk Company</i>	Hubei Magerk Expressway Management Company Limited (湖北馬鄂高速公路經營有限公司).
<i>Qinglian Company</i>	Guangdong Qinglian Highway Development Company Limited (廣東清連公路發展有限公司).
<i>Shenchang Company</i>	Changsha Shenchang High Speed Trunk Road Company Limited (長沙市深長快速幹道有限公司).
<i>Qinglong Company</i>	Shenzhen Qinglong Expressway Company Limited (深圳清龍高速公路有限公司).
<i>Guishen Company</i>	Guizhou Guishen Investment Development Company Limited (貴州貴深投資發展有限公司).
<i>Yunji Intelligent (Former Consulting Company)</i>	Yunji Intelligent Engineering Holding Company Limited (雲基智慧工程股份有限公司), formerly known as Shenzhen Expressway Engineering Consulting Company Limited (深圳高速工程顧問有限公司).
<i>Operation Development Company</i>	Shenzhen Expressway Operation Development Company Limited (深圳高速運營發展有限公司).
<i>Construction Company</i>	Shenzhen Expressway Construction Development Company Limited (深圳高速建設發展有限公司).
<i>Architecture Technology Company</i>	Shenzhen Expressway Architecture Technology Development Company Limited (深圳高速建築科技發展有限公司).
<i>Infrastructure and Environmental Protection Company</i>	Shenzhen Expressway Infrastructure and Environmental Protection Development Company Limited (深圳深高速基建環保開發有限公司).
<i>Investment Company</i>	Shenzhen Expressway Investment Company Limited (深圳高速投資有限公司).
<i>Environmental Company</i>	Shenzhen Expressway Environmental Company Limited (深圳高速環境有限公司).
<i>Guangming Environmental</i>	Shenzhen Guangming Environment Technology Company Limited (深圳光明深高速環境科技有限公司).
<i>Engineering Development Company</i>	Shenzhen Expressway Engineering Development Company Limited (深圳高速工程發展有限公司), formerly known as Guangdong Boyuan Construction Engineering Company Limited (廣東博元建設工程有限公司).

<i>Asphalt Technology Company</i>	Shenzhen Expressway Asphalt Technology Development Company Limited (深圳高速沥青科技发展有限公司).
<i>Business Company</i>	Shenzhen Expressway Business Company Limited (深圳深高速商務有限公司).
<i>Digital Technology Company</i>	Shenzhen Expressway Digital Technology Company Limited (深圳高速公路集團數字科技有限公司).
<i>JEL</i>	Jade Emperor Limited (捷德安派有限公司).
<i>Mei Wah Company</i>	Mei Wah Industrial (Hong Kong) Limited (美華實業(香港)有限公司).
<i>Meiguan Company</i>	Shenzhen Meiguan Expressway Company Limited (深圳市梅觀高速公路有限公司).
<i>Jihe East Company</i>	Shenzhen Jihe Expressway (Eastern Section) Company Limited (深圳機荷高速公路東段有限公司).
<i>United Land</i>	Shenzhen International United Land Company Limited (深圳市深國際聯合置地有限公司).
<i>Unitoll Services</i>	Guangdong Unitoll Services Incorporated (廣東聯合電子服務股份有限公司).
<i>SIICH</i>	Shenzhen Investment International Capital Holdings Company Limited (深圳投控國際資本控股有限公司), a wholly-owned subsidiary of SIHC.
<i>SIICHIC</i>	Shenzhen Investment International Capital Holdings Infrastructure Company Limited (深圳投控國際資本控股基建有限公司).
<i>Bay Area Development</i>	Shenzhen Investment Holdings Bay Area Development Company Limited (深圳投控灣區發展有限公司), a company listed on the HKEx, stock code: 00737.
<i>Shenwan Infrastructure</i>	Shenwan Bay Area Infrastructure (Shenzhen) Company Limited (深灣基建(深圳)有限公司).
<i>Xintang JV</i>	Guangzhou Zhentong Development Company Limited (廣州臻通實業發展有限公司).
<i>Four Expressways</i>	Nanguang Expressway, Yanpai Expressway, Yanba Expressway and the Shenzhen section of Longda Expressway (referred to as the Four Expressways), all of which have been transferred to Shenzhen Transport Bureau from 0:00 on 1 January 2019.
<i>GS Expressway</i>	The Guangzhou-Shenzhen section of Beijing-Hong Kong & Macao Expressway (G4), starting from Huangcun interchange in Tianhe District, Guangzhou in the north, ends at Huanggang Checkpoint in Futian District, Shenzhen in the south, with a total length of approximately 122.8km.
<i>GZ West Expressway</i>	Guangzhou-Zhuhai West Expressway, comprising Phase I, Phase II and Phase III, starts from Hainan interchange of Liwan District, Guangzhou in the north and to Yuehuan Interchange of Tanzhou Town, Zhongshan in the south, with a total length of approximately 98km.
<i>Yichang Project</i>	The expressway from Yiyang to Changde in Hunan (referred to as Yichang Expressway) and Changde connection line.
<i>Cargo Organisation Adjustment Project</i>	The entrusted construction project of the highway toll stations and ancillary facilities undertaken by the Company due to the implementation of the freight traffic organisation adjustment of Shenzhen.
<i>Shenshan Environmental Park Project</i>	The entrusted construction and management project for the whole process in relation to the infrastructure and ancillary projects for Shenshan Eco-Environmental Science and Technology Industrial Park undertaken by the Group.

<i>Bimeng Project</i>	The Bimeng Garden community resettlement project in Longli, Guizhou undertaken by the Group with BT model.
<i>Guilong Holdings</i>	Guizhou Guilong Holdings (Group) Company Limited (貴州貴龍實業(集團)有限公司).
<i>Guizhou Property</i>	Guizhou Shenzhen Expressway Property Company Limited (貴州深高速置地有限公司).
<i>Guizhou Hengtongli</i>	Guizhou Hengtongli Property Company Limited (貴州恒通利置業有限公司).
<i>Land of Longli Project</i>	The peripheral land of Guilong Project and the Duohua Bridge Project were successfully bid by the Group. As at the end of the Reporting Period, the Group has cumulatively won the bids for the land of Longli Project with an area of approximately 3,038 mu, including 2,770 mu for Guilong Project and 269 mu for the Duohua Bridge Project.
<i>Guilong Development Project</i>	The proprietary secondary development project with an area of over 1,000 mu, conducted by the Group on Guilong Project, which has been approved by the Board.
<i>Duohua Bridge Project</i>	A road construction project from Jichang Village to Duohua Village in Longli County undertaken by Guishen Company under BT model. The major work of the project is Duohua Bridge.
<i>Lisai Environmental</i>	Shenzhen Lisai Environmental Technology Limited (深圳市利賽環保科技有限公司).
<i>CCCC Second Highway</i>	CCCC Second Highway Engineering Co., Ltd. (中交第二公路工程局有限公司).
<i>Shenzhen Water Planning</i>	Shenzhen Water Planning & Design Institute Company Limited (深圳市水務規劃設計院股份有限公司), a company listed on the SZSE, stock code: 301038.
<i>Derun Environment</i>	Chongqing Derun Environment Company Limited (重慶德潤環境有限公司).
<i>Water Asset</i>	Chongqing Water Asset Management Company Limited (重慶市水務資產經營有限公司).
<i>Chongqing Water</i>	Chongqing Water Group Company Limited (重慶水務集團股份有限公司), a company listed on the SZSE, stock code: 601158.
<i>Sanfeng Environment</i>	Chongqing San Feng Environmental Industrial Group Company Limited (重慶三峰環境集團股份有限公司), a company listed on the SSE, stock code: 601827.
<i>Nanjing Wind Power</i>	Nanjing Wind Power Technology Company Limited (南京風電科技有限公司).
<i>One Apartment</i>	Shenzhen Expressway One Apartment Management Company Limited (深圳市深高速壹家公寓管理有限公司).
<i>Shenshan Qiantai</i>	Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Company Limited (深圳深汕特別合作區乾泰技術有限公司).
<i>New Energy Company</i>	Shenzhen Expressway New Energy Holdings Company Limited (深圳高速新能源控股有限公司).
<i>Guangdong New Energy</i>	Shenzhen Expressway (Guangdong) New Energy Investment Company Limited (深高速(廣東)新能源投資有限公司).
<i>Huaian Zhongheng</i>	Huaian Zhongheng New Energy Company Limited (淮安中恒新能源有限公司).

<i>SPIC Fujian Company</i>	State Power Investment Corporation Fujian Electric Power Company Limited (國家電投集團福建電力有限公司).
<i>Nanjing Avis</i>	Nanjing Avis Transmission Technology Company Limited (南京安維士傳動技術股份公司).
<i>Fenghe Energy</i>	Shenzhen Fenghe Energy Investment Limited (深圳峰和能源投資有限公司).
<i>Yongcheng Zhuneng Project</i>	The 32MW wind power project in Yongcheng City, Shangqiu City, Henan Province.
<i>Zhongwei Gantang Project</i>	The 49.5MW wind power project in Gantang, Zhongwei City, Ningxia Province, fully owned by Zhongwei Xintang.
<i>Xinjiang Mulei</i>	The wind power project of Changji Mulei Laojunmiao Wind Farm in Xinjiang Zhundong New Energy Base, including Qianzhi, Qianhui and QianXin projects.
<i>Qianzhi</i>	Mulei County Qianzhi New Energy Development Company Limited (木壘縣乾智能源開發有限公司).
<i>Qianhui</i>	Mulei County Qianhui New Energy Development Company Limited (木壘縣乾慧能源開發有限公司).
<i>Qianxin</i>	Mulei County Qianxin New Energy Development Company Limited (木壘縣乾新能源開發有限公司).
<i>Logistics Financial Company</i>	China Logistics Financial Services Limited (中國物流金融服務有限公司).
<i>Financial Leasing Company</i>	Shenzhen Expressway Financial Leasing Company Limited (深圳市深高速融資租賃有限公司), formerly known as Shenzhen International Financial Leasing Company Limited (深圳市深國際融資租賃有限公司).
<i>Guangming Environmental Park Project</i>	The Shenzhen Guangming Environmental Park PPP Project invested and constructed by the Company under the BOT model.
<i>Bioland</i>	Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd (深高藍德環保科技集團股份有限公司).
<i>Gaoleyi</i>	Shenzhen Expressway Gaoleyi Health and Elderly Care Services Limited (深圳高速高樂亦健康養老有限公司).
<i>Fengrunjiu</i>	Shenzhen Guangming Fengrunjiu Health Services Limited (深圳光明鳳潤玖健康服務有限公司)
<i>Baotou Nanfeng</i>	Baotou Nanfeng Wind Power Technology Company Limited (包頭市南風風電科技有限公司).
<i>Damao Ningyuan</i>	Damao Ningyuan Wind Power Company Limited (達茂旗寧源風力發電有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
<i>Damao Ningxiang</i>	Damao Ningxiang Wind Power Company Limited (達茂旗寧翔風力發電有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
<i>Damao Ningfeng</i>	Damao Ningfeng Wind Power Company Limited (達茂旗寧風風力發電有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
<i>Damao Nanchuan</i>	Damao Nanchuan Wind Power Company Limited (達茂旗南傳風力發電有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
<i>Lingxiang Company</i>	Baotou Lingxiang New Energy Company Limited (包頭市陵翔新能源有限公司), a wholly-owned subsidiary of Baotou Nanfeng.

<i>Meilin Checkpoint Renewal Project</i>	The Urban Renewal Project of Meilin Checkpoint of Minzhi Office in Longhua District, the entity which carried out the project is United Land Company and area of the land is approximately 96,000 square meters.
<i>PPP (model)</i>	Public-Private-Partnership model, refer to a partnership on the basis of concession agreement for the construction of urban infrastructure projects or the provision of public goods and services between the government and private organisations. PPP model ultimately makes both parties of the cooperation get more favourable results than those who act alone expected, by signing the contract to define the rights and obligations of both parties, to ensure the smooth completion of cooperation.
<i>BOT (model)</i>	Build-Operate-Transfer model, refer to the infrastructure model of investment, construction and operation. On premised on an agreement between the government and the private sector, the government issues a franchise to the private sector to allow it to raise funds for a certain period of time to build an infrastructure, manage and operate the facility and its corresponding products and services.
<i>EPC (model)</i>	Engineering Procurement Construction model means the Company is entrusted by the owner to carry out the whole process or several stages of contracting for the design, procurement, construction, and trial operation of a construction project in accordance with the contract. Usually, the company is responsible for the quality, safety, cost and schedule of the contracted project under the conditions of the total price contract.
<i>BIM</i>	Building Information Modelling, which is a model equipped with a complete and realistic construction database by building a virtual three-dimensional construction model and using digitisation technology. It is a digitised tool applied to engineering design, construction and management. Meanwhile, the model plays a key role in enhancing productivity, saving costs and shortening construction periods.
<i>ETC</i>	Electronic Toll Collection, a system used to electronically collect tolls on highways.
<i>1-2-3 travel range</i>	According to the development plan for a modern comprehensive transportation system during the "14 th Five-Year Plan" period issued by the State Council, a "global 123 fast movement of goods circle" (one-day domestic delivery, two-day delivery from neighboring countries, and three-day delivery from global major cities) will be established by 2035.
<i>Global 123 fast movement of goods circle</i>	Shenzhen Transport Bureau and the Company entered into the freight compensation agreement, wherein it is agreed that during the period from 1 January 2021 to 31 December 2024, the vehicles passing the Coastal Project should be charged at 50% of the standard rate of the toll, and such toll waived by the Company and Coastal Company shall be compensated by the government in a one-off manner in March of the following year.
<i>Coastal Freight Compensation Scheme</i>	Shenzhen Transport Bureau and the Company entered into the freight compensation agreement, wherein it is agreed that during the period from 1 January 2021 to 31 December 2024, the vehicles passing the Coastal Project should be charged at 50% of the standard rate of the toll, and such toll waived by the Company and Coastal Company shall be compensated by the government in a one-off manner in March of the following year.

Coastal Project

The section from Nanshan, Shenzhen to Dongbao River (the boundary between Dongguan and Shenzhen) (referred to as Coastal Expressway (Shenzhen Section)) of the coastal expressway from Guangzhou to Shenzhen (referred to as Coastal Expressway). Among which, the project of main line of Coastal Expressway (Shenzhen Section) and facilities referred to as Coastal Phase I, and the project of the ramp bridge of airport interchange of Coastal Expressway (Shenzhen Section) and facilities referred to as Coastal Phase II.

Outer Ring Project

The project of Shenzhen section of Outer Ring Expressway in Shenzhen City (referred to as Outer Ring Expressway), among which, the 35.67km from Shajing to Guanlan and the 15.06km from Longcheng to Pingdi, totaling approximately 51km (referred to as Outer Ring Phase I), opened to traffic on 29 November 2020. The 9.35km from the end of Longgang Section of Outer Ring Phase I to Danzi Avenue via Pingdi etc. (referred to as Outer Ring Phase II) opened to traffic on 1 January 2022. The 16.8km from Kengzi to Yanba Expressway (referred to as Outer Ring Phase III) is carrying out preliminary work such as survey and design.

Epidemic

A global outbreak of COVID-19 since the beginning of 2020.

Note: For definitions of the relevant highways/projects of the Company, please refer to Company's website at <http://www.sz-expressway.com> under the section of "Company Business".

By Order of the Board

Hu Wei
Chairman

Shenzhen, PRC, 26 August 2022

As at the date of this announcement, the Directors of the Company are Mr. HU Wei (Executive Director and Chairman of the Board), Mr. LIAO Xiang Wen (Executive Director and President), Mr. WANG Zeng Jin (Executive Director), Mr. WEN Liang (Executive Director), Mr. DAI Jing Ming (Non-executive Director), Ms. LI Xiao Yan (Non-executive Director), Mr. LÜ Da Wei (Non-executive Director), Mr. BAI Hua (Independent non-executive Director), Mr. LI Fei Long (Independent non-executive Director), Mr. MIAO Jun (Independent non-executive Director) and Mr. XU Hua Xiang (Independent non-executive Director).

This announcement is prepared in Chinese and English. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

If there is a discrepancy between the sum of the sub-items and the total number in this announcement, it is due to rounding.

This results preliminary announcement, which has been published on the website of HKEx at <http://www.hkexnews.com.hk>, only gives a summary of the information and particulars contained in the full "Interim Report 2022" of the Company. The "Interim Report 2022" of the Company containing all the information to accompany interim report required under Appendix 16 to the Listing Rules will be subsequently published on the website of HKEx in due course.

Appendix:

SHENZHEN EXPRESSWAY CORPORATION LIMITED

Consolidated Financial Statements (including notes)

For the six months ended 30 June 2022

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Note: Sections marked with * in the notes to the financial statements are additions or detailed disclosures made in accordance with the Hong Kong Companies Ordinance and the Listing Rules of the Stock Exchange of Hong Kong.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

As at 30 June 2022

Consolidated Statement of Financial Position

RMB

Item	Notes	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Current assets:			
Cash at banks and on hand	V. 1	5,920,434,008.73	5,948,688,887.14
Transactional financial assets	V. 2	468,386,209.06	564,018,179.30
Bills receivable	V. 3	16,256,400.00	87,388,115.83
Accounts receivable	V. 4	948,795,658.31	993,613,902.45
Prepayments	V. 5	255,842,685.48	191,350,700.74
Other receivables	V. 6	1,019,651,417.15	981,250,269.52
Inventories	V. 7	1,411,456,375.41	1,338,820,859.08
Contract assets	V. 8	290,556,523.14	395,182,028.57
Non-current assets due within one year	V. 9	227,747,530.69	235,808,874.20
Other current assets	V. 10	229,462,811.35	546,140,489.67
Total current assets		10,788,589,619.32	11,282,262,306.50
Non-current assets:			
Long-term prepayments	V. 11	738,699,964.36	1,792,084,894.91
Long-term receivables	V. 12	2,018,187,882.00	1,116,297,854.71
Long-term equity investments	V. 13	19,528,026,025.69	19,108,413,241.29
Other non-current financial assets	V. 14	846,218,771.35	738,846,474.26
Investment properties	V. 15	30,514,884.77	38,850,893.38
Fixed assets	V. 16	7,150,857,852.12	5,709,992,223.45
Construction in progress	V. 17	155,033,931.82	1,779,732,996.87
Right-of-use assets	V. 18	362,965,409.60	366,721,652.00
Intangible assets	V. 19	26,816,820,863.88	27,091,053,905.41
Development expenditures		34,747,550.53	25,767,094.71
Goodwill	V. 20	248,932,906.44	248,932,906.44
Long-term prepaid expenses		47,342,772.45	53,969,025.42
Deferred tax assets	V. 21	421,172,990.62	451,230,984.30
Other non-current assets	V. 22	3,017,091,184.05	2,500,778,712.94
Total non-current assets		61,416,612,989.68	61,022,672,860.09
Total assets		72,205,202,609.00	72,304,935,166.59

SHENZHEN EXPRESSWAY CORPORATION LIMITED

As at 30 June 2022

Consolidated Statement of Financial Position - continued

RMB

Item	Notes	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Current liabilities:			
Short-term borrowings	V. 23	8,771,860,202.44	4,120,586,329.34
Transactional financial liabilities	V. 24	68,785,843.32	-
Bills payable	V. 25	95,541,229.48	87,244,188.73
Accounts payable	V. 26	2,370,717,654.03	2,502,175,159.44
Advances from customers	V. 27	8,160,113.51	12,829,596.78
Contract liabilities	V. 28	219,159,789.24	219,246,400.33
Employee benefits payable	V. 29	245,514,771.79	364,069,719.08
Taxes payable	V. 30	506,526,105.19	594,812,841.07
Other payables	V. 31	2,650,767,106.56	1,776,497,691.50
Non-current liabilities due within one year	V. 32	3,270,140,863.87	4,974,845,270.24
Other current liabilities	V. 33	2,023,976,580.81	2,037,992,294.21
Total current liabilities		20,231,150,260.24	16,690,299,490.72
Non-current liabilities:			
Long-term borrowings	V. 34	9,530,836,643.56	10,069,194,495.36
Bonds payable	V. 35	7,288,419,298.35	7,086,863,713.17
Including: Preferred stock		-	-
Perpetual bonds		-	-
Lease liabilities	V. 36	311,177,951.00	326,956,105.32
Long-term payables	V. 37	4,494,193,822.47	4,393,072,497.98
Long-term employee benefits payable	V. 38	187,721,149.45	187,966,149.45
Provisions	V. 39	179,305,375.50	173,542,101.05
Deferred revenue	V. 40	518,100,342.15	557,479,916.10
Deferred tax liabilities	V. 21	1,262,831,722.53	1,286,986,799.74
Total non-current liabilities		23,772,586,305.01	24,082,061,778.17
Total liabilities		44,003,736,565.25	40,772,361,268.89
Shareholders' equity:			
Equity	V. 41	2,180,770,326.00	2,180,770,326.00
Other equity instruments	V. 42	4,000,000,000.00	4,000,000,000.00
Including: Preferred stock		-	-
Perpetual bonds		4,000,000,000.00	4,000,000,000.00
Capital reserve	V. 43	6,122,016,331.29	8,864,157,411.51
Other comprehensive income	V. 44	80,836,690.32	426,519,781.12
Surplus reserve	V. 45	3,103,651,659.99	2,931,599,472.69
Undistributed profits	V. 46	7,007,715,765.23	7,157,542,961.33
Total equity attributable to shareholders of the parent company		22,494,990,772.83	25,560,589,952.65
Minority interests		5,706,475,270.92	5,971,983,945.05
Total shareholders' equity		28,201,466,043.75	31,532,573,897.70
Total liabilities and shareholders' equity		72,205,202,609.00	72,304,935,166.59

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

The financial statements are signed by the following persons:

Hu Wei
Legal representative:

Zhao Guiping
Chief financial officer:

Jiang Weiqi
Head of accounting department

SHENZHEN EXPRESSWAY CORPORATION LIMITED

As at 30 June 2022

Company Statement of Financial Position

RMB

Item	Notes	30 June 2022 (Unaudited)	31 December 2021
Current assets:			
Cash at banks and on hand		1,594,330,300.44	1,318,950,586.02
Accounts receivable	XIV. 1	29,982,092.61	28,323,582.38
Prepayments		9,779,582.45	17,737,721.77
Other receivables	XIV. 2	2,816,389,504.01	2,229,816,126.35
Inventories		1,451,149.17	1,663,750.14
Contract assets		112,176,617.07	136,031,512.99
Other current assets		4,685,372.93	6,234,306.57
Total current assets		4,568,794,618.68	3,738,757,586.22
Non-current assets:			
Long-term prepayments		684,308,593.20	339,279,452.80
Long-term receivables		3,095,683,048.92	4,146,865,923.66
Long-term equity investments	XIV. 3	29,268,582,040.50	29,189,194,760.91
Other non-current financial assets		792,790,801.35	684,818,504.26
Investment properties		10,359,303.36	10,647,165.48
Fixed assets		1,870,336,503.89	258,004,968.13
Construction in progress		11,296,825.19	1,627,322,812.42
Right-of-use assets		31,132,787.16	46,350,454.93
Intangible assets		1,465,133,140.89	1,513,360,455.99
Development expenditures		3,398,706.00	3,398,706.00
Long-term prepaid expenses		12,039,465.71	13,399,635.08
Deferred tax assets		7,256,239.96	10,609,481.42
Other non-current assets		348,395,112.58	340,063,555.47
Total non-current assets		37,600,712,568.71	38,183,315,876.55
Total assets		42,169,507,187.39	41,922,073,462.77

SHENZHEN EXPRESSWAY CORPORATION LIMITED

As at 30 June 2022

Company Statement of Financial Position - continued

RMB

Item	Notes	30 June 2022 (Unaudited)	31 December 2021
Current liabilities:			
Short-term borrowings		447,989.75	1,151,987,781.72
Bills payable		24,375,920.32	-
Accounts payable		78,269,088.07	89,481,915.35
Employee benefits payable		119,881,540.78	152,854,319.16
Taxes payable		21,153,447.91	19,941,411.95
Other payables		4,518,808,951.56	3,532,622,165.98
Non-current liabilities due within one year		2,713,635,758.28	1,089,476,333.98
Other current liabilities		2,007,082,233.70	2,135,948,299.05
Total current liabilities		9,483,654,930.37	8,172,312,227.19
Non-current liabilities:			
Long-term borrowings		4,060,667,027.16	4,135,623,027.16
Bonds payable		7,288,419,298.35	7,086,863,713.17
Including: Preferred stock		-	-
Perpetual bonds		-	-
Lease liabilities		20,540,402.62	37,003,134.70
Long-term payables		2,160,899,999.97	2,131,451,615.06
Long-term employee benefits payable		124,899,101.40	125,144,101.40
Provisions		63,854,959.90	62,327,925.72
Deferred revenue		235,106,319.21	250,916,020.55
Deferred tax liabilities		144,092,418.87	156,388,746.25
Total non-current liabilities		14,098,479,527.48	13,985,718,284.01
Total liabilities		23,582,134,457.85	22,158,030,511.20
Shareholders' equity:			
Equity	V. 41	2,180,770,326.00	2,180,770,326.00
Other equity instruments		4,000,000,000.00	4,000,000,000.00
Including: Preferred stock		-	-
Perpetual bonds		4,000,000,000.00	4,000,000,000.00
Capital reserve		2,813,902,464.86	2,812,538,343.92
Other comprehensive income		891,992,169.01	891,992,169.01
Surplus reserve	V. 45	3,103,651,659.99	2,931,599,472.69
Undistributed profits		5,597,056,109.68	6,947,142,639.95
Total shareholders' equity		18,587,372,729.54	19,764,042,951.57
Total liabilities and shareholders' equity		42,169,507,187.39	41,922,073,462.77

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

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

RMB

Item	Notes	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
I. Total revenue	V. 47	4,094,093,645.65	4,219,156,183.22
Less: Cost of services	V. 47	2,501,187,078.75	2,389,156,543.77
Taxes and surcharges	V. 48	19,416,527.58	45,897,536.40
Selling expenses	V. 49	17,357,308.95	29,926,580.42
General and administrative expenses	V. 50	193,279,791.80	170,281,837.82
Research and development expenses	V. 51	18,264,213.07	19,875,298.37
Financial expenses	V. 52	718,156,066.56	437,858,737.12
Including: Interest expense		557,883,672.20	552,896,978.84
Interest income		90,304,072.07	88,769,254.55
Add: Other income	V. 53	10,421,804.61	36,439,624.82
Investment income	V. 54	338,909,623.64	546,207,821.76
Including: Income from investment in associates and joint ventures	V. 54	329,710,423.63	513,765,552.36
Gains (losses) from changes in fair value	V. 55	110,627,475.53	(55,117,615.77)
Credit impairment gains (losses)		(19,445,983.71)	(919,684.95)
Gains (losses) on impairment of assets		(4,493,622.42)	5,718,837.99
Gains on disposal of assets		4,830,762.65	15,225,855.54
II. Operating profit		1,067,282,719.24	1,673,714,488.71
Add: Non-operating income	V. 56	6,483,132.26	13,443,420.10
Less: Non-operating expenses	V. 57	2,277,853.07	2,393,844.19
III. Total profit		1,071,487,998.43	1,684,764,064.62
Less: Income tax expenses	V. 58	191,639,736.10	364,211,649.91
IV. Net profit		879,848,262.33	1,320,552,414.71
(I) Classified by business continuity			
1. Net profit from continuing operations		879,848,262.33	1,320,552,414.71
2. Net profit from discontinued operations		-	-
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company		848,549,138.56	1,208,603,816.90
2. Profit or loss attributable to minority shareholders		31,299,123.77	111,948,597.81
V. Other comprehensive income, net of tax		(370,574,614.29)	69,965,635.32
Other comprehensive income after tax attributable to shareholders of the parent company		(345,683,090.80)	66,535,850.16
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss		-	-
(II) Other comprehensive income that will be reclassified to profit or loss		(345,683,090.80)	66,535,850.16
1. Other comprehensive income that will be transferred to profit or loss under the equity method	V. 44	(2,734,108.41)	(13,812,118.48)
2. Translation differences of financial statements denominated in foreign currencies	V. 44	(342,948,982.39)	80,347,968.64
Other comprehensive income after tax attributable to minority shareholders		(24,891,523.49)	3,429,785.16
VI. Total comprehensive income		509,273,648.04	1,390,518,050.03
Total comprehensive income attributable to shareholders of the parent company		502,866,047.76	1,275,139,667.06
Total comprehensive income attributable to minority shareholders		6,407,600.28	115,378,382.97
VII. Earnings per share			
(I) Basic earnings per share		0.347	0.512
(II) Diluted earnings per share		0.347	0.512

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

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Company Statement of Profit or Loss and Other Comprehensive Income

RMB

Item	Notes	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
I. Total revenue	XIV. 4	599,338,169.65	502,295,119.27
Less: Cost of services	XIV. 4	261,387,166.13	186,980,868.77
Tax and surcharges		2,934,697.21	5,963,009.25
General and administrative expenses		96,227,022.43	72,040,119.35
Financial expenses		295,558,297.55	167,788,165.95
Including: Interest expense		298,829,156.74	202,436,563.24
Interest income		111,435,391.95	15,561,521.73
Add: Other income		1,676,408.17	32,004,119.09
Investment income	XIV. 5	200,444,337.04	488,903,352.99
Including: Income from investment in associates and joint ventures		120,172,722.38	154,780,241.83
Gains (losses) from changes in fair value		107,972,297.09	(43,617,615.77)
Gains on disposal of assets		2,531,449.79	15,239,788.51
II. Operating profit		255,855,478.42	562,052,600.77
Add: Non-operating income		727,971.51	52,336.22
Less: Non-operating expenses		-	24,939.50
III. Total profit		256,583,449.93	562,079,997.49
Less: Income tax expenses		(9,970,920.33)	11,885,566.61
IV. Net profit		266,554,370.26	550,194,430.88
1. Net profit from continuing operations		266,554,370.26	550,194,430.88
2. Net profit from discontinued operations		-	-
V. Other comprehensive income, net of tax		-	-
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss		-	-
(II) Other comprehensive income that will be reclassified to profit or loss		-	-
1. Other comprehensive income that will be transferred to profit or loss under the equity method		-	-
VI. Total comprehensive income		266,554,370.26	550,194,430.88

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

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Consolidated Statement of Cash Flows

RMB

Item	Notes	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
I. Cash flows from operating activities			
Cash received from rendering services and selling goods		3,452,135,400.69	3,456,252,160.49
Refund of taxes		182,773,572.68	47,444,735.16
Other cash received relating to operating activities	V. 59(1)	177,407,242.70	196,555,379.69
Sub-total of cash inflows		3,812,316,216.07	3,700,252,275.34
Cash payments for goods and services		988,777,795.15	600,868,958.29
Cash payments to and on behalf of employees		592,953,677.01	557,210,009.80
Payments of taxes and surcharges		419,094,171.81	694,813,429.62
Other cash payments relating to operating activities	V. 59(2)	218,975,961.09	281,088,586.37
Sub-total of cash outflows		2,219,801,605.06	2,133,980,984.08
Net cash flows from operating activities	V. 60 (1)	1,592,514,611.01	1,566,271,291.26
II. Cash flows from investing activities			
Cash received from recovery of investments		445,955,766.99	1,958,406,838.83
Cash received from returns on investments		124,294,653.19	429,078,279.73
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		32,210.95	20,251,435.63
Other cash received relating to investing activities	V. 59(3)	47,486,067.89	21,393,939.56
Sub-total of cash inflows		617,768,699.02	2,429,130,493.75
Cash payments to acquire fixed assets, intangible assets and other long-term assets		1,105,621,007.37	2,156,603,761.77
Payments for investing activities		667,860,082.90	1,598,450,067.75
Cash payments to acquire subsidiaries and other business units	V. 60(3)	1,466,006,955.25	639,898,864.56
Other cash payments relating to investing activities		-	1,081.19
Sub-total of cash outflows		3,239,488,045.52	4,394,953,775.27
Net cash flows from investing activities		(2,621,719,346.50)	(1,965,823,281.52)
III. Cash flows from financing activities			
Cash received from capital contributions		3,561,468.00	980,000.00
Including: Cash received from capital contributions from minority shareholders of subsidiaries		3,561,468.00	980,000.00
Cash received from borrowings		10,432,391,708.63	10,821,957,171.87
Other cash received relating to financing activities	V. 59(4)	12,071,778.17	530,753,406.24
Sub-total of cash inflows		10,448,024,954.80	11,353,690,578.11
Cash repayments of borrowings		8,662,470,406.70	7,096,159,742.80
Cash payments for distribution of dividends or profits or settlement of interest expenses		637,415,490.01	1,363,217,896.21
Including: Payments for distribution of dividends or profits to minority shareholders by subsidiaries		58,025,663.44	134,623,676.42
Other cash payments relating to financing activities	V. 59(5)	131,978,801.61	1,725,485,669.66
Sub-total of cash outflows		9,431,864,698.32	10,184,863,308.67
Net cash flows from financing activities		1,016,160,256.48	1,168,827,269.44
IV. Effect of foreign exchange rate changes on cash and cash equivalents		63,084,825.22	(1,360,443.34)
V. Net increase in cash and cash equivalents	V. 60(1).2	50,040,346.21	767,914,835.84
Add: Cash and cash equivalents at beginning of the period		5,456,959,403.09	3,814,845,816.13
VI. Cash and cash equivalents at end of the period	V. 60(1).2	5,506,999,749.30	4,582,760,651.97

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

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Company Statement of Cash Flows

RMB

Item	Notes	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Unaudited)
I. Cash flows from operating activities			
Cash received from rendering services and selling goods		580,205,927.48	492,780,972.45
Refund of taxes		-	45,145,100.35
Other cash received relating to operating activities		212,023,826.94	553,248,469.62
Sub-total of cash inflows		792,229,754.42	1,091,174,542.42
Cash payments for goods and services		81,046,182.13	25,163,896.91
Cash payments to and on behalf of employees		149,348,521.00	128,339,716.95
Payments of taxes and surcharges		16,593,738.88	83,943,441.78
Other cash payments relating to operating activities		240,669,843.52	131,499,948.19
Sub-total of cash outflows		487,658,285.53	368,947,003.83
Net cash flows from operating activities		304,571,468.89	722,227,538.59
II. Cash flows from investing activities			
Cash received from recovery of investments		-	363,990,000.00
Cash received from returns on investments		337,259,563.06	183,983,331.16
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		-	15,476,755.00
Other cash received relating to investing activities		734,872,396.04	1,925,380,414.45
Sub-total of cash inflows		1,072,131,959.10	2,488,830,500.61
Cash payments to acquire fixed assets, intangible assets and other long-term assets		415,199,325.67	1,655,513,144.76
Payments for investing activities		57,083,000.00	1,383,615,000.33
Other cash payments relating to investing activities		520,000,000.00	2,363,064,277.76
Sub-total of cash outflows		992,282,325.67	5,402,192,422.85
Net cash flows from investing activities		79,849,633.43	(2,913,361,922.24)
III. Cash flows from financing activities			
Cash received from borrowings		3,694,243,985.33	8,141,852,720.09
Other cash received relating to financing activities		80,000,000.00	657,248,057.86
Sub-total of cash inflows		3,774,243,985.33	8,799,100,777.95
Cash repayments of borrowings		3,476,897,683.96	5,533,991,393.27
Cash payments for distribution of dividends or profits or settlement of interest expenses		344,446,225.01	949,734,618.56
Other cash payments relating to financing activities		48,041,556.71	8,905,309.81
Sub-total of cash outflows		3,869,385,465.68	6,492,631,321.64
Net cash flows from financing activities		(95,141,480.35)	2,306,469,456.31
IV. Effect of foreign exchange rate changes on cash and cash equivalents		13,195.96	(951.20)
V. Net increase in cash and cash equivalents		289,292,817.93	115,334,121.46
Add: Cash and cash equivalents at beginning of the period		1,274,483,092.45	1,326,583,970.59
VI. Cash and cash equivalents at end of the period		1,563,775,910.38	1,441,918,092.05

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

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Consolidated Statement of Changes in Equity

RMB

Item	For the six months ended 30 June 2022 (Unaudited)								
	Attributable to shareholders of the parent company							Minority interests	Total shareholders' equity
	Equity	Other equity instruments Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total		
I. Balance on 31 December 2021 (Audited)	2,180,770,326.00	4,000,000,000.00	6,121,182,678.26	865,342,698.21	2,931,599,472.69	8,540,070,494.76	24,638,965,669.92	3,132,810,669.87	27,771,776,339.79
Add: Business combination under common control	-	-	2,742,974,733.25	(438,822,917.09)	-	(1,377,744,043.76)	926,407,772.40	2,841,514,435.00	3,767,922,207.40
Changes in accounting policies	-	-	-	-	-	(4,783,489.67)	(4,783,489.67)	(2,341,159.82)	(7,124,649.49)
II. Balance on 1 January 2022 (Restated) (Unaudited)	2,180,770,326.00	4,000,000,000.00	8,864,157,411.51	426,519,781.12	2,931,599,472.69	7,157,542,961.33	25,560,589,952.65	5,971,983,945.05	31,532,573,897.70
III. Changes for the period	-	-	(2,742,141,080.22)	(345,683,090.80)	172,052,187.30	(149,827,196.10)	(3,065,599,179.82)	(265,508,674.13)	(3,331,107,853.95)
(I) Total comprehensive income	-	-	-	(345,683,090.80)	-	848,549,138.56	502,866,047.76	6,407,600.28	509,273,648.04
1. Net profit	-	-	-	-	-	848,549,138.56	848,549,138.56	31,299,123.77	879,848,262.33
2. Other comprehensive income	-	-	-	(345,683,090.80)	-	-	(345,683,090.80)	(24,891,523.49)	(370,574,614.29)
(II) Shareholders' contributions and reduction in capital	-	-	833,653.03	-	-	(16,191,675.62)	(15,358,022.59)	(156,462,993.78)	(171,821,016.37)
1. Ordinary shares contributed by shareholders	-	-	1,364,120.94	-	-	-	1,364,120.94	(150,137,793.39)	(148,773,672.45)
2. Others	-	-	(530,467.91)	-	-	(16,191,675.62)	(16,722,143.53)	(6,325,200.39)	(23,047,343.92)
(III) Profit distribution	-	-	-	-	172,052,187.30	(1,616,640,900.53)	(1,444,588,713.23)	(171,703,280.64)	(1,616,291,993.87)
1. Transfer to surplus reserve	-	-	-	-	172,052,187.30	(172,052,187.30)	-	-	-
2. Profit distribution to shareholders	-	-	-	-	-	(1,444,588,713.23)	(1,444,588,713.23)	(171,703,280.64)	(1,616,291,993.87)
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to equity	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to equity	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
(V) Effects of business combination not under common control	-	-	-	-	-	-	-	56,250,000.01	56,250,000.01
(VI) Effects of business combination under common control	-	-	(2,742,974,733.25)	-	-	634,456,241.49	(2,108,518,491.76)	-	(2,108,518,491.76)
IV. Balance on 30 June 2022 (Unaudited)	2,180,770,326.00	4,000,000,000.00	6,122,016,331.29	80,836,690.32	3,103,651,659.99	7,007,715,765.23	22,494,990,772.83	5,706,475,270.92	28,201,466,043.75

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Consolidated Statement of Changes in Equity - continued

RMB

Item	For the six months ended 30 June 2021 (Restated) (Unaudited)								
	Attributable to shareholders of the parent company							Minority interests	Total shareholders' equity
	Equity	Other equity instruments Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total		
I. Balance on 31 December 2020 (Audited)	2,180,770,326.00	4,000,000,000.00	6,003,524,259.38	868,945,190.79	2,711,599,472.69	7,278,102,534.06	23,042,941,782.92	3,236,168,100.85	26,279,109,883.77
Add: Business combination under common control	-	-	2,686,202,387.99	(654,547,188.73)	-	(970,425,075.84)	1,061,230,123.42	2,903,611,927.72	3,964,842,051.14
II. Balance on 1 January 2021 (Restated) (Unaudited)	2,180,770,326.00	4,000,000,000.00	8,689,726,647.37	214,398,002.06	2,711,599,472.69	6,307,677,458.22	24,104,171,906.34	6,139,780,028.57	30,243,951,934.91
III. Changes for the period	-	-	53,305,146.82	66,535,850.16	220,000,000.00	(259,931,854.39)	79,909,142.59	(24,175,062.67)	55,734,079.92
(I) Total comprehensive income	-	-	-	66,535,850.16	-	1,208,603,816.90	1,275,139,667.06	115,378,382.97	1,390,518,050.03
(II) Shareholders' contributions and reduction in capital	-	-	53,305,146.82	-	-	-	53,305,146.82	(4,696,331.60)	48,608,815.22
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	(4,696,331.60)	(4,696,331.60)
2. Others	-	-	53,305,146.82	-	-	-	53,305,146.82	-	53,305,146.82
(III) Profit distribution	-	-	-	-	-	(1,248,535,671.29)	(1,248,535,671.29)	(134,857,114.04)	(1,383,392,785.33)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-
2. Profit distribution to shareholders	-	-	-	-	-	(1,248,535,671.29)	(1,248,535,671.29)	(134,857,114.04)	(1,383,392,785.33)
(IV) Absorption and merger of wholly-owned subsidiaries	-	-	-	-	220,000,000.00	(220,000,000.00)	-	-	-
IV. Balance on 30 June 2021 (Restated) (Unaudited)	2,180,770,326.00	4,000,000,000.00	8,743,031,794.19	280,933,852.22	2,931,599,472.69	6,047,745,603.83	24,184,081,048.93	6,115,604,965.90	30,299,686,014.83

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

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Company Statement of Changes in Equity

RMB

Item	For the six months ended 30 June 2022 (Unaudited)						
	Equity	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance on 1 January 2022 (Audited)	2,180,770,326.00	4,000,000,000.00	2,812,538,343.92	891,992,169.01	2,931,599,472.69	6,947,142,639.95	19,764,042,951.57
II. Changes for the period	-	-	1,364,120.94	-	172,052,187.30	(1,350,086,530.27)	(1,176,670,222.03)
(I) Total comprehensive income	-	-	-	-	-	266,554,370.26	266,554,370.26
(II) Shareholders' contributions and reduction in capital	-	-	1,364,120.94	-	-	-	1,364,120.94
1. Ordinary shares contributed by shareholders	-	-	1,364,120.94	-	-	-	1,364,120.94
(III) Profit distribution	-	-	-	-	172,052,187.30	(1,616,640,900.53)	(1,444,588,713.23)
1. Transfer to surplus reserve	-	-	-	-	172,052,187.30	(172,052,187.30)	-
2. Profit distribution to shareholders	-	-	-	-	-	(1,444,588,713.23)	(1,444,588,713.23)
III. Balance on 30 June 2022 (Unaudited)	2,180,770,326.00	4,000,000,000.00	2,813,902,464.86	891,992,169.01	3,103,651,659.99	5,597,056,109.68	18,587,372,729.54

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Company Statement of Changes in Equity - continued

RMB

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

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

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

I. GENERAL INFORMATION OF THE COMPANY

Shenzhen Expressway Corporation Limited (formerly known as "Shenzhen Expressway Company Limited", the "Company") is a joint stock limited company established in Guangdong Province, the People's Republic of China (the "PRC") on 30 December 1996. The Company has its H shares and A shares listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange of the PRC, respectively. The address of its registered office is Fumin Toll Station, Fucheng Street, Longhua District, Shenzhen, the PRC. The head office of the Company is located at Hanking Center Tower, No. 9968, Shennan Avenue, Yuehai Street, Nanshan District, Shenzhen, the PRC.

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

The parent company and actual controlling party of the Company are Shenzhen International Holdings Limited ("Shenzhen International") and the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipality ("Shenzhen SASAC") respectively.

These financial statements have been approved for issue by the Company's Board of Directors on 26 August 2022.

The details of scope of the consolidated financial statements are set out in Note VII "equity in other entities". The details of changes in the consolidation scope of the financial statements are set out in Note VI "changes in scope of consolidation".

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Preparation basis

The Group implements the accounting standards for business enterprises and related regulations issued by the Ministry of Finance. In addition, the related financial information has been disclosed in accordance with the requirements of the *Rules on Preparation of Disclosures of Publicly Traded Company No. 15 - General Provisions on Financial Statements, Hong Kong Companies Ordinance* and the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

Going concern

As at 30 June 2022, the Group had total current liabilities in excess of total current assets of RMB 9,442,560,640.92. The Group has unused bank credit lines totaling RMB 24.892 billion as at 30 June 2022, however, they are not reserved by the banks to satisfy the Group's debt and capital commitments. As the Group can solve the lack of working capital through reasonable financing arrangements, the financial statements have been prepared on a going concern basis.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS - continued

Basis of accounting and principle of measurement

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

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

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the consolidated and Company's financial position as at 30 June 2022, and the consolidated and Company's operating results, the consolidated and Company's changes in shareholders' equity and the consolidated and Company's cash flows for the six months ended 30 June 2022 in accordance with the Accounting Standards for Business Enterprises.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

2. Accounting period

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

3. Operating cycle

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

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiary chooses its functional currency on the basis of the primary economic environment in which it operates. The Company adopts RMB to prepare its financial statements.

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

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

5.1 Business combinations involving entities under common control

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

5. The accounting treatment of business combinations involving entities under common control and business combinations not involving entities under common control - continued

5.1 Business combinations involving entities under common control - continued

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

5.2 Business combinations not involving entities under common control and goodwill

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

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where a business combination not involving entities under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Preparation of consolidated financial statements

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

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

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

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

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Preparation of consolidated financial statements - continued

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

7. Classification of joint arrangements

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

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

8. Recognition criteria of cash and cash equivalents

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

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

9.1 Transactions denominated in foreign currencies

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

At the balance sheet date, foreign currency monetary items are translated into functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the book balances (other than the amortized cost) of monetary items at fair value through other comprehensive income are recognized in other comprehensive income.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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

9.1 Transactions denominated in foreign currencies - continued

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

9.2 Translation of financial statements denominated in foreign currencies

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments

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

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

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

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

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the book balance of the financial asset or the amortized cost of financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability including earlier repayment, extension, call option or other similar options etc. without considering future credit losses.

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

10.1 Classification, recognition and measurement of financial assets

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

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial asset measured at amortized cost. These financial assets mainly include cash at banks and on hand, Bills receivable, accounts receivable, other receivables and long-term receivables, etc.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets - continued

Financial assets that meet the following conditions are classified as at fair value through other comprehensive income ("FVTOCI"): the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The accounts receivable and Bills receivable classified as at FVTOCI upon acquisition are presented under financing with receivables, while the remaining items due within one year (inclusive) upon acquisition are presented under other current assets. Other financial assets of such type are presented as other debt investments if they are due after one year since the acquisition, or presented under non-current assets due within one year if they are due within one year (inclusive) since the balance sheet date.

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

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets - continued

10.1.1 Financial assets measured at amortized cost

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

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

- For the purchased or originated credit-impaired financial assets, the Group recognizes their interest income based on amortized cost and credit-adjusted effective interest rate of such financial assets since initial recognition.
- For purchased or originated financial assets that were not credit-impaired but have become credit-impaired in subsequent period, the Group calculates the interest income by applying the effective interest rate to the amortized cost of the financial assets in subsequent period. If the financial instrument is no longer credit-impaired due to improvement of credit risk, and the improvement is linked with an event occurred after application of above provisions, the Group will calculate the interest income by applying effective interest rate to the carrying amount of the financial assets.

10.1.2 Financial assets at FVTOCI

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets - continued

10.1.3 Financial assets at FVTPL

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

10.2 Impairment of financial instruments

For financial assets at amortized cost, financial assets classified as at FVTOCI, lease receivables, contract assets, financial liabilities that are not at FVTPL and financial guarantee contracts that are not qualified for derecognition due to the transfer of financial assets or financial liabilities arising from continuing involvement of the transferred financial assets, the Group accounts for the impairment and recognizes the provision for losses on the basis of expected credit loss ("ECL").

For all contract assets, Bills receivable and accounts receivable arising from transactions regulated by Revenue Standards, and lease receivables arising from transactions regulated by the *Accounting Standards for Business Enterprises No. 21 - Lease*, the Group recognizes the provision for losses at an amount equivalent to the lifetime ECL.

For other financial instruments, except for the purchased or originated credit-impaired financial assets, at each balance sheet date, the Group assess changes in credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime; if credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognizes loss allowance based on 12-month ECL of the financial instrument. Increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment, except for financial assets classified as at fair value through other comprehensive income. The Group recognizes credit loss allowance for financial assets at FVOCI in other comprehensive income and recognizes loss/gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss as gain on impairment.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.1 Significant increase in credit risk

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.2 Credit-impaired financial asset

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

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

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

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

10.2.3 Recognition of expected credit losses

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

Bad debt provision for receivables that are subject to provision by group with similar credit risk characteristics		
Group 1	Receivables from government and related parties	Specific identification
Group 2	Receivables from customers in wind turbine generators sales industry	Aging analysis
Group 3	Receivables from kitchen waste disposal clients	Aging analysis
Group 4	Receivables from other third parties other than those in Group 1, 2 and 3	Aging analysis

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.3 Recognition of expected credit losses - continued

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

- For a financial asset, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For a lease receivable, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flow to be received.
- For financial guarantee contracts (see Note III, 10.4.1.2.1 for specific accounting policies), credit losses are the present value of the difference between the expected payment to be made by the Group to the contract holder for the credit losses incurred, and the amount the Group expects to receive from the contract holder, the debtor or any other parties.

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

10.2.4 Write-off of financial assets

The Group shall directly reduce the book balance of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

10.3 Transfer of financial assets

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.3 Transfer of financial assets - continued

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.4 Classification of financial liabilities and equity instruments

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

10.4.1 Classification, recognition and measurement of financial liabilities

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

10.4.1.1 Financial liabilities at fair value through profit or loss

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.4 Classification of financial liabilities and equity instruments - continued

10.4.1 Classification, recognition and measurement of financial liabilities - continued

10.4.1.1 Financial liabilities at fair value through profit or loss - continued

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

10.4.1.2 Other financial liabilities

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

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

10.4.2 Derecognition of financial liabilities

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.4 Classification of financial liabilities and equity instruments - continued

10.4.2 Derecognition of financial liabilities

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

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

10.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Change of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

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

10.5 Derivatives and embedded derivatives

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.5 Derivatives and embedded derivatives - continued

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

10.6 Offsetting financial assets and financial liabilities

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

11. Inventories

11.1 Categories of inventories

The Group's inventories mainly include real estate development properties, raw materials, work in progress, finished goods, low-value consumables and others, etc.

Real estate properties comprise properties held for sale, properties under development and properties held for development. Properties held for sale are those properties completed and for sale, while properties under development are those properties still under construction and for sale purposes, and properties held for development are those lands purchased and planned to have properties developed on.

Inventories are initially measured at cost. Cost of real estate development comprises land cost, construction cost and other costs. Cost of raw materials, work in progress and finished goods comprises costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

11.2 Valuation method of inventories upon delivery

The cost of completed properties held for sale is determined using the specific identification method. The actual cost of raw materials, work in progress, and finished goods upon delivery is calculated using the FIFO method. The actual cost of maintenance and repair parts upon delivery is calculated using the weighted average method.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Inventories - continued

11.3 Basis for the determination of net realizable value

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

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

Provision for decline in value of inventories are appropriated at cost of individual inventory item over its net realizable value.

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

11.4 Inventory count system

The perpetual inventory system is maintained for stock system.

11.5 Amortization method for low value consumables and packaging materials

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

12. Contract assets

12.1 Determination method and standards of contract assets

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

13. Assets classified as held-for-sale

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

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

The Group measures the no-current assets or disposal groups classified as held for sale at the lower of their carrying amount and fair value less costs to sell. Where the carrying amount is higher than the net amount of fair value less costs to sell, the carrying amount should be reduced to the net amount of fair value less costs to sell, and such reduction is recognized in impairment loss of assets and included in profit or loss for the period. Meanwhile, provision for impairment of held-for-sale assets are made. When there is increase in the net amount of fair value of non-current Transactional financial assets less costs to sell at the balance sheet date, the original deduction should be reversed in impairment loss of assets recognized after the classification of held-for-sale category, and the reverse amount is include in profit or loss for the period. Impairment losses of assets recognized before they are classified as held for sale will not be reversed.

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

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

14. Long-term equity investments

14.1 Determination criteria of joint control and significant influence

Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influences are the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those polices. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effects of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible have been considered.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

14. Long-term equity investments - continued

14.2 Determination of initial investment costs

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

14. Long-term equity investments - continued

14.2 Determination of initial investment costs - continued

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

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

14.3 Subsequent measurement and recognition of profit or loss

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

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

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

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

Investments in joint ventures are accounted for using the equity method, except for investments in associates and joint ventures that are classified in whole or in part as held-for-trading financial assets. An associate is an entity over which the Group has significant influence; a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

14. Long-term equity investments - continued

14.3 Subsequent measurement and recognition of profit or loss - continued

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

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjust the carrying amount of the long-term equity investment accordingly; the carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; the share of changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognized in the capital reserve the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognizes its share of the investee's net profit or loss after making appropriate adjustments based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Group, the Group shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements. For the Group's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. When the investment output of our corporation could be considered as business, and the investor receive long-term equity investment without the acquisition of controlling, the fair value of the investment business should be considered as the initial capital of the new long-term equity investment. The difference between initial investment capitals of the carrying amount of investment business will be entirely included in current profit or loss. The difference between the prices of the sold assets which could constitute as business and the carrying amount of the business will be entirely included in current profit or loss. The assets of the corporation which purchased from joint companies and joint ventures that could be consider as business will be dealt on the basis of "Accounting Standard for Business Enterprises No. 20-Business Combinations and be entirely accounted as trading profits or losses.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

14. Long-term equity investments - continued

14.4 Disposal of long-term equity investments

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

Where the Group loses control over the investee due to disposal of part of equity investment, during preparing separate financial statement, remaining interest after disposal which can make joint control or significant influence over the investee is accounted for using the equity method, and adjusted as if it is accounted for using the equity method since the acquisition date. If remaining interest after disposal cannot make joint control or significant influence over the investee, it is accounted for in accordance with the standards for the recognition and measurement of financial instruments, and the difference between fair value on date of losing control and carrying amount is recognized in profit or loss for the period. Other comprehensive income previously recognized for using the equity method or in accordance with the standards for the recognition and measurement of financial instruments before obtaining the control over the investee is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities; changes in other owners' equity in the investee's net assets recognized under the equity method (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period. If remaining interest after disposal is accounted for using the equity method, other comprehensive income and other owners' equity are transferred on a pro rata basis. If remaining interest after disposal is accounted for in accordance with the standards for the recognition and measurement of financial instruments, other comprehensive income and other owners' equity are transferred in their entirety.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

14. Long-term equity investments - continued

14.4 Disposal of long-term equity investments - continued

Where the Group loses joint control or significant influence over the investee due to disposal of part of equity investment, remaining interest after disposal is accounted for in accordance with the standards for the recognition and measurement of financial instruments, and the difference between fair value on date of losing joint control or significant influence and carrying amount is recognized in profit or loss for the period. Other comprehensive income previously recognized for using the equity method is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities when stop using the equity method, and owners' equity recognized due to changes in other owners' equity (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period in its entirety when stop using the equity method.

The Group loses control over the subsidiaries through step by step transactions of disposal of its equity investment in the subsidiaries. Where such transactions are a "package deal", they are accounted for as a transaction of disposal of subsidiary to lose control. The difference between the proceeds from each disposal before losing control and carrying amount of long-term equity investment corresponding to the disposed investment is firstly recognized as other comprehensive income and then transferred to profit or loss for the period in which the control is lost.

15. Investment properties

Investment property is property held to earn rents or for capital appreciation or both. It includes car parking spaces that is leased out.

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

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

	Estimated useful life	Estimated residual value rate	Annual amortization rate
Car parking spaces	30 years	-	3.33%
Buildings	20 years	5.00%	4.75%

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**16. Fixed assets***16.1 Recognition criteria*

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

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

16.2 Depreciation methods

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

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

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

16.3 Other particulars

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

17. Construction in progress

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

18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than three months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognized as an expense in the period in which they are incurred.

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

19. Intangible assets

Intangible assets include franchise rights (toll road and kitchen waste disposal project), billboard use right, patent, land use right, contract rights and office software.

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

If the fees charged by the Group to those who receive public products and services during the period of operation of PPP project such as kitchen waste disposal and toll road do not constitute an unconditional right to receive cash, the consideration amount of the relevant PPP project assets or the amount of construction income recognized shall be recognized as concession intangible assets when the PPP project assets are ready for intended use.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

19. Intangible assets - continued

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

(1) Franchise rights

(a) Toll road

Franchise rights associated with the toll roads refer to the rights granted by the respective concession grantors, which entitle the Group to receive the toll fees from users and the land use right obtained in conjunction with the concession arrangement.

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

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

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

19. Intangible assets - continued

(1) Franchise rights - continued

(a) Toll road - continued

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

Item	Operating period	Unit usage (RMB)
Meiguan Expressway	May 1995 to March 2027	0.53
Shenzhen Airport-Heao Expressway (Western Section)	May 1999 to March 2027	0.59
Shenzhen Airport-Heao Expressway (Eastern Section)	October 1997 to March 2027	2.95
Wuhuang Expressway	September 1997 to September 2022	5.82
Qinglian Expressway	July 2009 to July 2034	30.01
Shuiguan Expressway	March 2002 to February 2027	5.66
Yichang Expressway	January 2004 to December 2033	10.88
Changsha Ring Road (North-western Section) ("Changsha Ring Road")	November 1999 to October 2029	2.39
Coastal Expressway	December 2013 to December 2038	6.09
Outer Ring Phase I (Note 1)	December 2020 to December 2045	7.02
Outer Ring Phase II (Note 1)	December 2020 to December 2045	1.36
Longda Expressway	October 2005 to October 2027	0.25

Note 1: Tolling years of Outer Ring Expressway have not yet been approved.

(b) Kitchen waste disposal project

Franchise rights related to kitchen waste disposal are amortized on a straight-line basis during the period of franchise operation.

(2) Other intangible assets

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

19. Intangible assets - continued

(3) Internal research and development expenditure

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

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

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

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

20. Impairment of long-term assets

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

20. Impairment of long-term assets - continued

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

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

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

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

21. Long-term prepaid expenses

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

22. Contract liabilities

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

23. Employee benefits

23.1 Accounting treatment of short-term employee benefits

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

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

23.2 Accounting treatment of post-employment benefits

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

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

23.3 Accounting treatment of termination welfare

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

23.4 Accounting treatment of other long-term employee benefits

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

24. Provisions

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

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

25. Preferred stock, perpetual bonds and other financial instruments

Other financial instruments including preferred stocks and perpetual bonds issued by the Group are measured as equity instruments when they satisfy all the following criteria:

- (1) The financial instruments do not include cash or other financial assets delivered to other parties, or contractual obligations to exchange financial assets or liabilities with other parties under potential disadvantages;
- (2) When the Company's own equity instrument is required to or available to be used for settlement of the financial instrument, it does not include the contractual obligations to settle the Company's own variable equity instruments if it is a non-derivative instrument; if it is a derivative instrument, the Group can only settle the instrument by exchanging certain amount of its own equity instruments with fixed amount of cash or other financial assets.

Except for other financial instruments that can be classified as equity instruments described above, other financial instruments issued by the Group are classified as financial liabilities.

For other financial instruments including preferred stocks and perpetual bonds classified as financial liabilities, interest expense or dividends distributions are treated as borrowing costs, and the gains or losses arising from the re-purchase or redemption are recognized in profit or loss for the period. When the financial liability is measured at amortized cost, related transaction costs are included in initial measurement.

For other financial instruments including preferred stocks and perpetual bonds classified as equity instruments, interest expense or dividends distribution is recorded as the profit distribution of the Group; the repurchase, cancellation etc. are accounted for as changes in equity, and related transaction costs are deducted from the equity.

26. Revenue

26.1 Accounting policies used for revenue recognition and measurement

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Revenue - continued

26.1 Accounting policies used for revenue recognition and measurement - continued

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. Transaction price refers to the consideration that the Group is expected to charge due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

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

The Group adopts input method, i.e. the input by the Group for purpose of fulfilment of performance obligation to determine the appropriate progress of performance. Where the progress cannot be determined reasonably, the revenue is recognized based on the amount of cost that is expected to be compensated based on the cost already incurred, until the progress of performance is reasonably determined.

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Revenue - continued

26.1 Accounting policies used for revenue recognition and measurement - continued

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Revenue - continued

26.1 Accounting policies used for revenue recognition and measurement - continued

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

- (1) The Group's revenue from operation of toll roads is recognized when the related services have been provided and economic benefits associated with the services are likely to flow into the Group.
- (2) The Group's revenue from sales of wind turbine equipment, kitchen waste disposal equipment and other commodities are recognized when the client obtains the control over the goods.
- (3) For engineering construction services provided, the Group determines the performance progress and recognizes revenue according to the proportion of the cost incurred to the estimated total cost.
- (4) The Group's revenue from property sales is recognized when (1) the property is completed and accepted as qualified, (2) the property meets the delivery conditions as agreed in the sales contract, and (3) the client obtains the control over relevant goods or services.
- (5) The Group's revenue from entrusted highway operation and management and maintenance services is recognized on a straight-line basis over the contract period.
- (6) The Group has signed cooperation agreements with government departments to participate in the construction of toll roads and kitchen waste disposal projects. During the construction period, the construction service provided by the Group shall be regarded as the performance obligations performed within a certain period and the construction revenue shall be recognized by the completion percentage methods in accordance with the proportion of the incurred costs to estimated total costs. During the commercial operation period, the revenue from kitchen waste disposal shall be recognized according to the actual amount of waste disposal and the unit price agreed in the waste disposal agreement. Revenue from sales of electric power shall be recognized according to the on-grid electric quantity and the unit price agreed in the electricity purchase and sale contract when the electric power has been produced and connected to the grid. Revenue from sales of grease shall be recognized according to the actual grease sales volume and the unit price agreed in the agreement when the client obtains the control over relevant goods.

27. Contract cost

27.1 Costs of obtaining contracts

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Contract cost - continued

27.2 Costs to fulfill contracts

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

28. Categories of government grants and accounting treatment methods

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

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

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

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

28. Categories of government grants and accounting treatment methods - continued

28.2 Accounting treatment and determining basis of government grant related to income - continued

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

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

29. Deferred tax assets / deferred tax liabilities

The income tax expenses include current income tax and Deferred revenue tax.

29.1 Current income tax

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

29.2 Deferred tax assets and deferred tax liabilities

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

29. Deferred tax assets / deferred tax liabilities - continued

29.2 Deferred tax assets and deferred tax liabilities - continued

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

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

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

29.3 Offsetting of income tax

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

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

30. Leases

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Leases - continued

30.1 The Group as lessee

30.1.1 Separating components of a lease

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

30.1.2 Right-of-use assets

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

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

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

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

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

30.1.3 Lease liabilities

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Leases - continued

30.1 The Group as lessee - continued

30.1.3 Lease liabilities - continued

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

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

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

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

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

30.1.4 Short-term leases and lease of low value assets

For short-term leases and lease of low value assets of transport vehicles, mechanical equipment /others (please indicate the specific type of leased assets), the Group chose not to recognize the right-to-use assets and Lease obligation. Short-term leases are leases that, on the beginning of the lease period, have a lease term not exceeding 12 months and do not include the option to buy. A lease of a low-value asset, is a lease that the single underlying asset, when is new, is no more than RMB 50,000.00. The Group includes the lease payments for short-term leases and lease of low-value assets on a straight-line basis in current profit or loss or the cost of the underlying assets for each period of the lease term.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Leases - continued

30.1 The Group as lessee - continued

30.1.5 Lease changes

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

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

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

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

30.2 The Group as lessor

30.2.1 Separating components of a lease

For a contract that contains lease and non-lease components, the Group allocates the consideration in the contract in accordance with the regulations related to allocation of transaction price of Revenue Standards on the basis of the relative stand-alone price of the lease components and the non-lease components.

30.2.2 Classification of leasing

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

30.2.2.1 The Group as lessor under operating leases

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Leases - continued

30.2 The Group as lessor - continued

30.2.2 Classification of leasing - continued

30.2.2.2 The Group as lessor under finance leases

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

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

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

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

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

30.2.3 Subleases

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

30.2.4 Lease modifications

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Leases - continued

30.2 The Group as lessor - continued

30.2.4 Lease modifications - continued

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

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

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

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

30.2.5 Sale and leaseback transactions

30.2.5.1 The Group as the seller and lessee

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

30.2.5.2 The Group as the buyer and lessor

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Other significant accounting policies and accounting estimates

Segment information

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

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

32. Changes in significant accounting policies and accounting estimates

32.1 Changes in significant accounting policies

32.1.1 Accounting Standards for Business Enterprises Interpretation No. 15

The Accounting Standards for Business Enterprises Interpretation No. 15 (the "Interpretation No. 15") was issued by the Ministry of Finance in the form of Cai Kuai [2021] No. 35 Document on 30 December 2021, Issue I of which stipulated the accounting treatment for the external sale of products or by-products produced by an enterprise before the fixed asset are ready for intended use or in the process of research and development.

In accordance with Issue I of Interpretation No. 15, if the Group sells products or by-products produced before the fixed assets are ready for intended use or in the process of research and development ("hereinafter collectively referred to as the "trial sale"), it shall, in accordance with the provisions of Revenue Standard and Accounting Standards for Business Enterprises No. 1 - Inventory, respectively conduct accounting treatment for income and costs related to the trial sale, and include them in profit and loss for the period, but shall not charge against the cost of fixed assets or research and development expenditures with the net amount after offsetting the related costs from the income related to trial sales. Before the relevant products or by-products produced in the trial operation are sold, products that comply with the provisions of the Accounting Standards for Business Enterprises No. 1 - Inventory shall be recognized as inventory, and products that meet the relevant conditions for asset recognition in other relevant accounting standards for business enterprises shall be recognized as relevant assets. The term "products or by-products produced before the fixed assets are ready for intended use" as mentioned hereunder includes circumstances such as samples produced when testing whether fixed assets may operate normally.

In accordance with the provisions of Interpretation No. 15, the Group makes retroactive adjustments for trial sale that occurred from the beginning of the earliest period for presentation of the financial statements during which Interpretation 15 was applied for the first time (1 January 2021) to the date of application of Interpretation No. 15 (1 January 2022).

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**32. Changes in significant accounting policies and accounting estimates** - continued*32.1 Changes in significant accounting policies* - continued*32.1.1 Accounting Standards for Business Enterprises Interpretation No. 15* - continued

The items in consolidated balance sheet as at 31 December 2021 retroactively adjusted in accordance with Issue I of Interpretation No. 15 and the amounts affected are as follows:

Items affected	Before retroactive adjustment	Adjustment	After retroactive adjustment
Intangible assets	27,098,178,554.90	(7,124,649.49)	27,091,053,905.41
Undistributed profits	7,162,326,451.00	(4,783,489.67)	7,157,542,961.33
Minority interests	5,974,325,104.87	(2,341,159.82)	5,971,983,945.05

RMB

The items in consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2021 retroactively adjusted in accordance with Issue I of Interpretation No. 15 and the amounts affected are as follows:

Items affected	Before retroactive adjustment	Adjustment	After retroactive adjustment
Operating income	4,211,137,979.84	8,018,203.38	4,219,156,183.22
Operating costs	2,380,129,853.31	9,026,690.46	2,389,156,543.77

RMB

Furthermore, Issue III of Interpretation No. 15 provides for the determination of onerous contracts, and the Group considers that the adoption of this provision has no significant impact on the financial statements of both the Group and the Company.

32.2 Changes in significant accounting estimates

The Group has no changes in significant accounting estimates for the year.

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

In the application of accounting policies as set out in Note III, the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of the operating activities. These judgements, estimates and assumptions are based on historical experience of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates. The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

33. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates - continued

33.1 Critical judgements in applying accounting policies

(1) Business model

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

(2) Principal/agent

If the Group can control the project before transferring the agent project to the customer, it is the principal and recognizes the revenue based on the total consideration received or receivable. Otherwise, the Group is an agent and recognizes revenue based on the amount of commission or handling charges that the Group is expected to be entitled to collect. This amount is determined based on the total consideration received or receivable net of amounts due to other related parties, or predefined amount or proportion of commission.

(3) Lease period - Lease contract with a renewal option

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

33.2 Key assumptions and uncertainties in accounting estimates

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

(1) Amortization of franchise rights associated with toll roads

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

The directors perform periodic assessment of the total projected traffic volume. The Group will appoint an independent professional traffic consultant to perform independent professional traffic studies in order to make an appropriate adjustment if there is a material and continuous difference between projected and actual traffic volume.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

33. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates - continued

33.2 Key assumptions and uncertainties in accounting estimates - continued

(2) Impairment of goodwill

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

(3) Impairment of long-term equity investments

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

(4) Impairment of franchise rights

When considering the impairment of the franchise rights, the management of the Company calculates the present value of future cash flows to determine the recoverable amount. The assumptions of calculating the franchise rights associated with kitchen waste disposal project include the per unit waste disposal fee, production/processing capacity, operation duration, operating cost, and necessary return rate.

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

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

IV. TAXATION

1. Main categories and rates of taxes:

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

The entities with different EIT rates are disclosed as follows:

Name of the entity	Income tax rate
China Logistics Finance Services Co., Ltd. ("Logistics Finance Company") (2)	For amount not exceeding HKD 2 million: 8.25%; for amount exceeding HKD 2 million: 16.5%
Bioland Environmental Technologies Group (Hong Kong) Co., Ltd. ("Hong Kong Bioland") (2)	For amount not exceeding HKD 2 million: 8.25%; for amount exceeding HKD 2 million: 16.5%
Shenzhen Investment Holdings Bay Area Development Company Limited ("Bay Area Development") (2)	For amount not exceeding HKD 2 million: 8.25%; for amount exceeding HKD 2 million: 16.5%
Wilberforce International Ltd. ("Wilberforce") (2)	For amount not exceeding HKD 2 million: 8.25%; for amount exceeding HKD 2 million: 16.5%
Jiehao (British Virgin Islands) Co., Ltd. ("Jiehao") (2)	For amount not exceeding HKD 2 million: 8.25%; for amount exceeding HKD 2 million: 16.5%
Shenzhen Investment Holdings Bay Area Management Company Limited ("Bay Area Management") (2)	For amount not exceeding HKD 2 million: 8.25%; for amount exceeding HKD 2 million: 16.5%
Shenzhen Investment Holdings Bay Area Service Company Limited ("Bay Area Service") (2)	For amount not exceeding HKD 2 million: 8.25%; for amount exceeding HKD 2 million: 16.5%
Shenzhen Investment Holdings Bay Area Financing Company Limited ("Bay Area Financing") (2)	For amount not exceeding HKD 2 million: 8.25%; for amount exceeding HKD 2 million: 16.5%
Hopewell Guangzhu Expressway Development Co., Ltd. ("Hopewell Guangzhu Expressway") (2)	For amount not exceeding HKD 2 million: 8.25%; for amount exceeding HKD 2 million: 16.5%
Guanjia (British Virgin Islands) Co., Ltd. ("Guanjia") (2)	For amount not exceeding HKD 2 million: 8.25%; for amount exceeding HKD 2 million: 16.5%
Hopewell China Development (Superhighway) Limited ("Hopewell China Development") (2)	For amount not exceeding HKD 2 million: 8.25%; for amount exceeding HKD 2 million: 16.5%

IV. TAXATION - continued

1. Main categories and rates of taxes: - continued

- (1) According to the provisions of the *Announcement of the State Taxation Administration on Clarifying Several Issues Concerning the Administration of Collection of Value-Added Tax on the Dealing of Used Vehicles and Other Items* (Announcement 2020 No. 9 of the State Administration of Taxation), if no waste is produced after specialized treatment by landfill or incineration, the processing fee charged is subject to the VAT rate of 6% for "professional technology services" in the category of providing "modern services" of entrusted party; if waste is produced after specialized treatment and the waste belongs to the entrusting party, the processing fee charged is subject to the VAT rate of 13% for "processing services" provided by the entrusted party; if waste is produced after specialized treatment and the waste belongs to the entrusted party, the processing fee charged is subject to the VAT rate of 6% for "professional technology services". If the entrusted party sells the waste, it is subject to the VAT rate for waste.
- (2) Logistics Finance Company, Bioland Company, Bay Area Development and some of its *subsidiaries* are incorporated in Hong Kong with an applicable income tax rate of 16.5%.

2. Tax preference

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

According to the provisions of the *Notice of the Ministry of Finance and the State Administration of Taxation on Value-Added Tax Policies for Wind Power Generation* (Cai Shui [2015] No. 74), since 1 July 2015, taxpayers who sell their self-produced power products using wind power are subject to a 50% VAT refund policy. Subsidiaries of Baotou Nanfeng Wind Power Technology Co., Ltd. ("Baotou Nanfeng"), including Baotou Lingxiang New Energy Co. Ltd. ("Baotou Lingxiang"), Damaoqi Nanchuan Wind Power Co., Ltd., Damaoqi Ningyuan Wind Power Co., Ltd., Damaoqi Ningxiang Wind Power Co., Ltd. and Damaoqi Ningfeng Wind Power Co., Ltd. (collectively referred to as "wind power enterprises under Baotou Nanfeng"), Mulei Qianxin Energy Development Co., Ltd. ("Qianxin Company"), Mulei Qianzhi Energy Development Co., Ltd. ("Qianzhi Company"), Mulei Qianhui Energy Development Co., Ltd. ("Qianhui Company"), Ningxia Zhongwei Xintang New Energy Co., Ltd. ("Ningxia Zhongwei") and Yongcheng Zhuneng New Energy Technology Co., Ltd. ("Yongcheng Zhuneng") are wind power enterprises and enjoy the above tax preferences.

(b) Preferential policies for three years exemptions

According to the provisions of the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner* (Cai Shui [2016] No. 36), general taxpayers who provide pipeline transportation service, tangible movable property financing lease service and tangible movable property sale-leaseback financing service will enjoy a VAT refund for the actual VAT that exceeds 3%. Shenzhen Expressway Financial Leasing Co., Ltd. ("Financial Leasing Company") provides tangible movable property sale-leaseback financing service and thus enjoys the above tax preferences.

IV. TAXATION - continued

2. Tax preference - continued

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

According to the provisions of the *Enterprise Income Tax Law of the People's Republic of China*, for income of enterprises engaged in the investment and operation of public infrastructure projects supported by the state, from the tax year in which the project obtains the first production and operation income, the enterprise income tax will be exempt from the first to the third year, and the enterprise income tax will be levied by half from the fourth to sixth year. Projects of Wind power enterprises under Baotou Nanfeng, Qianzhi Company, Qianhui Company, Ningxia Zhongwei, Yongcheng Zhuneng and Outer Ring Expressway (Phase I) satisfy the tax preferences policies for public infrastructure projects supported by the state. Wind power enterprises under Baotou Nanfeng started grid-connected power generation since 2020 and obtained the first income from production and operation, the enterprise income tax will be exempt from 2018 to 2020 and levied by half from 2021 to 2023.

Qianzhi Company, Qianhui Company and Ningxia Zhongwei started grid-connected power generation since 2020 and obtained the first income from production and operation, the enterprise income tax will be exempt from 2020 to 2022 and levied by half from 2023 to 2025.

Yongcheng Zhuneng started grid-connected power generation and obtained the first income from production and operation since 2021, the enterprise income tax will be exempt from 2021 to 2023 and levied by half from 2024 to 2026.

Outer Ring Expressway (Phase I) started operation since 29 December 2020 and obtained the first income from operation, the enterprise income tax will be exempt from 2020 to 2022 and levied by half from 2023 to 2025.

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

Longyou Bioland Environmental Technology Co., Ltd. ("Longyou Bioland") and Taizhou Bioland Environmental Technology Co., Ltd. ("Taizhou Bioland") engage in operation projects that meet the enterprise income tax preferential policies for environmental protection and energy-saving water conservation project, the enterprise income tax will be exempt from 2018 to 2020 and levied by half from 2021 to 2023.

Huangshi Huantou Bioland Renewable Energy Co., Ltd. ("Huangshi Bioland") engages in operation projects that meet the enterprise income tax preferential policies for environmental protection and energy-saving water conservation project, the enterprise income tax will be exempt from 2019 to 2021 and levied by half from 2022 to 2024.

IV. TAXATION - continued

2. Tax preference - continued

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

Handan Bioland Renewable Resources Co., Ltd. ("Handan Bioland"), Zhuji Bioland Renewable Resources Co., Ltd. ("Zhuji Bioland"), Shangrao Bioland Environmental Protection Technology Co., Ltd. ("Shangrao Bioland"), and Xinyu Bioland Renewable Resources Co., Ltd. ("Xinyu Bioland") engage in operation projects that meet the enterprise income tax preferential policies for environmental protection and energy-saving water conservation project, the enterprise income tax will be exempt from 2021 to 2023 and levied by half from 2024 to 2026.

Fuzhou Bioland Environmental Protection Technology Co., Ltd. ("Fuzhou Bioland") engages in operation projects that meet the enterprise income tax preferential policies for environmental protection and energy-saving water conservation project, the enterprise income tax will be exempt from 2022 to 2024 and levied by half from 2025 to 2027.

(d) Reduction and exemption of enterprise income tax for ethnic minority regions

According to the provisions of the *Notice of Joint Implementation of Preferential Enterprise Income Tax Policies for Ethnic Minority Autonomous Regions by Guangdong Department of Finance, Guangdong Local Taxation Bureau and Guangdong State Taxation Bureau* (Yue Cai fa [2017] No. 11), the enterprises in Lianshan Zhuang and Yao Autonomous Counties, Liannan Yao Autonomous County and other minority areas will be exempted from the local sharing part of enterprise income tax payable (including provincial and municipal and county levels), i.e., enterprise income tax is reduced and exempted by 40%. This policy will be implemented from 1 January 2018 to 31 December 2025. Shenzhen Expressway (Guangdong) New Energy Investment Co., Ltd ("Guangdong New Energy") is registered in Liannan Yao Autonomous County, and enjoys a 40% reduction of enterprise income tax.

(e) Preferential policies on enterprise income tax for the large-scale development of western china

According to the provisions of *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China* (Announcement No. 23 (2020) of the Ministry of Finance), the enterprise income tax will be levied at 15% for enterprises in encouraging industries located in Western China. Wind power enterprises under Baotou Nanfeng, Qianxin Company, Qianzhi Company, Qianhui Company, Ningxia Zhongwei, Guangxi Bioland and Guiyang Beier Bioland are enterprises in industries encouraged located in the western region and enjoy the tax preference of calculating and paying enterprise income tax at the reduced tax rate of 15%.

IV. TAXATION - continued

2. Tax preference - continued

(f) Preferential policies on enterprise income tax for high-tech enterprises

Bioland Environmental Technologies Corp., Ltd. ("Bioland Company") obtained the High-tech Enterprise Certificate (Certificate No. GR202041000586) in 9 September 2020 which is valid for three years. According to the *Enterprise Income Tax Law of the People's Republic of China* and related regulations, Bioland Company levies enterprise income tax at a tax rate of 15% from 2020 to 2022.

Guangxi Bioland Environmental Technologies Co., Ltd. ("Guangxi Bioland") obtained the High-tech Enterprise Certificate (Certificate No. GR201945000737) on 25 November 2019 which is valid for three years. In accordance with the *Enterprise Income Tax Law of the People's Republic of China* and relevant provisions, Guangxi Bioland levies enterprise income tax at a tax rate of 15% from 2019 to 2021. The qualification of Guangxi Bioland as a high-tech enterprise expires on 25 November 2021, and is now in the public announcement stage for re-certification application. According to the provisions of the *Announcement of the State Administration of Taxation on Issues concerning the Implementation of the Preferential Income Tax Policies regarding High-Tech Enterprises*, the enterprise income tax will be temporarily calculated and paid at the rate of 15% in 2022.

Nanjing Wind Power Technology Co., Ltd. ("Nanjing Wind Power") obtained the High-tech Enterprise Certificate (Certificate No. GR201932002858) on 22 November 2019, which is valid for three years. According to the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China and the Notice of Tax Matters issued by Nanjing Local Taxation Bureau of Jiangsu Province, Nanjing Wind Power levies enterprise income tax at a tax rate of 15% from 2019 to 2021. The qualification of Nanjing Wind Power as a high-tech enterprise expires on 22 November 2021, and is now in the public announcement stage for re-certification application. According to the provisions of the *Announcement of the State Administration of Taxation on Issues concerning the Implementation of the Preferential Income Tax Policies regarding High-Tech Enterprises*, the enterprise income tax will be temporarily calculated and paid at the rate of 15% in 2022.

Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Co., Ltd. ("Qiantai Company") obtained the High-tech Enterprise Certificate (Certificate No. GR202044205342) on 11 December 2020, which is valid for three years. According to the relevant provisions of the *Enterprise Income Tax Law of the People's Republic of China*, Qiantai Company levies enterprise income tax at a tax rate of 15% from 2020 to 2022.

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

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

IV. TAXATION - continued

2. Tax preference - continued

(g) Preferential policies on exemption from property tax for three years

According to Article 9 of the *Measures for the Implementation of Property Tax in Shenzhen Special Economic Zone* (Shen Fu [1987] No. 164), newly-built houses (excluding those built in violation of regulations) newly constructed or purchased by taxpayers are exempt from property tax for three years from the next month following the completion or purchases of newly-built houses. The Company and Outer Ring Company enjoy this preferential policy from 2021 to 2023.

3. Others

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

According to the *Certificate of Resident Status of Overseas Registered Chinese Holding Enterprises* issued by Shenzhen Taxation Bureau of the State Administration of Taxation (Shen Shui Ju Gao [2020] No. 4、Shen Shui Ju Gao [2022] No. 1), Fameluxe Investment Limited and Logistics Finance Company were recognized as a resident enterprise of China and would be subject to the relevant taxation administration. This came into effect for Fameluxe Investment Limited in 2020, came into effect for Logistics Finance Company in 2022.

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at banks and on hand

Item	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Cash on hand:	7,897,556.72	7,993,396.61
RMB	7,850,085.27	7,947,642.07
HKD	47,265.56	45,544.49
Euro	84.10	86.48
Yen	18.66	21.05
Franc	82.25	81.64
Peseta	20.88	20.88
Bank deposits:	5,835,832,476.52	5,850,883,611.82
RMB	5,659,114,549.12	5,624,592,702.05
HKD	163,037,319.09	219,736,292.12
USD	13,680,608.31	6,554,617.65
Others:	54,445,574.54	58,767,479.31
RMB	54,415,098.58	58,731,686.44
HKD	30,475.96	35,792.87
Interest receivable on bank deposits	22,258,400.95	31,044,399.40
Total	5,920,434,008.73	5,948,688,887.14
Including: Total amount deposited abroad	176,514,033.12	25,670,515.00

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**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1. Cash at banks and on hand - continued

As at 30 June 2022, the Group's restricted funds are listed as follows:

Item	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Regulated equity acquisition funds	210,001,639.81	210,000,000.00
Special account for project management	20,857,880.72	185,808,630.11
Guarantee deposits	79,484,613.77	52,731,354.54
Litigation freeze	80,831,724.18	12,145,100.00
Total	391,175,858.48	460,685,084.65

2. Transactional financial assets

Category	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Financial assets at FVTPL	468,386,209.06	564,018,179.30
Including:		
Structural deposits	260,526,373.33	351,380,821.92
Compensation for valuation adjustment mechanism (Note)	207,859,835.73	212,637,357.38
Total	468,386,209.06	564,018,179.30

Note: During the year 2019, the Company's wholly-owned subsidiary, Shenzhen Expressway Environment Construction Management Co., Ltd. ("Environment Company"), has completed the acquisition of 51% of the shares of Nanjing Wind Power; during the year 2020, Environment Company has completed the acquisition of 67.14% of the shares of Bioland Company; during the year 2020, the Company's subsidiary, Shenzhen Expressway Infrastructure Environment Protection Development Co., Ltd. ("Infrastructure Environment Protection Development Company"), has completed the acquisition of 50% of the shares of Qiantai Company. The above-mentioned equity acquisition agreement includes a number of terms on valuation adjustment mechanism. In 2021, the compensation for valuation adjustment mechanism amounting to RMB 212,637,357.38 was recognized by the Company based on the situation of valuation adjustment mechanism. During the reporting period, RMB 4,777,521.65 has been received.

3. Bills receivable

(1) Classification of bills receivable

Category	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Bank acceptance bills	16,256,400.00	44,888,115.83
Commercial acceptance bills	-	42,500,000.00
Total	16,256,400.00	87,388,115.83

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. Bills receivable - continued

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

RMB

Item	30 June 2022 (Unaudited)		31 December 2021 (Restated) (Unaudited)	
	Amount derecognized at the end of the period	Amount not derecognized at the end of the period	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	2,100,000.00	11,000,000.00	2,500,000.00	23,612,500.00
Commercial acceptance bills	-	-	-	37,000,000.00
Total	2,100,000.00	11,000,000.00	2,500,000.00	60,612,500.00

(3) As at 30 June 2022, the Group had no bills that were converted into accounts receivable due to the failure of the drawer to perform the contract.

4. Accounts receivable

(1) Accounts receivable disclosed by aging:

RMB

Aging	30 June 2022 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	590,474,492.98	11,706,346.29	1.98
1 to 2 years	316,149,434.62	18,752,974.69	5.93
2 to 3 years	80,791,306.57	21,630,374.96	26.77
Over 3 years	31,083,039.89	17,612,919.81	56.66
Total	1,018,498,274.06	69,702,615.75	

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

RMB

Category	30 June 2022 (Unaudited)					31 December 2021 (Restated) (Unaudited)				
	Book balance		Bad debt provision		Carrying amount	Book balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Credit loss allowance assessed individually										
Assessed individually	58,479,689.80	5.74	38,186,480.82	65.30	20,293,208.98	-	-	-	-	-
Credit loss allowance assessed collectively by portfolio on the basis of credit risk characteristics										
Portfolio 1	107,524,595.11	10.56	-	-	107,524,595.11	82,591,426.20	7.91	-	-	82,591,426.20
Portfolio 2	425,232,847.09	41.75	9,871,807.92	2.32	415,361,039.17	503,105,399.19	48.23	28,053,915.71	5.58	475,051,483.48
Portfolio 3	114,673,086.94	11.26	21,102,124.31	18.40	93,570,962.63	124,740,281.63	11.96	21,102,124.31	16.92	103,638,157.32
Portfolio 4	312,588,055.12	30.69	542,202.70	0.17	312,045,852.42	332,788,016.28	31.90	455,180.83	0.14	332,332,835.45
Total	1,018,498,274.06	100.00	69,702,615.75		948,795,658.31	1,043,225,123.30	100.00	49,611,220.85		993,613,902.45

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Accounts receivable - continued

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

Accounts receivable for which the bad debt provision is assessed on portfolio basis:

The accounts receivable for which the bad debt provision is assessed by aging analysis method in portfolio 2, portfolio 3 and portfolio 4:

RMB

Portfolio 2	30 June 2022 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	167,147,019.98	1,730,221.31	1.04
1 to 2 years	184,658,913.26	4,764,199.96	2.58
2 to 3 years	73,426,913.85	3,377,386.65	4.60
Total	425,232,847.09	9,871,807.92	

RMB

Portfolio 3	30 June 2022 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	61,044,613.73	2,652,220.30	4.34
1 to 2 years	26,014,511.60	427,289.53	1.64
2 to 3 years	6,603,037.57	1,977,804.19	29.95
Over 3 years	21,010,924.04	16,044,810.29	76.36
Total	114,673,086.94	21,102,124.31	

RMB

Portfolio 4	30 June 2022 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	264,511,596.84	98,832.05	0.04
1 to 2 years	47,730,269.82	304,141.16	0.64
2 to 3 years	58,240.85	21,079.77	36.19
Over 3 years	287,947.61	118,149.72	41.03
Total	312,588,055.12	542,202.70	

(3) Bad debt provision

RMB

Category	1 January 2022 (Restated) (Unaudited)	Changes for the period			30 June 2022 (Unaudited)
		Provision	Received or reversed	Written off or cancelled	
Accounts receivable for which the bad debt provision is assessed individually and collectively by portfolio on the basis of credit risk characteristics	49,611,220.85	20,091,394.90	-	-	69,702,615.75

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Accounts receivable - continued

(3) Bad debt provision - continued

Changes in bad debt provision of accounts receivable:

			RMB
Bad debt provision	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2022 (Restated) (Unaudited)	37,911,969.08	11,699,251.77	49,611,220.85
- Transfer into credit-impaired	-	-	-
- Reversal of not credit-impaired	-	-	-
Provision	1,788,150.90	18,303,244.00	20,091,394.90
Reversals	-	-	-
Transfer out due to derecognition of financial assets (including direct write-down)	-	-	-
Other changes	-	-	-
30 June 2022 (Unaudited)	39,700,119.98	30,002,495.77	69,702,615.75

For the six months ended 30 June 2022, the Group has no recovery or reversal of bad debt provision which is individually significant:

(4) For the six months ended 30 June 2022, no accounts receivable has been written off.

(5) Top five accounts receivable categorized by debtor:

			RMB
Item	Book balance	Bad debt provision	Proportion to total accounts receivable (%)
Total of top five accounts receivable as at 30 June 2022	574,508,896.72	50,519,308.75	56.41

5. Prepayments

(1) Prepayments presented by aging:

		RMB		
Aging	30 June 2022 (Unaudited)		31 December 2021 (Restated) (Unaudited)	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	233,601,636.40	91.31	161,130,276.63	84.21
1 to 2 years	19,209,252.14	7.51	26,934,962.21	14.07
2 to 3 years	855,131.85	0.33	1,147,229.85	0.60
Over 3 years	2,176,665.09	0.85	2,138,232.05	1.12
Total	255,842,685.48	100.00	191,350,700.74	100.00

(2) Prepayments presented by nature:

		RMB	
Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)	
Prepayments for materials	207,581,236.94	122,752,638.43	
Others	48,261,448.54	68,598,062.31	
Total	255,842,685.48	191,350,700.74	

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**5. Prepayments - continued****(2) Prepayments presented by nature: - continued**

As at 30 June 2022, the prepayments aged over 1 year mainly represent the prepayments for materials and prepayments for construction. As the construction projects have not yet been settled or the goods have not yet been delivered by the suppliers, the prepayments remain outstanding.

(3) Top five prepayments categorized by payee:

				RMB
Item	Relationship with the Group	Book balance	Aging	Proportion to total prepayments (%)
Total of top five prepayments as at 30 June 2022	Non-related party	160,219,663.50	Within 1 year	62.62

6. Other receivables**6.1 Other receivables are classified as follows:**

			RMB
Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)	
Interest receivable	-	-	
Dividends receivable	30,134,438.57	-	
Other receivables	989,516,978.58	981,250,269.52	
Total	1,019,651,417.15	981,250,269.52	

6.2 Dividends receivable

Investee	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Dividends receivable aged within 1 year		
Bank of Guizhou Co., Ltd. ("Bank of Guizhou")	30,134,438.57	-
Total	30,134,438.57	-

6.3 Other receivables**(1) Other receivables presented by aging:**

Aging	30 June 2022 (Unaudited)			RMB
	Other receivables	Bad debt provision	Proportion (%)	
Within 1 year	653,317,081.41	311,198.47	0.05	
1 to 2 years	113,329,165.88	1,074,892.78	0.95	
2 to 3 years	131,001,599.21	102,672.40	0.08	
Over 3 years	93,455,023.66	97,127.93	0.10	
Total	991,102,870.16	1,585,891.58		

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Other receivables - continued

6.3 Other receivables - continued

(2) Classification of other receivables by nature:

RMB

Nature	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Advances receivable	339,374,293.39	259,515,026.86
Receivables from related parties (Note X. 6(1))	312,441,344.22	377,336,868.47
Receivables from third parties	208,152,643.46	190,529,991.18
Deposits and guarantees	86,824,922.50	84,012,110.38
Accounts receivable due to cancellation of toll stations in Yanpai Expressway and Yanba Expressway	7,714,656.95	9,209,048.19
Employee advance loan	6,650,146.04	5,906,125.21
Administrative reserve	3,536,400.46	3,142,726.45
Others	26,408,463.14	54,314,262.44
Total	991,102,870.16	983,966,159.18

(3) Details of bad debt provision are as follows:

RMB

Category	1 January 2022 (Restated) (Unaudited)	Changes in the period			30 June 2022 (Unaudited)
		Provision	Received or reversed	Written off or cancelled	
Other receivables for which the bad debt provision is assessed individually and collectively by portfolio on the basis of credit risk characteristics	2,715,889.66	395,739.57	(1,525,737.65)	-	1,585,891.58

Changes in bad debt provision of other receivables are as follows:

RMB

Bad debt provision	The first stage	The second stage	The third stage	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
1 January 2022 (Restated) (Unaudited)	2,715,889.66	-	-	2,715,889.66
-- Transfer into the second stage	-	-	-	-
-- Transfer into the third stage	-	-	-	-
-- Reverse to the second stage	-	-	-	-
-- Reverse to the first stage	-	-	-	-
Provision	395,739.57	-	-	395,739.57
Reversal	(1,525,737.65)	-	-	(1,525,737.65)
Transfer out due to derecognition of financial assets (including direct write-down)	-	-	-	-
Other changes	-	-	-	-
30 June 2022 (Unaudited)	1,585,891.58	-	-	1,585,891.58

(4) Top five other receivables categorized by debtor:

RMB

Item	Nature	Book balance	Aging	Proportion to total other receivables (%)	Closing balance of provision for bad debts
Total of top five other receivables as at 30 June 2022	Receivables from related parties, advances receivable	609,605,493.01	Within 1 year, 1-2 years, 2-3 years, over 3 years	61.51	-

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7. Inventories

(1) Classification of inventories

RMB

Item	30 June 2022 (Unaudited)			31 December 2021 (Restated) (Unaudited)		
	Book balance	Allowance for impairment	Carrying amount	Book balance	Allowance for impairment	Carrying amount
Properties held for development (Note 1)	253,193,157.89	-	253,193,157.89	252,297,560.64	-	252,297,560.64
Properties under development (Note 2)	587,642,319.11	-	587,642,319.11	519,737,453.95	-	519,737,453.95
Properties held for sale (Note 3)	88,553,448.06	-	88,553,448.06	103,908,129.83	-	103,908,129.83
Raw materials	272,383,055.08	6,266,143.51	266,116,911.57	251,139,643.00	6,266,143.51	244,873,499.49
Work in progress	182,431,017.42	786,831.90	181,644,185.52	173,650,856.04	786,831.90	172,864,024.14
Finished goods	37,939,119.52	7,920,885.63	30,018,233.89	44,127,465.84	3,500,752.82	40,626,713.02
Low value consumables and others	4,288,119.37	-	4,288,119.37	4,513,478.01	-	4,513,478.01
Total	1,426,430,236.45	14,973,861.04	1,411,456,375.41	1,349,374,587.31	10,553,728.23	1,338,820,859.08

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

Note 2: Properties under development

RMB

Name of project	Start time	Estimated completion date	Amount of estimated investment	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Phase III Stage III of Youshan Villa	September 2020	September 2022	960,479,500.00	497,651,839.17	438,892,819.36
Public area	December 2015			89,990,479.94	80,844,634.59
Total			960,479,500.00	587,642,319.11	519,737,453.95

Note 3: Properties held for sale

RMB

Name of project	Time of completion	1 January 2022 (Restated) (Unaudited)	Addition	Reduction	30 June 2022 (Unaudited)	Provision for decline in value
Phase I Stage I of Youshan Villa	December 2016	17,264,656.28	-	-	17,264,656.28	-
Phase II Stage II of Youshan Villa	April 2019	47,833,651.62	-	554,381.18	47,279,270.44	-
Phase III Stage I of Youshan Villa	November 2020	38,809,821.93	-	14,800,300.59	24,009,521.34	-
Total		103,908,129.83	-	15,354,681.77	88,553,448.06	-

(2) Provision for decline in value of inventories

RMB

Item	1 January 2022 (Restated) (Unaudited)	Provision	Reversal	Write-off	30 June 2022 (Unaudited)
Raw materials	6,266,143.51	-	-	-	6,266,143.51
Work in progress	786,831.90	-	-	-	786,831.90
Finished goods	3,500,752.82	4,420,132.81	-	-	7,920,885.63
Total	10,553,728.23	4,420,132.81	-	-	14,973,861.04

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7. Inventories - continued

(3) Explanation of capitalized borrowing costs included in the closing balance of inventories

In the current period, the amount of capitalization of interest included in the inventories was RMB 1,371,490.08 (for the six months ended 30 June 2021: RMB 607,647.75), and the capitalization rate used to recognize the capitalization amount was 4.75% (for the six months ended 30 June 2021: 4.75%). As at 30 June 2022, the amount of capitalization of interest included in the closing balance of inventories was RMB 3,065,056.49 (31 December 2021: RMB 2,618,438.36).

8. Contract assets

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

RMB

Item	30 June 2022 (Unaudited)			31 December 2021 (Restated) (Unaudited)		
	Book balance	Allowance for impairment	Carrying amount	Book balance	Allowance for impairment	Carrying amount
Construction receivables	193,183,991.68	3,304,869.42	189,879,122.26	285,947,418.06	3,304,869.42	282,642,548.64
Warranties receivable	73,414,200.00	329,368.50	73,084,831.50	73,414,200.00	329,368.50	73,084,831.50
Kitchen waste engineering construction receivables	44,063,934.06	16,471,364.68	27,592,569.38	55,926,013.11	16,471,364.68	39,454,648.43
Total	310,662,125.74	20,105,602.60	290,556,523.14	415,287,631.17	20,105,602.60	395,182,028.57

(2) Amount and reason for the significant changes in the carrying amount during the current period

RMB

Item	Amount of changes	Reason for changes
Construction receivables	(92,763,426.38)	Carry forward the contract assets based on project settlement situation
Kitchen waste engineering construction receivables	(11,862,079.05)	Carry forward the contract assets based on project settlement situation

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

RMB

Item	1 January 2022 (Restated) (Unaudited)	Allowance	Reversal	Write-off/ Cancellation	30 June 2022 (Unaudited)	Reason
Construction receivables	3,304,869.42	-	-	-	3,304,869.42	
Warranties receivable	329,368.50	-	-	-	329,368.50	
Kitchen waste engineering construction receivables	16,471,364.68	-	-	-	16,471,364.68	
Total	20,105,602.60	-	-	-	20,105,602.60	

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. Contract assets - continued

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

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

RMB

Provision for impairment	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2022 (Restated) (Unaudited)	20,105,602.60	-	20,105,602.60
- Transfer into credit-impaired	-	-	-
- Reversal of not credit-impaired	-	-	-
Provision	-	-	-
Reversal	-	-	-
Transfer out due to derecognition	-	-	-
Other changes	-	-	-
30 June 2022 (Unaudited)	20,105,602.60	-	20,105,602.60

9. Non-current assets due within one year

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Advances due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd.	125,764,291.76	120,895,107.33
Financial leasing receivables	78,433,282.27	60,790,008.82
Refund of equity transfer fund due from Hotai Investment	24,000,000.00	32,000,000.00
Receivables from Guizhou Longli County Government in relation to Longli BT Project	-	22,548,751.19
Sub-total	228,197,574.03	236,233,867.34
Less: Provision for bad debts	450,043.34	424,993.14
Total	227,747,530.69	235,808,874.20

Note: Please refer to Note V, 12.

10. Other current assets

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Pending deduction of input value-added tax	213,704,531.85	532,701,075.67
Prepaid tax	15,758,279.50	13,439,414.00
Total	229,462,811.35	546,140,489.67

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

11. Long-term prepayments

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Prepayments for acquisition and construction of long-term assets	356,303,133.33	3,151,829.89
Prepayments for Shenzhen Airport-Heao Expressway reconstruction and expansion	251,907,367.00	300,926,235.11
Prepaid project fund of Shenzhen Outer Ring Expressway Investment Company Limited ("Outer Ring Company")	54,681,271.59	57,932,647.65
Prepaid project fund of Guangming Environment project	42,690,283.01	-
Prepaid project fund of the Second Shenzhen-Shantou Expressway	31,983,334.23	30,165,945.78
Prepaid project fund of Coastal Project Phase II	1,134,575.20	-
Prices for acquiring equity of Shenzhen Investment Holdings International Capital Holding Infrastructure Company Limited ("SIHICH")	-	610,973,679.03
Finance lease prepayments for equipment from Financial Leasing Company	-	788,934,557.45
Total	738,699,964.36	1,792,084,894.91

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Long-term receivables

(1) General information:

Item	30 June 2022 (Unaudited)			31 December 2021 (Restated) (Unaudited)			Range of discount rate
	Book balance	Allowance for impairment	Carrying amount	Book balance	Allowance for impairment	Carrying amount	
Financial leasing receivables (Note 1)	1,105,663,243.04	7,319,120.27	1,098,344,122.77	388,879,531.18	2,716,754.90	386,162,776.28	/
Electricity compensation income (Note 2)	950,479,854.42	3,470,300.99	947,009,553.43	737,182,813.78	2,403,815.78	734,778,998.00	4.35%
Advances due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd	176,581,736.49	-	176,581,736.49	176,616,203.44	-	176,616,203.44	/
Refund of equity transfer fund due from Hotai Investment (Note 3)	24,000,000.00	-	24,000,000.00	32,000,000.00	-	32,000,000.00	/
Receivables from Guizhou Longli County Government in relation to Longli BT Project	-	-	-	22,548,751.19	-	22,548,751.19	/
Sub-total	2,256,724,833.95	10,789,421.26	2,245,935,412.69	1,357,227,299.59	5,120,570.68	1,352,106,728.91	/
Less: Long-term receivables due within one year	228,197,574.03	450,043.34	227,747,530.69	236,233,867.34	424,993.14	235,808,874.20	/
Including: Advances due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd	125,764,291.76	-	125,764,291.76	120,895,107.33	-	120,895,107.33	/
Financial leasing receivables (Note 1)	78,433,282.27	450,043.34	77,983,238.93	60,790,008.82	424,993.14	60,365,015.68	/
Refund of equity transfer fund due from Hotai Investment (Note 3)	24,000,000.00	-	24,000,000.00	32,000,000.00	-	32,000,000.00	/
Receivables from Guizhou Longli County Government in relation to Longli BT Project	-	-	-	22,548,751.19	-	22,548,751.19	/
Total	2,028,527,259.92	10,339,377.92	2,018,187,882.00	1,120,993,432.25	4,695,577.54	1,116,297,854.71	

Note 1: It represents the rental and interest of equipment under financial leasing receivable by the Company's subsidiary Financial Leasing Company. As at 30 June 2022, the financial leasing receivables amounted to RMB 1,105,663,243.04 (31 December 2021: RMB 388,879,531.18).

Note 2: As at 30 June 2022, the balance of electricity compensation income which has not been received by wind power enterprises under Baotou Nanfeng, Qianzhi Company, Qianxin Company, Qianhui Company, Yongcheng Zhuneng and Ningxia Zhongwei totaled RMB 950,479,854.42 (31 December 2021: RMB 737,182,813.78).

Note 3: According to the sale and purchase agreement and supplementary agreement entered into in December 2020 between Mei Wah Company, a subsidiary of the Company, and Hotai Investment which is the former shareholder of Qinglong Expressway Co., Ltd. ("Qinglong Company"), a subsidiary of the Company, Mei Wah Company confirmed that the refunded consideration receivable amounted to RMB 40,000,000.00 and interest income amounted to RMB 8,890,000.00. The above refund receivable will be refunded in installments. As at 30 June 2022, the balance of refund receivable was RMB 24,000,000.00.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Long-term receivables - continued

(2) Provision for bad debts

RMB

Item	1 January 2022 (Restated) (Unaudited)	Addition	Reduction	30 June 2022 (Unaudited)
Bad debt provision	4,695,577.54	5,643,800.38	-	10,339,377.92

Changes in bad debt provision of long-term receivables are as follows:

RMB

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2022 (Restated) (Unaudited)	4,695,577.54	-	4,695,577.54
-- Transfer into the second stage	-	-	-
-- Transfer into the third stage	-	-	-
-- Reverse to the second stage	-	-	-
-- Reverse to the first stage	-	-	-
Provision	5,643,800.38	-	5,643,800.38
Reversal	-	-	-
Transfer out due to derecognition of financial assets (including direct write-down)	-	-	-
Other changes	-	-	-
30 June 2022 (Unaudited)	10,339,377.92	-	10,339,377.92

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13. Long-term equity investments

RMB

Investee	1 January 2022 (Restated) (Unaudited)	Changes in the current period							30 June 2022 (Unaudited)	Shareholdings (%)	Allowance for impairment at 30 June 2022 (Unaudited)
		Addition	Reduction	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Cash dividend or profit declared	Allowance for impairment	Others			
Nanjing Yangtze River Third Bridge Company Limited ("Nanjing Third Bridge Company")	298,691,867.76	-	-	18,161,474.78	-	(32,100,317.62)	-	-	284,753,024.92	25.00	-
Guangdong Yangmao Expressway Company Limited ("Yangmao Company")	807,388,513.77	-	-	13,875,060.29	-	(15,778,445.87)	-	-	805,485,128.19	25.00	-
Guangzhou Western Second Ring Expressway Company Limited ("GZ W2 Company")	326,012,414.64	-	-	23,214,739.68	-	(25,660,800.00)	-	-	323,566,354.32	25.00	-
Shenzhen International United Land Company Limited ("United Land Company")	1,213,223,134.59	-	-	17,345,445.05	-	-	-	-	1,230,568,579.64	34.30	-
Chongqing Derun Environment Co., Limited ("Derun Environment")	4,946,099,608.64	-	-	126,570,997.48	(2,734,108.41)	-	-	(6,855,668.27)	5,063,080,829.44	20.00	-
Foshan Shunde Shengchuang Shenzhen Expressway Environmental Technology Industry M&A Investment Partnership (Limited Partnership) ("Shengchuang Fund")	124,919,605.79	-	-	(3,244,247.98)	-	-	-	-	121,675,357.81	45.00	-
Shenzhen Fenghe Energy Investment Co., Ltd. ("Fenghe Energy")	-	200,000,000.00	-	(3,004,485.94)	-	-	-	-	196,995,514.06	50.00	-
Guangzhou-Shenzhen-Zhuhai Expressway Co., Ltd. ("Guangzhou-Shenzhen-Zhuhai Expressway")	5,720,369,476.17	-	-	23,111,570.09	-	-	-	-	5,743,481,046.26	45.00	-
Guangdong Guangzhu West Line Expressway Co., Ltd. ("Guangzhu West Line Expressway")	3,627,919,660.88	-	-	51,076,821.32	-	-	-	-	3,678,996,482.20	50.00	-
Guangzhou Zhentong Industrial Development Co., Ltd. ("Xintang Joint Venture") (Note 1)	396,259,139.00	-	-	(4,098,925.75)	-	-	-	-	392,160,213.25	15.00	-
Others (Note 2)	1,647,529,820.05	1,800,000.00	-	66,701,974.61	-	(30,132,420.00)	-	1,364,120.94	1,687,263,495.60	-	-
Total	19,108,413,241.29	201,800,000.00	-	329,710,423.63	(2,734,108.41)	(103,671,983.49)	-	(5,491,547.33)	19,528,026,025.69	-	-

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13. Long-term equity investments - continued

Note 1: Bay Area Development, a subsidiary of the Company, has appointed one director to the Board of Directors of Xintang Joint Venture, which has a significant impact on its operation and financial decisions.

Note 2: Others include the Group's associates and joint ventures Yunji Smart Engineering Co., Ltd. ("Yunji Smart"), Shenzhen Huayu Expressway Investment Co., Ltd. ("Huayu Company"), Guizhou Hengtongli Property Co., Ltd. ("Guizhou Hengtongli"), Bank of Guizhou, Shenzhen Guangming Fengrunjiu Health Service Co., Ltd. ("Guangming Fengrunjiu"), Huai'an Zhongheng New Energy Co., Ltd. ("Huai'an Zhongheng") and China Environmental Resources Technology Co., Ltd. ("China Environmental Resources").

14. Other non-current financial assets

Item	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Shenzhen Water Planning & Design Institute Co., Ltd. ("Water Planning & Design Institute")	336,874,830.75	240,218,654.87
Shenzhen State Owned Cooperative Development Private Equity Fund Partnership (Limited Partnership) ("Cooperative Development Fund")	308,486,714.70	308,486,714.70
Guangdong United Electronic Service Co., Ltd. ("United Electronic")	166,929,255.90	156,213,134.69
Guangdong Heyuan Rural Commercial Bank Co., Ltd.	22,503,680.00	22,503,680.00
Guangdong Zijin Rural Commercial Bank Co., Ltd.	9,180,560.00	9,180,560.00
Yiwu Shenneng Renewable Resources Utilization Co., Ltd.	2,243,730.00	2,243,730.00
Total	846,218,771.35	738,846,474.26

In the current period, the gains from changes in fair value of such equity investments is RMB 107,372,297.09 (for the six months ended 30 June 2021: losses on changes in fair value of RMB 13,251,519.39). Please refer to Note V, 55.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

15. Investment properties

(1) Investment properties measured at cost:

RMB

Item	Parking space	Buildings	Total
I. Cost			
1. Opening balance (Restated) (Unaudited)	18,180,000.00	31,346,745.27	49,526,745.27
2. Additions in the period	-	11,763,007.58	11,763,007.58
(1) Transfer from fixed assets	-	11,763,007.58	11,763,007.58
3. Reductions	-	20,091,422.02	20,091,422.02
(1) Transfer to fixed assets	-	20,091,422.02	20,091,422.02
4. Closing balance (Unaudited)	18,180,000.00	23,018,330.83	41,198,330.83
II. Accumulated amortization			
1. Opening balance (Restated) (Unaudited)	7,532,834.52	3,143,017.37	10,675,851.89
2. Additions in the period	287,862.12	1,939,801.55	2,227,663.67
(1) Provision	287,862.12	755,789.03	1,043,651.15
(2) Transfer from fixed assets	-	1,184,012.52	1,184,012.52
3. Reductions	-	2,220,069.50	2,220,069.50
(1) Transfer to fixed assets	-	2,220,069.50	2,220,069.50
4. Closing balance (Unaudited)	7,820,696.64	2,862,749.42	10,683,446.06
III. Carrying amount			
1. Closing balance (Unaudited)	10,359,303.36	20,155,581.41	30,514,884.77
2. Opening balance (Restated) (Unaudited)	10,647,165.48	28,203,727.90	38,850,893.38

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

(2) As at 30 June 2022, the investment properties without the certificate of ownership are listed as follows:

RMB

Item	Carrying amount (Unaudited)	Reason for not yet obtaining the certificate of ownership
Buildings	20,155,581.41	In process
The parking space beneath the Jiangsu Building	10,359,303.36	All the certificates of ownership of the parking space in Shenzhen are not available.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Fixed assets

(1) Fixed asset movements

RMB

Item	Buildings	Traffic equipment	Motor vehicles	Office and other equipment	Mechanical equipment	Total
I. Cost						
1. Opening balance (Restated) (Unaudited)	1,216,834,845.56	1,760,017,214.22	38,107,192.67	110,956,865.10	4,285,316,550.11	7,411,232,667.66
2. Additions	1,697,210,207.20	18,443,180.24	5,566,718.75	18,654,172.61	9,614,736.64	1,749,489,015.44
(1) Purchase	34,621,341.69	618,172.67	5,243,556.25	14,151,455.58	9,614,736.64	64,249,262.83
(2) Transfer from construction in progress	1,642,497,443.49	17,825,007.57	-	3,953,137.54	-	1,664,275,588.60
(3) Addition due to business combinations	-	-	323,162.50	549,579.49	-	872,741.99
(4) Transfer from investment properties	20,091,422.02	-	-	-	-	20,091,422.02
3. Reductions	11,763,007.58	28,041,800.33	528,149.00	4,319,534.20	44,914.53	44,697,405.64
(1) Disposals or retirement	-	-	528,149.00	4,319,534.20	44,914.53	4,892,597.73
(2) Transfer to investment properties	11,763,007.58	-	-	-	-	11,763,007.58
(3) Other reductions	-	28,041,800.33	-	-	-	28,041,800.33
4. Closing balance (Unaudited)	2,902,282,045.18	1,750,418,594.13	43,145,762.42	125,291,503.51	4,294,886,372.22	9,116,024,277.46
II. Accumulated depreciation						
1. Opening balance (Restated) (Unaudited)	311,823,198.43	979,463,880.09	20,713,477.24	59,556,907.10	329,027,313.47	1,700,584,776.33
2. Additions	62,574,004.51	57,708,654.70	3,854,169.48	14,155,863.85	130,802,296.02	269,094,988.56
(1) Provision	60,353,935.01	57,708,654.70	3,854,169.48	14,155,863.85	130,802,296.02	266,874,919.06
(2) Transfer from investment properties	2,220,069.50	-	-	-	-	2,220,069.50
3. Reductions	1,184,012.52	-	623,782.03	3,363,628.83	20,623.36	5,192,046.74
(1) Disposals or retirement	-	-	623,782.03	3,363,628.83	20,623.36	4,008,034.22
(2) Transfer to investment properties	1,184,012.52	-	-	-	-	1,184,012.52
4. Closing balance (Unaudited)	373,213,190.42	1,037,172,534.79	23,943,864.69	70,349,142.12	459,808,986.13	1,964,487,718.15
III. Allowance for impairment						
1. Opening balance (Restated) (Unaudited)	-	-	-	-	655,667.88	655,667.88
2. Additions	-	-	-	-	23,039.31	23,039.31
(1) Provision	-	-	-	-	23,039.31	23,039.31
3. Closing balance (Unaudited)	-	-	-	-	678,707.19	678,707.19
IV. Carrying amount						
Closing balance (Unaudited)	2,529,068,854.76	713,246,059.34	19,201,897.73	54,942,361.39	3,834,398,678.90	7,150,857,852.12
Opening balance (Restated) (Unaudited)	905,011,647.13	780,553,334.13	17,393,715.43	51,399,958.00	3,955,633,568.76	5,709,992,223.45

(2) Fixed assets without certificates of ownership

RMB

Item	Carrying amount (Unaudited)	Reason for not yet obtaining the certificate of ownership
Buildings	675,452,470.70	As all toll roads and the affiliated buildings and structures would be returned to the government when the approved operating periods expire, the Group has no intention to acquire the related property ownership certificates except that the certificates for the buildings of Qiantai Company and Mulei Project are in process.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Construction in progress

(1) General information of construction in progress

RMB

Item	30 June 2022 (Unaudited)			31 December 2021 (Restated) (Unaudited)		
	Book balance	Allowance for impairment	Carrying amount	Book balance	Allowance for impairment	Carrying amount
Langfang factory project	63,920,125.81	-	63,920,125.81	62,438,575.48	-	62,438,575.48
Office building decoration and rectification civil engineering	37,721,939.92	-	37,721,939.92	36,322,191.70	-	36,322,191.70
Xuanwei project	25,167,669.00	-	25,167,669.00	24,674,152.66	-	24,674,152.66
Special electromechanical project	8,593,842.29	-	8,593,842.29	11,032,054.23	-	11,032,054.23
Upgrading of anti-collision ring for navigation hole	4,285,807.98	-	4,285,807.98	14,685,215.28	-	14,685,215.28
Construction project for "province-station" direct transmission system	521,864.84	-	521,864.84	5,858,672.79	-	5,858,672.79
Hanking Headquarters Building	-	-	-	1,611,767,386.58	-	1,611,767,386.58
Others	19,022,662.12	4,199,980.14	14,822,681.98	17,154,728.29	4,199,980.14	12,954,748.15
Total	159,233,911.96	4,199,980.14	155,033,931.82	1,783,932,977.01	4,199,980.14	1,779,732,996.87

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Construction in progress - continued

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

RMB

Item	Budget amount	1 January 2022 (Restated) (Unaudited)	Additions in the current period	Transfer to fixed assets	Transfer to intangible assets	Other reductions in the current period	30 June 2022 (Unaudited)	The proportion of the accumulated project investment to total budget (%)	Project progress (%)	Cumulative amount of interest capitalized	Including: Interest capitalized for the current period	Interest capitalization rate for the current period (%)	Source of funds
Hanking Headquarters Building	1,809,000,000.00	1,611,767,386.58	28,566,043.29	1,640,333,429.87	-	-	-	90.00	100.00	-	-	-	Self-owned funds
Langfang factory project	163,000,000.00	62,438,575.48	1,481,550.33	-	-	-	63,920,125.81	39.21	39.21	-	-	-	Self-owned funds
Office building decoration and rectification civil engineering	72,000,000.00	36,322,191.70	3,537,213.17	2,137,464.95	-	-	37,721,939.92	99.00	99.00	-	-	-	Self-owned funds
Xuanwei project	96,000,000.00	24,674,152.66	493,516.34	-	-	-	25,167,669.00	26.00	-	-	-	-	Self-owned funds
Upgrading of anti-collision ring for navigation hole	14,000,000.00	14,685,215.28	-	10,399,407.30	-	-	4,285,807.98	100.00	100.00	-	-	-	Self-owned funds
Special electromechanical project	32,000,000.00	11,032,054.23	460,854.40	2,899,066.34	-	-	8,593,842.29	27.14	27.14	-	-	-	Self-owned funds
Construction project for "province-station" direct transmission system	8,000,000.00	5,858,672.79	-	3,953,137.54	-	1,383,670.41	521,864.84	74.18	74.18	-	-	-	Self-owned funds
Others		17,154,728.29	14,123,562.56	4,553,082.60	-	7,702,546.13	19,022,662.12	-	-	-	-	-	Self-owned funds
Total		1,783,932,977.01	48,662,740.09	1,664,275,588.60	-	9,086,216.54	159,233,911.96						

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

18. Right-of-use assets

RMB

Item	Buildings	Billboards	Total
I. Cost			
1. Opening balance (Restated) (Unaudited)	475,619,681.04	22,328,074.51	497,947,755.55
2. Additions in the current period	40,272,399.53	-	40,272,399.53
(1) Additions	39,270,399.00	-	39,270,399.00
(2) Addition due to business combinations	1,002,000.53	-	1,002,000.53
3. Reductions in the current period	7,058,428.74	4,975,232.82	12,033,661.56
(1) Disposals	7,058,428.74	4,975,232.82	12,033,661.56
4. Closing balance (Unaudited)	508,833,651.83	17,352,841.69	526,186,493.52
II. Accumulated depreciation			
1. Opening balance (Restated) (Unaudited)	102,544,146.13	13,927,912.70	116,472,058.83
2. Additions in the current period	32,773,490.00	2,515,649.92	35,289,139.92
(1) Provision	32,773,490.00	2,515,649.92	35,289,139.92
3. Reductions in the current period	2,794,419.80	499,739.75	3,294,159.55
(1) Disposals	2,794,419.80	499,739.75	3,294,159.55
4. Closing balance (Unaudited)	132,523,216.33	15,943,822.87	148,467,039.20
III. Allowance for impairment			
1. Opening balance (Restated) (Unaudited)	14,754,044.72	-	14,754,044.72
2. Closing balance (Unaudited)	14,754,044.72	-	14,754,044.72
IV. Carrying amount			
1. Closing balance (Unaudited)	361,556,390.78	1,409,018.82	362,965,409.60
2. Opening balance (Restated) (Unaudited)	358,321,490.19	8,400,161.81	366,721,652.00

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Intangible assets

(1) General information of intangible assets

RMB

Item	Franchise rights	Office software and others	Billboard use rights	Land use right	Contract rights	Patent use right	Total
I. Cost							
1. Opening balance (Restated) (Unaudited)	42,854,675,495.43	46,117,833.71	59,953,840.88	208,097,110.30	71,938,085.78	167,645,111.12	43,408,427,477.22
2. Additions	528,073,642.34	4,672,714.18	-	-	-	-	532,746,356.52
(1) Purchases	-	4,672,714.18	-	-	-	-	4,672,714.18
(2) Constructions	257,087,322.04	-	-	-	-	-	257,087,322.04
(3) Addition due to business combinations	270,986,320.30	-	-	-	-	-	270,986,320.30
3. Reductions	-	27,264.97	-	-	-	-	27,264.97
(1) Disposals	-	27,264.97	-	-	-	-	27,264.97
4. Closing balance (Unaudited)	43,382,749,137.77	50,763,282.92	59,953,840.88	208,097,110.30	71,938,085.78	167,645,111.12	43,941,146,568.77
II. Accumulated amortization							
1. Opening balance (Restated) (Unaudited)	12,374,872,480.30	21,215,601.10	59,503,133.85	5,523,365.63	11,915,031.58	34,108,664.74	12,507,138,277.20
2. Additions	789,180,823.31	3,540,665.03	83,422.20	2,701,124.02	4,406,967.01	7,066,396.48	806,979,398.05
(1) Provision	789,180,823.31	3,540,665.03	83,422.20	2,701,124.02	4,406,967.01	7,066,396.48	806,979,398.05
3. Reductions	-	27,264.97	-	-	-	-	27,264.97
(1) Disposals	-	27,264.97	-	-	-	-	27,264.97
4. Closing balance (Unaudited)	13,164,053,303.61	24,729,001.16	59,586,556.05	8,224,489.65	16,321,998.59	41,175,061.22	13,314,090,410.28
III. Allowance for impairment							
1. Opening balance (Restated) (Unaudited)	3,810,235,294.61	-	-	-	-	-	3,810,235,294.61
2. Additions	-	-	-	-	-	-	-
3. Closing balance (Unaudited)	3,810,235,294.61	-	-	-	-	-	3,810,235,294.61
IV. Carrying amount							
1. Closing balance (Unaudited)	26,408,460,539.55	26,034,281.76	367,284.83	199,872,620.65	55,616,087.19	126,470,049.90	26,816,820,863.88
2. Opening balance (Restated) (Unaudited)	26,669,567,720.52	24,902,232.61	450,707.03	202,573,744.67	60,023,054.20	133,536,446.38	27,091,053,905.41

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Intangible assets - continued

(2) The land use right without the certificate of ownership is listed as follows:

RMB

Item	Carrying amount (Unaudited)	Reason for not yet obtaining the certificate of ownership
Land use right of Damaoqi wind power project	12,289,953.40	In progress

(3) Information of franchise rights:

RMB

Item	Cost	1 January 2022 (Restated) (Unaudited)	Additions in the current period	Reductions in the current period	Amortization in the current period	Impairment in the current period	30 June 2022 (Unaudited)	Accumulated amortization	Allowance for impairment
I. Franchise rights associated with toll roads									
Qinglian Expressway (Note 1)	9,286,032,976.89	5,801,265,680.66	-	-	120,678,232.10	-	5,680,587,448.56	2,985,445,528.33	620,000,000.00
Airport-Heao Expressway	4,529,939,109.32	1,501,183,976.72	38,544,287.90	-	86,798,968.38	-	1,452,929,296.24	3,077,009,813.08	-
Meiguan Expressway	604,588,701.64	163,221,235.00	-	-	12,503,890.35	-	150,717,344.65	453,871,356.99	-
Outer Ring Expressway (Note 1)	5,741,898,614.12	5,501,546,332.03	-	-	116,895,826.80	-	5,384,650,505.23	357,248,108.89	-
Shuiguan Expressway	4,448,811,774.55	1,712,659,598.88	-	-	176,199,512.85	-	1,536,460,086.03	2,360,351,688.52	552,000,000.00
Yichang Expressway	3,160,038,564.24	2,455,466,563.20	-	-	78,727,567.87	-	2,376,738,995.33	783,299,568.91	-
Changsha Ring Road	613,168,490.90	478,172,980.07	(30,180,468.90)	-	19,295,912.54	-	428,696,598.63	184,471,892.27	-
Coastal Expressway Shenzhen Section (Note 1)	9,411,339,140.25	5,525,740,546.49	102,541,205.09	-	76,671,146.07	-	5,551,610,605.51	1,221,493,240.13	2,638,235,294.61
Wuhuang Expressway	1,523,192,561.66	138,196,139.39	-	-	46,344,592.36	-	91,851,547.03	1,431,341,014.63	-
Longda Expressway	251,559,214.13	81,727,694.04	-	-	6,379,059.81	-	75,348,634.23	176,210,579.90	-
Sub-total	39,570,569,147.70	23,359,180,746.48	110,905,024.09	-	740,494,709.13	-	22,729,591,061.44	13,030,742,791.65	3,810,235,294.61
II. Franchise rights associated with kitchen waste disposal									
Kitchen waste disposal of Bioland Company (Note 1)	3,398,764,741.48	3,216,543,466.45	97,596,877.25	-	42,880,146.62	-	3,271,260,197.08	127,504,544.40	-
Kitchen waste disposal of Guangming	142,428,928.29	93,843,507.59	48,585,420.70	-	-	-	142,428,928.29	-	-
Kitchen waste disposal of Shenzhen Lisai Environmental Protection Technology Co., Ltd. ("Lisai Environmental Protection")	270,986,320.30	-	270,986,320.30	-	5,805,967.56	-	265,180,352.74	5,805,967.56	-
Sub-total	3,812,179,990.07	3,310,386,974.04	417,168,618.25	-	48,686,114.18	-	3,678,869,478.11	133,310,511.96	-
Total	43,382,749,137.77	26,669,567,720.52	528,073,642.34	-	789,180,823.31	-	26,408,460,539.55	13,164,053,303.61	3,810,235,294.61

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Intangible assets - continued

(3) Information of franchise rights: - continued

Note 1: For the pledge of charging rights / equity / rights of management related to Qinglian Expressway, Outer Ring Expressway, Coastal Expressway Shenzhen Section and Bioland Company's kitchen waste disposal projects, please refer to Notes V. 34 (2) and V. 61.

Note 2: For the six months ended 30 June 2022, both the amount of intangible assets amortized and the amount included in profit or loss were RMB 806,979,398.05 (for the six months ended 30 June 2021: RMB 919,243,980.66).

Note 3: For the six months ended 30 June 2022, the Group capitalized borrowing costs on intangible assets amounting to RMB 17,457,001.76 (for the six months ended 30 June 2021: RMB 15,130,956.85).

* The land use rights of the Group are located in Chinese Mainland and held in the form of franchise.

20. Goodwill

(1) Cost of goodwill

RMB

Investee	1 January 2022 (Restated) (Unaudited)	Additions in the current period		Reductions in the current period	30 June 2022 (Unaudited)
		Business combinations not under common control			
SIHICH (Note)	202,893,131.20	-	-	-	202,893,131.20
Nanjing Wind Power	156,039,775.24	-	-	-	156,039,775.24
Total	358,932,906.44	-	-	-	358,932,906.44

Note: Please refer to Note VI, 2.

(2) Provision for impairment of goodwill

RMB

Investee	1 January 2022 (Restated) (Unaudited)	Additions in the current period	Reductions in the current period	30 June 2022 (Unaudited)
Nanjing Wind Power	110,000,000.00	-	-	110,000,000.00

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

- Wind turbines manufacturing asset group

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. Goodwill - continued

(2) Provision for impairment of goodwill - continued

The case where the carrying amount of goodwill is allocated to the asset group is as follows:

RMB

Item	Wind turbines manufacturing asset group	
	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Carrying amount of goodwill	46,039,775.24	46,039,775.24

- Bay Area Development asset group

The case where the carrying amount of goodwill is allocated to the asset group is as follows:

Item	Bay Area Development asset group	
	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Carrying amount of goodwill	202,893,131.20	202,893,131.20

21. Deferred tax assets / deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB

Item	30 June 2022 (Unaudited)		31 December 2021 (Restated) (Unaudited)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment and amortization of franchise rights of Coastal Expressway	634,592,894.00	158,648,223.50	740,935,819.52	185,233,954.88
Deductible losses	686,960,896.12	171,740,224.03	535,151,876.72	133,787,969.18
Payroll accrued but not paid	237,169,401.20	59,292,350.30	231,115,211.12	57,778,802.78
Operating compensation for newly-built toll station of Nanguang Expressway, Yanba Expressway and Yanpai Expressway ("Three Expressways") (Note 1)	226,644,931.35	56,661,232.84	241,584,931.35	60,396,232.84
Operating compensation for newly-built toll station of Longda Expressway (Note 1)	157,905,841.16	39,476,460.29	169,895,702.06	42,473,925.51
Adjustments to fair values of net assets of merged enterprises such as Shenchang Expressway Co., Ltd in Changsha, Hunan ("Shenchang Company"), etc.	131,851,875.63	32,962,968.91	137,873,100.03	34,468,275.01
Provision for impairment loss of assets	50,512,215.55	10,110,145.67	46,069,043.43	11,055,565.54
Amortization of other franchise rights	94,436,608.92	23,609,152.23	110,191,502.16	27,547,875.54
Bad debt provision	81,627,885.26	15,433,638.42	62,597,681.19	12,572,227.08
Provisions (Note 5)	71,963,428.60	15,035,775.00	78,183,630.23	16,590,825.41
Property compensation of Meiguan Company (Note 2)	71,579,153.96	17,894,788.49	72,070,951.44	18,017,737.86
Expenses accrued but not paid	66,411,877.76	16,602,969.44	55,883,099.44	13,970,774.86
Operating compensation for newly-built road ramp of Meiguan Expressway (Note 3)	62,131,865.56	15,532,966.39	68,672,061.88	17,168,015.47
Interest receivable from United Land Company's capital reduction (Note 4)	14,515,097.04	3,628,774.26	14,614,825.64	3,653,706.41
Compensation for demolition costs of old toll stations of Three Expressways and Longda Expressway	7,176,461.65	1,794,115.41	7,176,461.64	1,794,115.41
Others	32,988,834.48	7,583,039.03	71,747,481.42	13,093,566.16
Total	2,628,469,268.24	646,006,824.21	2,643,763,379.27	649,603,569.94

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Deferred tax assets / deferred tax liabilities - continued

(1) Deferred tax assets before offsetting - continued

Note 1: The Company received an operating compensation for newly-built toll station and a toll adjustment compensation regarding Three Expressways and Longda Expressway, and recognized the corresponding deferred tax assets for the temporary difference between the tax base and carrying amount.

Note 2: Meiguan Company, the Company's subsidiary, recognized the compensation for future relocated property granted by United Land Company, an associate of the Group, as other non-current assets. Considering the impact of the unrealized profits of the associate, the Group recognized the corresponding deferred tax asset for the temporary difference arising from the difference between the tax base and carrying amount of the other non-current assets recognized.

Note 3: In 2015, the Company received an operating compensation for newly-built toll station of Meiguan Expressway, and recognized the corresponding deferred tax assets for the temporary difference between the tax base and carrying amount.

Note 4: In the current year, United Land Company, an associate of the Company, capitalized the interest of the capital reduction of the Company. Considering the impact of the unrealized profits of the associate, the Group recognized the corresponding deferred tax assets for the temporary difference arising from the difference between the tax base and carrying amount based on its shareholding ratio of 34.30%.

Note 5: Deferred tax assets accrued by Bioland Company for the provisions recognized for pending litigation or arbitration and subsequent expenditures of BOT projects.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Deferred tax assets / deferred tax liabilities - continued

(2) Deferred tax liabilities before offsetting

RMB

Item	30 June 2022 (Unaudited)		31 December 2021 (Restated) (Unaudited)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not involving entities under common control				
- Qinglong Company	942,994,651.29	235,748,662.83	1,051,045,406.89	262,761,351.73
- Hunan Yichang Expressway Development Co., Ltd. ("Yichang Company")	853,862,279.26	213,465,569.82	882,659,527.46	220,664,881.87
- Guangdong Qinglian Highway Development Co., Ltd. ("Qinglian Company")	527,652,359.64	128,608,283.00	538,861,417.64	131,410,547.50
- Airport-Heao Eastern Company	502,516,439.56	125,629,111.88	554,771,623.20	138,692,907.79
- Bioland Company	488,575,225.07	120,322,555.90	497,628,469.43	122,585,866.99
- Lisai Environmental Protection	170,674,930.82	25,601,239.62	-	-
- Qiantai Company	145,545,816.97	20,530,528.32	148,544,636.05	21,280,233.09
- Nanjing Wind Power	59,405,936.47	8,783,958.37	60,675,257.47	9,101,288.62
- Baotou Nanfeng	31,434,127.84	7,858,531.96	32,311,755.52	8,077,938.88
- JEL Company	25,483,997.05	6,235,165.71	59,562,363.41	14,754,757.30
- Meiguan Company	3,486,009.64	871,502.41	4,445,096.32	1,111,274.08
- Shenzhen Expressway New Energy Holding Co., LTD. ("New Energy Company")	14,890,382.32	3,722,595.58	15,370,253.72	3,842,563.43
Amortization of franchise rights (Note)	452,805,639.80	113,201,409.95	469,911,329.80	117,477,832.45
Compensation for valuation adjustment mechanism	207,859,835.73	51,964,958.93	212,637,357.38	53,159,339.35
Others	1,969,901,596.84	425,121,481.84	1,791,170,078.68	380,438,602.30
Total	6,397,089,228.30	1,487,665,556.12	6,319,594,572.97	1,485,359,385.38

Note: The methods for amortization of franchise rights associated with toll roads are inconsistent in accounting (traffic volume method) and taxation (straight-line method), resulting in temporary differences with deferred tax liability recognized.

(3) Deferred tax assets or liabilities presented on net basis

RMB

Item	Offset amount of deferred tax assets and liabilities as at 30 June 2022 (Unaudited)	Deferred tax assets or liabilities after offset as at 30 June 2022 (Unaudited)	Offset amount of deferred tax assets and liabilities as at 31 December 2021 (Restated) (Unaudited)	Deferred tax assets or liabilities after offset as at 31 December 2021 (Restated) (Unaudited)
Deferred tax assets	(224,833,833.59)	421,172,990.62	(198,372,585.64)	451,230,984.30
Deferred tax liabilities	224,833,833.59	1,262,831,722.53	198,372,585.64	1,286,986,799.74

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

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Deductible tax losses	1,015,946,210.87	706,592,669.62
Deductible temporary differences	25,153,974.60	25,153,974.60
Total	1,041,100,185.47	731,746,644.22

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Deferred tax assets / deferred tax liabilities - continued

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

RMB

Year	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
2022	139,857,138.45	164,998,396.43
2023	34,356,232.21	61,657,228.91
2024	46,888,546.01	79,638,898.54
2025	88,941,221.40	127,574,136.79
2026	272,724,008.95	272,724,008.95
2027	433,179,063.85	-
Total	1,015,946,210.87	706,592,669.62

22. Other non-current assets

RMB

Item	30 June 2022 (Unaudited)			31 December 2021 (Restated) (Unaudited)		
	Book balance	Allowance for impairment	Carrying amount	Book balance	Allowance for impairment	Carrying amount
Contract assets over one year (Note 1)	2,475,640,672.83	-	2,475,640,672.83	2,158,179,212.94	-	2,158,179,212.94
Meiguan Company - relocation property compensation (Note 2)	342,599,500.00	-	342,599,500.00	342,599,500.00	-	342,599,500.00
Pending deduction of input tax over one year	198,851,011.22	-	198,851,011.22	-	-	-
Total	3,017,091,184.05	-	3,017,091,184.05	2,500,778,712.94	-	2,500,778,712.94

Note 1: It mainly includes the contract assets corresponding to the revenue that are recognized by the Company based on the documents regarding the exemption of road tolls during the outbreak of COVID-19 issued by Guangdong Provincial Transportation Management Department, and the contract assets corresponding to the revenue recognized by Duohua project, etc.

Note 2: According to the Compensation Agreement for Meilinguan Urban Renewal Project of Shenzhen Longhua District Minzhi Office, in July 2016, United Land Company paid the compensation for demolition of RMB 28,328,230.00 to Meiguan Company, a subsidiary of the Company. On 27 April 2018, the two parties entered into the Supplementary Agreement for Compensation Agreement for Meilinguan Urban Renewal Project of Shenzhen Longhua District Minzhi Office, which stipulates that United Land Company will increase the property compensation on the basis of the above monetary compensation, the compensated relocated property is the office building property of United Land Company, and the compensated building area is 9,120 square meters. The procedures on delivery of the relocated property will be handled before 30 December 2023. On the date of signing the supplementary agreement, according to the evaluation report issued by Shenzhen Pengxin Assets Appraisal Co., Ltd. (Pengxin Valuing Newspaper [2018] No. 062), the fair value of the relocated property was RMB 342,599,500.00.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23. Short-term borrowings

(1) Category of short-term borrowings

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Pledged loans	7,102,982,994.73	1,365,213,031.88
Guaranteed loans	1,243,990,477.13	1,098,219,612.01
Credit loans	424,886,730.58	1,624,153,685.45
Borrowings in the form of discounted notes	-	33,000,000.00
Total	8,771,860,202.44	4,120,586,329.34

(2) Information of pledged loans is as follows:

RMB

Name of entity	30 June 2022 (Unaudited)	Pledge
China Merchants Bank Co., Ltd. Shenzhen Anlian Sub-branch	3,943,529,514.69	45.454% equity of SIHICH
Ping An Bank Co., Ltd. Hong Kong Branch	2,523,108,125.12	29.01% equity of SIHICH
Industrial and Commercial Bank of China (Asia) Limited	517,639,285.87	5.8026% equity of SIHICH
China Resources Bank Shenzhen Branch	66,349,871.68	Rental receivables under Wuqi Hejiu Project amounting RMB 82,875,000.00
HSBC Hong Kong Head Office	52,356,197.37	45% equity of JEL Company
Total	7,102,982,994.73	

(3) Information of guaranteed loans is as follows:

RMB

Name of entity	30 June 2022 (Unaudited)	Guaranteed by
Shanghai Pudong Development Bank	529,461,995.20	Bay Area Development
Bank of China (Hong Kong) Limited	401,366,351.20	Bay Area Development
China Construction Bank Shenzhen Branch	235,162,130.73	The Company
China Zheshang Bank Co., Ltd. Shenzhen Branch	50,000,000.00	The Company
China Merchants Bank Co., Ltd. Nanning Minzu Avenue Sub-branch	28,000,000.00	Bioland Company
Total	1,243,990,477.13	

24. Transactional financial liabilities

RMB

Item	1 January 2022 (Restated) (Unaudited)	Additions in the current period	Reductions in the current period	30 June 2022 (Unaudited)
Financial liabilities designated as at FVTPL	-	68,785,843.32	-	68,785,843.32
Total	-	68,785,843.32	-	68,785,843.32

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

25. Bills payable

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Commercial acceptance bills	83,154,564.64	70,000,000.00
Bank acceptance bills	12,386,664.84	17,244,188.73
Total	95,541,229.48	87,244,188.73

As at 30 June 2022, the Group had no overdue bills payable.

26. Accounts payable

(1) Analysis of accounts payable

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Payables for construction projects, quality deposits and margins	1,642,143,783.90	1,847,453,526.65
Payables for goods	483,793,497.22	497,974,006.39
Others	244,780,372.91	156,747,626.40
Total	2,370,717,654.03	2,502,175,159.44

(2) Significant accounts payable aged over 1 year:

RMB

Item	30 June 2022 (Unaudited)	Reason for unsettlement
Total accounts payable of the top five customers aged over 1 year as at 30 June 2022	122,048,221.28	Unsettled project funds

(3) The aging analysis of accounts payable by date of entry is as follows:

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
0 - 90 days	302,423,247.46	1,441,311,851.35
91 - 180 days	1,194,291,049.47	24,718,954.37
181 - 365 days	169,344,070.02	54,588,183.08
More than 1 year	704,659,287.08	981,556,170.64
Total	2,370,717,654.03	2,502,175,159.44

27. Advances from customers

(1) Items of advances from customers

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Rents received in advance	8,160,113.51	12,829,596.78

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

28. Contract liabilities

(1) Items of contract liabilities

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Advances from sales of real estate	118,945,620.49	97,321,955.60
Advances from sales of wind turbine	64,114,112.14	87,361,581.35
Advances from sales of goods	30,623,894.99	24,736,633.23
Advances from operating and management fees	123,849.00	6,707,798.55
Others	5,352,312.62	3,118,431.60
Total	219,159,789.24	219,246,400.33

(2) Amount and reason for the significant change in the carrying amount during the period

RMB

Item	Amount	Reason
Advances from sales of wind turbine	(23,247,469.21)	Revenue recognition from advance collection of wind turbine payment for Xuchang Project
Advances from sales of real estate	21,623,664.89	House payment received in advance
Total	(1,623,804.32)	

29. Employee benefits payable

(1) Employee benefits payable

RMB

Item	1 January 2022 (Restated) (Unaudited)	Additions in the current period	Reductions in the current period	30 June 2022 (Unaudited)
I. Short-term wages	359,305,091.40	447,859,400.67	564,799,541.34	242,364,950.73
II. Post-employment benefits - defined contribution plans	4,764,627.68	50,580,369.83	52,195,176.45	3,149,821.06
Total	364,069,719.08	498,439,770.50	616,994,717.79	245,514,771.79

(2) Short-term benefits

RMB

Item	1 January 2022 (Restated) (Unaudited)	Additions in the current period	Reductions in the current period	30 June 2022 (Unaudited)
I. Wages and salaries, bonuses, allowances and subsidies	341,146,381.00	350,946,564.45	467,069,470.73	225,023,474.72
II. Staff welfare	1,722,137.02	34,691,964.01	35,090,374.76	1,323,726.27
III. Social security contributions	551,241.17	19,054,808.64	18,621,090.00	984,959.81
Including: Medical insurance	494,376.65	17,089,167.24	16,700,189.81	883,354.08
Work injury insurance	21,022.64	726,691.67	710,150.98	37,563.33
Maternity insurance	35,841.88	1,238,949.73	1,210,749.21	64,042.40
IV. Housing funds	922,548.94	30,414,446.49	30,247,581.00	1,089,414.43
V. Labor union funds and employee education funds	12,266,518.13	7,341,006.40	9,374,246.38	10,233,278.15
VI. Others	2,696,265.14	5,410,610.68	4,396,778.47	3,710,097.35
Total	359,305,091.40	447,859,400.67	564,799,541.34	242,364,950.73

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**NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

29. Employee benefits payable - continued

(3) Defined contribution plans

RMB

Item	1 January 2022 (Restated) (Unaudited)	Additions in the current period	Reductions in the current period	30 June 2022 (Unaudited)
1. Basic pensions	1,116,095.35	38,565,427.98	37,687,279.91	1,994,243.42
2. Unemployment insurance	55,830.62	1,929,164.53	1,885,236.79	99,758.36
3. Enterprise annuities	3,592,701.71	10,085,777.32	12,622,659.75	1,055,819.28
Total	4,764,627.68	50,580,369.83	52,195,176.45	3,149,821.06

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

In the current period, the Group should contribute pension insurance and unemployment plans amounting to RMB 38,565,427.98 and RMB 1,929,164.53 (for the six months ended 30 June 2021: RMB 30,168,977.07 and RMB 1,509,147.53). As at 30 June 2022, the Group has outstanding contributions to pension insurance and unemployment plans that are due as at the reporting period amounting to RMB 1,994,243.42 and RMB 99,758.36 (31 December 2021: RMB 1,116,095.35 and RMB 55,830.62), which have been fulfilled subsequent to the reporting date.

30. Tax payables

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
VAT payable	296,041,574.52	266,343,462.20
Enterprise income tax payable	130,352,922.81	250,160,804.45
Land appreciation tax payable	59,769,146.87	58,166,026.61
City maintenance and construction tax payable	3,872,208.48	5,780,529.69
Educational surcharge payable	2,896,872.53	4,091,183.11
Others	13,593,379.98	10,270,835.01
Total	506,526,105.19	594,812,841.07

31. Other payables

31.1 Summary of other payables

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Dividends payable	1,509,042,311.61	58,771,206.22
Other payables	1,141,724,794.95	1,717,726,485.28
Total	2,650,767,106.56	1,776,497,691.50

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NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31. Other payables - continued

31.2 Dividends payable

Item	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Ordinary share dividends	1,450,782,216.50	-
Perpetual bond dividends classified as equity instruments	5,111,111.11	5,622,222.22
Including: Perpetual bond dividends	5,111,111.11	5,622,222.22
Dividends payable - Original shareholder of Nanjing Wind Power	53,148,984.00	53,148,984.00
Total	1,509,042,311.61	58,771,206.22

31.3 Other payables

(1) Analysis of other payables by nature

Item	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Payables for equity acquisition (Note)	220,296,233.40	223,923,423.97
Project funds retained for construction management contracts	51,643,238.60	341,443,869.32
Accrued project expenditure and administrative special expenses	61,209,527.46	168,813,444.03
Payables related to costs of construction projects independently	124,197,154.50	124,513,230.25
Payables for tender and performance deposits and warranty	80,952,017.53	153,201,358.46
Payables for the construction cost of the Shenzhen World Exhibition & Convention Center toll station	139,855,284.60	139,855,284.60
Payables related to maintenance for roads	131,933,926.59	104,611,639.84
Payables for the cost of provincial toll station cancellation project	54,730,937.75	92,795,970.70
Mechanical and electrical costs payable	105,756,039.68	39,237,087.92
Country road construction fee and management service fee of Hunan Province	35,969,078.38	35,989,737.65
Accounts payable to related parties (Note X. 6(2))	19,024,444.93	20,660,212.29
Receipts of liquidated damages for equity transfer of Guizhou Xinhe Lifu Real Estate Development Co., Ltd. ("Xinhe Lifu")	20,412,000.00	20,412,000.00
Others	95,744,911.53	252,269,226.25
Total	1,141,724,794.95	1,717,726,485.28

Note: As at 30 June 2022, the equity acquisition payables are the unpaid transfer fund of RMB 10,250,000.00 when the Group's subsidiary Environment Company acquired the remaining equity of Lisai Environmental Protection in 2022; the transfer fund of RMB 210,046,233.40 payable to the original shareholders when Environment Company acquired the equity of Nanjing Wind Power in 2019. According to the M&A agreement, the equity transfer fund payable to the original shareholders of Nanjing Wind Power would not be paid until Nanjing Wind Power has cleared up the unrecovered employee occupation funds and recovered all of the accounts receivable, and has been confirmed by the Environment Company. It is expected to be cleaned up in the current year.

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

31. Other payables - continued

31.3 Other payables - continued

(2) Significant other payables aged over 1 year

RMB

Item	30 June 2022 (Unaudited)	Reason for non-payment or carryover
Total other payables aged over 1 year to top five customers as at 30 June 2022	390,489,514.27	Contract settlement has not been completed

32. Non-current liabilities due within one year

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Long-term payables due within one year (Note V, 37)	101,364,719.04	2,764,018,663.10
Lease liabilities due within one year (Note V, 36)	75,640,179.62	62,027,445.34
Long-term borrowings due within one year (Note V, 34)	711,549,917.58	1,216,966,838.18
Including: Credit loans	295,760,555.97	271,531,764.95
Pledged loans	291,844,779.71	187,089,707.48
Mortgage loans	85,972,500.00	38,395,952.89
Guaranteed loans	37,972,081.90	719,949,412.86
Bonds payable due within one year (Note V, 35)	2,381,586,047.63	931,832,323.62
Total	3,270,140,863.87	4,974,845,270.24

33. Other current liabilities

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Ultra-short term financing notes (Note)	2,007,082,233.94	2,019,820,913.54
Output tax to be transferred	16,894,346.87	18,171,380.67
Total	2,023,976,580.81	2,037,992,294.21

Note: RMB 1 billion of ultra-short term financing bonds was issued by the Company on 9 March 2022 with annual interest rate of 2.12% and a term of 180 days, and RMB 1 billion of ultra-short term financing bonds was issued by the Company on 2 June 2022 with annual interest rate of 2.00% and a term of 270 days.

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NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

34. Long-term borrowings

(1) Classification of long-term borrowings:

Item	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Pledged loans	6,858,567,027.16	6,639,589,766.33
Credit loans	1,165,971,603.97	1,319,961,000.00
Guaranteed loans	1,101,622,538.40	2,301,869,442.96
Mortgage loans	776,410,000.00	722,000,000.00
Guaranteed, pledged loans	236,780,970.00	182,683,400.00
Guaranteed, mortgage, pledged loans	93,880,000.00	108,000,000.00
Accrued interest	9,154,421.61	12,057,724.25
Total	10,242,386,561.14	11,286,161,333.54
Less: Long-term borrowings due within one year (Note V, 32)	711,549,917.58	1,216,966,838.18
Long-term borrowings due after one year	9,530,836,643.56	10,069,194,495.36

SHENZHEN EXPRESSWAY CORPORATION LIMITED

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

34. Long-term borrowings - continued

(2) As at 30 June 2022, details of the long-term borrowings are set out as follows:

Item	Currency	Amount (Unaudited)	Guarantee details	RMB
Syndicated borrowings of Coastal project of the Company	RMB	2,545,773,027.16	Pledged by the charging right of Coastal Expressway	
Borrowings of Qinglian Company	RMB	1,938,894,000.00	Pledged by the charging right of Qinglian Expressway	
Borrowings of Qianzhi Company	RMB	801,500,000.00	Pledged by the charging right of electric charge	
Borrowings of Qianhui Company	RMB	515,500,000.00	Pledged by the charging right of electric charge	
Borrowings of Qinglong Company	RMB	386,250,000.00	Pledged by the charging right of Shuiguan Expressway	
Borrowings of Baotou Lingxiang	RMB	227,000,000.00	Pledged by the charging right of electric charge	
Loans of Yongcheng Zhuneng	RMB	182,000,000.00	Pledged by the charging rights of Shanghai Zhuneng Yongcheng Tuobin and Gaozhuang 32MW decentralized wind farm projects	
Borrowings of Qianxin Company	RMB	98,000,000.00	Pledged by the charging right of electric charge	
Borrowings of Financial Leasing Company	RMB	97,750,000.00	Pledged by the rents receivable under Yongcheng Project of Financial Leasing Company	
Loans of Coastal Expressway	RMB	30,000,000.00	Pledged by the charging right of Coastal Expressway and all proceeds thereunder	
Borrowings of Financial Leasing Company	RMB	30,000,000.00	Pledged by the rents receivable under Shanxi Nuohui Project and the rents receivable under Shanxi Guanhang Project of Financial Leasing Company	
Borrowings of Financial Leasing Company	RMB	5,900,000.00	Pledged by the rents receivable under Shaoguan Huanya Project of Financial Leasing Company	
Sub-total of pledged borrowings		6,858,567,027.16		
M&A loans of the Company	RMB	1,016,195,603.97	Credit borrowings	
Borrowings of Shenchang Company	RMB	112,276,000.00	Credit borrowings	
Entrusted loans of the Company	RMB	37,500,000.00	Credit borrowings	
Sub-total of credit borrowings		1,165,971,603.97		
Borrowings of Bay Area Financing	RMB	1,101,622,538.40	Guaranteed by Bay Area Development	
Sub-total of guaranteed borrowings		1,101,622,538.40		
Mortgage loans of the Company	RMB	776,410,000.00	Collateralized with floors 37, 40-48 of Hanking Headquarters Building	
Sub-total of mortgage loans		776,410,000.00		
Borrowings of Beihai Zhonglan Environment Technology Co., Ltd. ("Beihai Zhonglan")	RMB	60,100,000.00	Guaranteed by Bioland Company and pledged by the franchise rights of Beihai Zhonglan	
Borrowings of Fuzhou Bioland	RMB	60,000,000.00	Guaranteed by Bioland Company and pledged by the franchise rights of Fuzhou Bioland	
Borrowings of Huangshi Bioland	RMB	46,375,100.00	Guaranteed by Bioland Company and pledged by the expected revenue right paid by the government, the receivables formed by the future operating income of Huangshi Bioland and the equity of Huangshi Bioland	
Borrowings of Zhuji Bioland	RMB	31,785,870.00	Guaranteed by Bioland Company and pledged by the franchise rights of Zhuji Project	
Borrowings of Guilin Bioland Renewable Energy Co., Ltd. ("Guilin Bioland")	RMB	25,520,000.00	Guaranteed by Bioland Company and pledged by the franchise rights of Guilin Project	
Borrowings of Longyou Bioland	RMB	13,000,000.00	Guaranteed by Bioland Company and pledged by the franchise rights during the franchise period of Longyou Project	
Sub-total of guaranteed, pledged borrowings		236,780,970.00		
Borrowings of Guangxi Bioland	RMB	44,000,000.00	Guaranteed by Bioland Company and Shi Junying, collateralized with the machinery and equipment of Guangxi Bioland, and pledged with the equity of Guangxi Bioland	

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

34. Long-term borrowings - continued

(2) As at 30 June 2022, details of the long-term borrowings are set out as follows: - continued

Item	Currency	Amount (Unaudited)	Guarantee details
Borrowings of Guiyang Beier Bioland	RMB	43,750,000.00	Guaranteed by Bioland Company and Shi Junying, collateralized with the machinery and equipment of Guiyang Beier Bioland, and pledged with the equity and the franchise right of Guiyang Beier Bioland
Borrowings of Guangxi Bioland	RMB	6,130,000.00	Guaranteed by Bioland Company and Shi Junying, collateralized with the machinery and equipment of Guangxi Bioland and pledged with the equity of Guangxi Bioland
Sub-total of guaranteed, mortgage and pledged borrowings		93,880,000.00	
Add: Accrued interest		9,154,421.61	
Less: Long-term borrowings due within one year (Note V, 32)		711,549,917.58	
Total		9,530,836,643.56	

As at 30 June 2022, the interest rate of long-term borrowings ranges from 3.30% to 5.88% (31 December 2021: 2.05% to 5.88%).

35. Bonds payable

(1) Classification of bonds payable:

Item	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Long-term corporate bonds	8,837,845,835.76	7,204,853,934.79
Medium-term notes	832,159,510.22	813,842,102.00
Total	9,670,005,345.98	8,018,696,036.79
Less: Bonds payable due within one year (Note V, 32)	2,381,586,047.63	931,832,323.62
Bonds payable due after one year	7,288,419,298.35	7,086,863,713.17

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

35. Bonds payable - continued

(2) Movements of bonds payable:

											RMB
Name of bonds	Par value	Date of issuance	Maturity	Issued amount	1 January 2022 (Restated) (Unaudited)	Issue amount in the current period	Accrual of interest by par value	Discount and issue fee amortization	Effects of foreign currency translation	Payment amount in the current period	30 June 2022 (Unaudited)
Long-term corporate bonds (Note 1)	800,000,000.00	2007/7/31	15 years	800,000,000.00	817,943,578.51	-	22,000,002.00	334,076.82	-	-	840,277,657.33
Long-term corporate bonds (Note 1)	USD 300,000,000.00	2021/7/8	5 years	USD 300,000,000.00	1,913,163,209.96	-	17,637,321.41	1,617,504.70	100,709,999.98	16,777,136.79	2,016,350,899.26
Long-term corporate bonds (Note 1)	1,400,000,000.00	2020/3/18	5 years	1,400,000,000.00	1,431,337,911.80	-	21,349,999.98	260,180.90	-	42,700,000.00	1,410,248,092.68
Long-term corporate bonds (Note 1)	800,000,000.00	2020/10/20	5 years	800,000,000.00	803,957,684.04	-	14,599,999.98	210,127.14	-	-	818,767,811.16
Long-term corporate bonds (Note 1)	1,200,000,000.00	2021/4/15	5 years	1,200,000,000.00	1,226,730,194.27	-	20,949,433.98	266,860.55	-	41,880,000.00	1,206,066,488.80
Long-term corporate bonds (Note 1)	1,000,000,000.00	2021/7/23	5 years	1,000,000,000.00	1,011,721,356.21	-	16,750,000.02	411,020.09	-	-	1,028,882,376.32
Long-term corporate bonds (Note 1)	1,500,000,000.00	2022/1/20	7 years	1,500,000,000.00	-	1,500,000,000.00	21,333,506.25	(4,080,996.04)	-	-	1,517,252,510.21
Medium-term notes (Note 2)	800,000,000.00	2018/8/13	5 years	800,000,000.00	813,842,102.00	-	17,960,847.18	356,561.04	-	-	832,159,510.22
Total	--	--	--	--	8,018,696,036.79	1,500,000,000.00	152,581,110.80	(624,664.80)	100,709,999.98	101,357,136.79	9,670,005,345.98

Note 1: Corporate bonds

The Company issued a corporate bond on 31 July 2007 with a principal amount of RMB 800,000,000.00 which bear interest at a rate of 5.5% per annum in accordance with the approval of Fa Gai Cai Jin [2007] No.1791 Document issued by the National Development & Reform Commission. The interest is payable annually and the principal is repayable in full upon maturity on 31 July 2022. The principal and interest of the bonds are unconditionally and irrevocably guaranteed by China Construction Bank and are in turn secured by the Company's 100% equity interest in Meiguan.

The Company issued a long-term bond on 8 July 2021 with a principal value of USD 300,000,000.00. The bond issuance price was 99.13% of the principal value, bearing a term of 5 years and interest at a rate of 1.75% per annum in accordance with the approval of Fa Gai Ban Wai Zi Bei [2021] No. 287 Document issued by the National Development & Reform Commission. Interest has begun to be accrued from 8 July 2021 and is repaid semi-annually. On 8 July 2026, the bond should be fully repaid upon maturity. The main purpose of the bond is to repay the USD bonds due on 18 July 2021.

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

35. Bonds payable - continued

(2) Movements of bonds payable - continued

Note 1: Corporate bonds - continued

The Company was permitted to publicly issue corporate bonds with a face value of not more than RMB 5 billion to QFII upon approval of the Zheng Jian Xu Ke [2019] No. 2262 Document issued by the CSRC. On 18 March 2020, the Company completed the issuance of the first phase of 2020 corporate bonds (epidemic prevention and control bonds), and the actual issuance scale was RMB 1.4 billion. The bond was issued at the rate of 3.05%, with interest to be paid once a year and principal repaid once at maturity. The term of the bond is 5 years, with an issuer adjusted coupon option and an investor callback option at the end of the third year. The interest-bearing term is from 20 March 2020 to 19 March 2025; if the investor exercises the call-back option, the interest-bearing maturity of the portion of the bond it sells back is from 20 March 2020 to 19 March 2023. On 20 January 2022, the Company completed the issuance of 2022 corporate bonds (first phase), and the actual issuance scale was RMB 1.5 billion. The bond was issued at the rate of 3.18%, and the term of the bond is 5+2 years. The value date is 20 January 2022, and the interest payment date is 20 January of each year from 2023 to 2029. If the investor exercises the call-back option, the interest payment date for the portion of the bond it sells back is 20 January of each year from 2023 to 2027.

The Company was permitted to publicly issue Green corporate bonds with a face value of not more than RMB 2 billion to professional investor upon approval of the Document "Securities Regulatory Commission Permit [2020] 1003" issued by the CSRC and approved by the Shanghai Stock Exchange. On 20 October 2020, the Company completed the public issuance of the first phase of 2020 Green corporate bonds, and the actual issuance scale was RMB 0.8 billion. The bond was issued at the rate of 3.65%, with interest to be paid once a year and principal repaid once at maturity. The term of the bond is 5 years, with an issuer adjusted coupon option and an investor callback option at the end of the third year. The interest-bearing term is from 22 October 2020 to 21 October 2025; if the investor exercises the call-back option, the interest-bearing maturity of the portion of the bond it sells back is from 22 October 2020 to 21 October 2023.

On 15 April 2021, the Company completed the public issuance of the first phase of 2021 Green corporate bonds, and the actual issuance scale was RMB 1,200,000,000.00. The bond was issued at the rate of 3.49%, with interest to be paid once a year and principal repaid once at maturity. The term of the bond is 5 years, with an issuer adjusted coupon option and an investor callback option at the end of the third year. The interest-bearing term is from 19 April 2021 to 18 April 2026; if the investor exercises the call-back option, the interest-bearing maturity of the portion of the bond it sells back is from 19 April 2021 to 18 April 2024.

On 23 July 2021, the Company completed the public issuance of the first phase of 2021 corporate bonds, and the actual issuance scale was RMB 1,000,000,000.00. The bond was issued at the rate of 3.35%, with interest to be paid once a year and principal repaid once at maturity. The term of the bond is 5 years, and the interest-bearing term is from 27 July 2021 to 26 July 2026.

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**NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

35. Bonds payable - continued

(2) Movements of bonds payable - continued

Note 2: Medium-term notes

On 13 August 2018, as approved by the China Association of Interbank Market Dealers, the Company issued medium-term notes of RMB 800,000,000.00, which bear a term of 5 years and interest at a rate of 4.49% per annum with the interest payable annually and the principal repayable in full upon maturity on 15 August 2023.

36. Lease liabilities

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Lease liabilities	386,818,130.62	388,983,550.66
Less: Lease liabilities included in non-current liabilities due within one year (Note V, 32)	75,640,179.62	62,027,445.34
Net amount	311,177,951.00	326,956,105.32

37. Long-term payables

(1) Long-term payables by nature:

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Borrowings from associates and joint ventures (Note 1)	2,160,899,999.97	2,131,451,615.06
Borrowings from Shenzhen Investment Holdings International Capital Holding Company Limited ("Shenzhen Investment Holdings International") (Note 2)	2,028,524,030.36	4,590,084,704.68
Financial liabilities arising from sale and leaseback transactions (Note 3)	406,134,511.18	435,554,841.34
Total	4,595,558,541.51	7,157,091,161.08
Less: Long-term payables due within one year (Note V, 32)	101,364,719.04	2,764,018,663.10
Long-term payables due after one year	4,494,193,822.47	4,393,072,497.98

Note 1: It represents the borrowings from United Land Company. As at 30 June 2022, the balance of the borrowings was RMB 2,160,899,999.97, refer to Note X. 5(4).

Note 2: It represents the borrowings borrowed by SIHICH from Shenzhen Investment Holdings International with a term from 27 September 2018 to 26 September 2023. As at 30 June 2022, the principal and interest of the borrowings totaled RMB 2,028,524,030.36. For the six months ended 30 June 2022, the interest was calculated at a rate of 2.85% per annum.

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**NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

37. Long-term payables - continued

(1) Long-term payables by nature: - continued

Note 3: As at 30 June 2022, the balance arising from sale and leaseback transactions represents the long-term payables arising from the sale and leaseback of the equipment of Zhuji Bioland, Guilin Bioland, Guangxi Bioland, Dezhou Bioland, Taizhou Bioland, Handan Bioland, Shangrao Bioland, and Xinyu Bioland, which are subsidiaries of Bioland, with franchise rights of kitchen waste disposal of Bioland Environment, 100% equity rights of Dezhou Bioland, Taizhou Bioland, Shangrao Bioland, Guilin Bioland and Xinyu Bioland, 90% equity rights of Handan Boland and Zhuji Bioland, franchise rights of Dezhou Bioland, Taizhou Bioland, Shangrao Bioland, Handan Bioland, Guilin Bioland and Zhuji Bioland, as well as the land use right of Langfang Waterland as mortgage. The balance of the interest expense arising from the amortization of unrecognized financing expenses in the current period was RMB 18,826,050.11, the financial leasing fee of RMB 200,000.00 was paid, the principal of RMB 46,684,387.57 was repaid and the interest of RMB 17,941,853.11 was paid. As at 30 June 2022, the balance of this payment was RMB 406,134,511.18.

38. Long-term employee benefits payable

	RMB	
Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Other long-term employee benefits (Note)	187,721,149.45	187,966,149.45

Note: Other long-term employee benefits are the Group's long-term incentive bonuses, which are expected to be paid during the period from year 2023 to 2024.

39. Provisions

	RMB	
Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Cost of services in the future (Note 1)	142,975,694.89	139,556,559.19
Kitchen waste disposal construction project follow-up expenditure (Note 2)	31,965,726.18	24,721,861.61
Product warranty	4,363,954.43	9,263,680.25
Total	179,305,375.50	173,542,101.05

Note 1: The estimated Cost of services of toll roads in the future accrued by the Group according to relevant government documents.

Note 2: Kitchen waste disposal construction project follow-up expenditure is expected to be incurred for the Group to maintain a certain service capacity of the Kitchen waste disposal construction assets it holds or to maintain a certain state of use before they are handed over to the contract grantor.

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**NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

40. Deferred revenue

RMB

Item	1 January 2022 (Restated) (Unaudited)	Additions in the current period	Reductions in the current period	30 June 2022 (Unaudited)	Explanation
Compensation for future cost of services of new stations on Nanguang Expressway and Yanpai Expressway	241,584,931.35	-	14,940,000.00	226,644,931.35	Compensation from Shenzhen government for future cost of services of new stations on Nanguang Expressway and Yanpai Expressway
Compensation for future cost of services of new stations on the free section of Longda Expressway	169,895,702.06	-	11,989,860.90	157,905,841.16	The Shenzhen Municipal Transportation Commission's cash compensation for the early recovery of rights and interests in the Shenzhen section of Longda Expressway
Compensation for cost of services regarding the new ramp on the free section of Meiguan Expressway	68,672,061.88	-	6,540,196.32	62,131,865.56	Compensation from Shenzhen government for future cost of services regarding the new ramp on the free section of Meiguan Expressway
Central subsidy funds for cancellation of the expressway provincial toll station project	37,381,469.28	-	3,564,699.06	33,816,770.22	The Ministry of Transport's cash subsidies for cancellation of the expressway provincial toll station project regarding the toll roads of the Company
Government economic grants for Bioland Company	25,374,133.93	-	961,439.04	24,412,694.89	Government grants for equipment received by Bioland Company
Government compensation for demolition	10,987,955.58	-	1,373,494.44	9,614,461.14	Government compensation for demolition received by Qinglong Company
Government financial grants for Guizhou Guishen Investment Development Company Limited ("Guishen Company")	2,383,662.02	-	9,884.19	2,373,777.83	Government financial grants received by Guishen Company from Guizhou Longli County Government
Research and development and application demonstration of green recycling technology for waste ternary lithium ion batteries of Qiantai Company	1,200,000.00	-	-	1,200,000.00	University cooperation funds received for the project on research and development and application demonstration of green recycling technology of waste ternary lithium ion batteries
Total	557,479,916.10	-	39,379,573.95	518,100,342.15	

Items of government grants:

RMB

Item	1 January 2022 (Restated) (Unaudited)	Additional grants in the current period	Recognized in other income/non-operating income in the current period	30 June 2022 (Unaudited)	Related to asset/income
Central subsidy funds for cancellation of the expressway provincial toll station project	37,381,469.28	-	3,564,699.06	33,816,770.22	Related to asset
Government economic grants for Bioland Company	25,374,133.93	-	961,439.04	24,412,694.89	Related to asset
Government financial grants for Guishen Company	2,383,662.02	-	9,884.19	2,373,777.83	Related to asset
Research and development and application demonstration of green recycling technology for waste ternary lithium ion batteries of Qiantai Company	1,200,000.00	-	-	1,200,000.00	Related to asset
Total	66,339,265.23	-	4,536,022.29	61,803,242.94	

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**NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

41. Equity

RMB

Item	1 January 2022 (Restated) (Unaudited)	Movement					30 June 2022 (Unaudited)
		New shares issued	Rights issue	Transfer from surplus	Others	Sub-total	
Equity	2,180,770,326.00	-	-	-	-	-	2,180,770,326.00

42. Other equity instruments

As at 30 June 2022, the specific situation of perpetual bonds of the Group issued is as follows:

RMB

Item	Issue date	Accounting classification	Interest rate	Distribution amount	Expiry day or renewal situation	Transfer conditions	General information of transfer
Perpetual bonds	4 December 2020	Other equity instruments	4.6%	4,000,000,000.00	No fixed deadline	Nil	Nil

43. Capital reserve

RMB

Item	1 January 2022 (Restated) (Unaudited)	Additions in the current period	Reductions in the current period	30 June 2022 (Unaudited)
Share premium	8,576,477,691.36	6,325,200.36	2,742,974,733.25	5,839,828,158.47
Including: Contributions from investors	2,274,351,523.42	-	-	2,274,351,523.42
Business combination involving entities under common control	5,502,861,855.76	-	2,742,974,733.25 (Note 1)	2,759,887,122.51
Acquisition of minority interests in subsidiaries	(120,924,166.49)	6,325,200.36 (Note 2)	-	(114,598,966.13)
Capital injection in the investee	920,188,478.67	-	-	920,188,478.67
Other capital reserve (Note 3)	287,679,720.15	1,364,120.94	6,855,668.27	282,188,172.82
Total	8,864,157,411.51	7,689,321.30	2,749,830,401.52	6,122,016,331.29

Note 1: It is due to the merger of SIHICH through business combination involving entities under common control.

Note 2: Refer to Note 4 under Note VII. 1(1) "Composition of the Group".

Note 3: It represents the increase in capital reserve of RMB 1,364,120.94 and decrease in other capital reserve of RMB 6,855,668.27 recognized based on the Group's shareholding ratio as a result of the changes in capital reserve of the associates and joint ventures held by the Group during the period.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

44. Other comprehensive income

RMB

Item	1 January 2022 (Restated) (Unaudited)	Amount incurred in the current period					30 June 2022 (Unaudited)
		Pre-tax amount incurred during the period	Less: Included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: Income tax expense	Post-tax amount attributable to owners of the Company, net of tax	Attributable to minority shareholders, net of tax	
I. Items that may not be reclassified subsequently to profit or loss:	-	-	-	-	-	-	-
Including: Changes from remeasurement of defined benefit plans	-	-	-	-	-	-	-
II. Items that may be reclassified subsequently to profit or loss:	426,519,781.12	(370,574,614.29)	-	-	(345,683,090.80)	(24,891,523.49)	80,836,690.32
Including: Appreciation of initial equity interest upon business combination	893,132,218.74	-	-	-	-	-	893,132,218.74
- Share of other comprehensive income of the investee that will be reclassified to profit or loss under the equity method (Note V.13)	(22,853,777.76)	(2,734,108.41)	-	-	(2,734,108.41)	-	(25,587,886.17)
- Translation differences of financial statements denominated in foreign currencies	(444,164,839.86)	(367,840,505.88)	-	-	(342,948,982.39)	(24,891,523.49)	(787,113,822.25)
Others	406,180.00	-	-	-	-	-	406,180.00
Total other comprehensive income	426,519,781.12	(370,574,614.29)	-	-	(345,683,090.80)	(24,891,523.49)	80,836,690.32

45. Surplus reserve

RMB

Item	1 January 2022 (Restated) (Unaudited)	Additions in the current period	Reductions in the current period	30 June 2022 (Unaudited)
Statutory surplus reserve	2,258,208,142.63	172,052,187.30	-	2,430,260,329.93
Discretionary surplus reserve	453,391,330.06	-	-	453,391,330.06
Effects of absorption and merger under common control	220,000,000.00	-	-	220,000,000.00
Total	2,931,599,472.69	172,052,187.30	-	3,103,651,659.99

In accordance with the Company Law of the People's Republic of China, the Company's Articles of Association and the resolution of the Board of Directors, companies should appropriate 10% of the net profit for the year to the statutory surplus reserve, where the appropriation can cease when the statutory surplus reserve reaches 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase capital after approval from the appropriate authorities. The Company has appropriated statutory surplus reserve of RMB 172,052,187.30 (for the six months ended 30 June 2021: Nil).

The amount of the Company's discretionary surplus reserve was proposed by the Board of Directors and has been approved by the Annual General Meeting. The discretionary surplus reserve can be used to make up for previous years' loss or increase upon approval. The Company has not appropriated any discretionary surplus reserve for the current period (for the six months ended 30 June 2021: Nil).

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

46. Undistributed profits

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	2021 (Restated) (Unaudited)
Unadjusted balance of undistributed profit at the end of the last period	8,540,070,494.76	7,278,102,534.06
Adjust opening balance of total undistributed profits	(1,382,527,533.43)	(970,425,075.84)
Adjusted opening balance of undistributed profits	7,157,542,961.33	6,307,677,458.22
Add: Net profit attributable to equity holders of the Company in the current period	848,549,138.56	2,613,119,318.24
Less: Appropriation for statutory surplus reserve	172,052,187.30	-
Ordinary share dividend payable (Note)	1,352,077,602.12	1,356,698,259.58
Dividends paid to other equity instruments	92,511,111.11	186,555,555.55
Effects of absorption and merger under common control	-	220,000,000.00
Effects of business combination involving enterprises under common control	(634,456,241.49)	-
Effects of acquisition of equity from minority shareholders	16,191,675.62	-
Undistributed profits at the end of the period	7,007,715,765.23	7,157,542,961.33

Note 1: According to the resolution of the annual shareholders' meeting on 30 June 2022, the Company distributes 2021 cash dividends to all shareholders at RMB 0.62 per share. Based on the 2,180,770,326 shares issued, a total of RMB 1,352,077,602.12 cash dividends are distributed, of which a cash dividend of RMB 888,627,602.12 is distributed for 1,433,270,326 A shares issued, and a cash dividend of HKD 546,070,460.70 (equivalent to RMB 463,450,000.00) is distributed for 747,500,000 H shares issued. The dividends account for 55.88% of the Company's 2021 net profit available for distribution to common shareholders. As at 30 June 2022, the above dividend has not been paid.

47. Operating income and costs

(1) Operating income and costs

RMB

Item	For the six months ended 30 June 2022 (Unaudited)		For the six months ended 30 June 2021 (Restated) (Unaudited)	
	Revenue	Cost	Revenue	Cost
Main business - Toll road	2,410,155,296.36	1,260,589,072.74	2,782,023,471.71	1,387,901,816.51
Main business - Environmental protection	836,209,660.64	566,356,526.08	655,475,333.72	444,484,511.70
-- Sales related to wind turbine equipment	25,732,414.97	20,098,509.39	55,271,858.40	54,527,239.58
-- Wind power	357,425,869.04	129,016,745.85	291,385,370.95	97,486,849.71
-- Construction of kitchen waste disposal projects	71,065,476.23	73,165,042.94	218,001,116.29	204,784,128.48
-- Operation of kitchen waste disposal projects	218,931,306.80	173,740,170.33	86,905,569.14	68,751,958.11
-- Sales of kitchen waste disposal equipment	8,866,666.21	16,919,015.99	-	-
-- Others	154,187,927.39	153,417,041.58	3,911,418.94	18,934,335.82
Other services	847,728,688.65	674,241,479.93	781,657,377.79	556,770,215.56
-- Entrusted construction and management services	413,472,908.51	333,155,421.61	194,607,595.32	163,109,139.04
-- Construction service under franchise arrangements	250,103,645.07	250,103,645.07	187,190,206.42	187,190,206.42
-- Financial leasing	44,687,629.22	23,270,262.88	26,328,515.54	18,793,886.06
-- Real estate development	25,234,650.46	14,874,771.29	273,009,170.30	132,236,930.88
-- Advertising	11,107,610.47	7,574,492.67	9,024,161.21	7,845,631.10
-- Others	103,122,244.92	45,262,886.41	91,497,729.00	47,594,422.06
Total	4,094,093,645.65	2,501,187,078.75	4,219,156,183.22	2,389,156,543.77

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**NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

47. Operating income and costs - continued

(2) The operating income is analyzed as follows:

For the six months ended 30 June 2022 (Unaudited)

RMB

Reporting segment	Toll road	Environmental protection	Management service	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	1,900,241,063.42	186,502,036.18	295,884,325.46	44,687,629.22	187,186,236.65	107,513,145.14	2,722,014,436.07
Hunan Province	314,475,181.19	-	-	-	-	4,630,511.31	319,105,692.50
Guizhou Province	-	55,960,169.70	116,911,499.74	-	3,446,132.15	25,369,845.63	201,687,647.22
Hubei Province	195,439,051.75	8,248,216.47	-	-	-	-	203,687,268.22
Jiangsu Province	-	42,185,261.00	-	-	-	1,951,003.77	44,136,264.77
Inner Mongolia Autonomous Region	-	115,525,338.27	677,083.31	-	397,797.60	-	116,600,219.18
Guangxi Zhuang Autonomous Region	-	74,468,843.40	-	-	32,214,996.24	-	106,683,839.64
Shandong Province	-	26,611,257.13	-	-	-	-	26,611,257.13
Zhejiang Province	-	13,317,150.47	-	-	-	-	13,317,150.47
Sichuan Province	-	17,353,511.53	-	-	10,555,900.65	-	27,909,412.18
Jiangxi Province	-	42,862,501.75	-	-	-	-	42,862,501.75
Hebei Province	-	5,987,141.76	-	-	-	-	5,987,141.76
Xinjiang Uygur Autonomous Region	-	192,064,945.75	-	-	-	-	192,064,945.75
Henan Province	-	24,191,575.22	-	-	-	-	24,191,575.22
Ningxia Hui Autonomous Region	-	25,588,818.64	-	-	-	-	25,588,818.64
Anhui Province	-	5,342,893.37	-	-	16,302,581.78	-	21,645,475.15
Total	2,410,155,296.36	836,209,660.64	413,472,908.51	44,687,629.22	250,103,645.07	139,464,505.85	4,094,093,645.65
Main service categories	Toll road	Environmental protection	Management service	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of revenue recognition							
Revenue recognized at a point in time	2,410,155,296.36	765,144,184.41	-	-	-	56,428,169.30	3,231,727,650.07
Revenue recognized over time	-	71,065,476.23	413,472,908.51	-	250,103,645.07	71,928,726.08	806,570,755.89
Total	2,410,155,296.36	836,209,660.64	413,472,908.51	-	250,103,645.07	128,356,895.38	4,038,298,405.96

For the six months ended 30 June 2021 (Restated) (Unaudited)

RMB

Reporting segment	Toll road	Environmental protection	Management service	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	2,224,434,691.83	3,911,418.94	171,812,577.52	26,328,515.54	9,507,484.13	90,867,780.39	2,526,862,468.35
Hunan Province	349,872,432.38	-	-	-	-	4,003,318.09	353,875,750.47
Guizhou Province	-	82,900,519.90	22,795,017.80	-	6,755,931.32	273,009,170.30	385,460,639.32
Hubei Province	207,716,347.50	6,593,219.74	-	-	-	-	214,309,567.24
Jiangsu Province	-	55,299,300.89	-	-	12,209,766.17	5,650,791.73	73,159,858.79
Inner Mongolia Autonomous Region	-	143,593,583.02	-	-	1,527,730.27	-	145,121,313.29
Beijing	-	71,674.19	-	-	-	-	71,674.19
Guangxi Zhuang Autonomous Region	-	108,956,812.42	-	-	113,955,388.09	-	222,912,200.51
Shandong Province	-	13,997,084.74	-	-	-	-	13,997,084.74
Zhejiang Province	-	13,099,096.41	-	-	12,569,022.74	-	25,668,119.15
Sichuan Province	-	4,916,541.81	-	-	8,403,045.72	-	13,319,587.53
Jiangxi Province	-	60,535,094.02	-	-	15,592,824.93	-	76,127,918.95
Hebei Province	-	12,164,674.85	-	-	6,669,013.05	-	18,833,687.90
Xinjiang Uygur Autonomous Region	-	149,436,312.79	-	-	-	-	149,436,312.79
Total	2,782,023,471.71	655,475,333.72	194,607,595.32	26,328,515.54	187,190,206.42	373,531,060.51	4,219,156,183.22
Main service categories	Toll road	Environmental protection	Management service	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of revenue recognition							
Revenue recognized at a point in time	2,782,023,471.71	437,474,217.43	-	-	-	288,922,148.98	3,508,419,838.12
Revenue recognized over time	-	218,001,116.29	194,607,595.32	-	187,190,206.42	75,584,750.32	675,383,668.35
Total	2,782,023,471.71	655,475,333.72	194,607,595.32	-	187,190,206.42	364,506,899.30	4,183,803,506.47

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

47. Operating income and costs - continued

(3) Description of performance obligations

The main businesses of the Group are toll highways, environmental protection, etc. please refer to Note III, 26.

There is no major financing component in the revenue contract of the Group.

(4) Explanation of allocation to remaining performance obligations

At the end of the period, the contract liabilities corresponding to the performance obligations that the Group has signed but not yet fulfilled or not completely fulfilled are RMB 219,159,789.24, and revenue will be recognized when the customer obtains control of the product.

48. Tax and surcharges

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
City maintenance and construction tax	5,852,274.27	6,668,951.55
Educational surcharge	4,366,176.45	5,052,351.27
Property tax	3,542,692.42	6,194,800.70
Land appreciation tax	2,349,264.25	21,171,124.88
Stamp tax	1,360,319.52	4,823,573.37
Others	1,945,800.67	1,986,734.63
Total	19,416,527.58	45,897,536.40

49. Selling expenses

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Salaries and wages	11,740,542.77	14,286,926.23
Advertising expenses and business promotion expenses	2,036,772.24	4,085,430.18
Travel fees	936,163.72	3,060,185.15
Depreciation and amortization	392,722.66	351,557.26
Business entertainment	60,843.07	854,258.33
Low-value consumables	19,146.76	4,337,902.50
Others	2,171,117.73	2,950,320.77
Total	17,357,308.95	29,926,580.42

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

50. General and administrative expenses

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Salaries and wages	112,318,183.93	109,151,429.69
Depreciation and amortization	46,758,440.74	27,701,500.73
Legal and advisory fees	4,729,127.41	5,760,901.64
Office and communication charges	3,891,107.54	4,003,272.36
Rents	2,546,448.23	4,830,606.43
Audit fees	2,236,187.56	1,165,596.46
Office building management fees	1,934,489.83	2,778,781.66
Business entertainment	1,393,561.32	2,441,620.95
Stock exchange fees	3,642,983.25	1,124,239.32
Travel fees	948,335.32	3,950,166.52
Vehicle fees	774,160.44	811,284.19
Others	12,106,766.23	6,562,437.87
Total	193,279,791.80	170,281,837.82

51. Research and development expenses

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Depreciation and amortization	7,028,817.03	1,425,342.10
Labor cost	6,054,350.93	9,669,012.84
Direct consumables	2,497,729.43	145,045.46
Technical service fee	51,245.34	2,976,658.36
Others	2,632,070.34	5,659,239.61
Total	18,264,213.07	19,875,298.37

The research and development expenses include costs of materials, and labor, depreciation and amortization of R&D machines used in the development of patents. The R&D expenses in this period mainly include the expenses on research and development of wind turbines for Nanjing Wind Power Company, those on research and development of various environmental protection device systems and process technologies of Bioland Company, and those on research and development of green recycling technology for waste batteries of Qiantai Company.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

52. Financial expenses

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Interest expenses	576,712,164.04	568,635,583.44
Including: Interest expenses on borrowings	363,896,945.71	335,578,847.50
Interest expenses on bonds payable	155,402,913.81	147,854,288.90
Interest expenses on long-term payables	18,826,050.11	54,128,996.71
Unrecognized financing expenses of compensation of newly-built toll station of Longda Expressway and Three Expressways	15,346,803.54	17,169,907.32
Interest expenses on lease liabilities (Note XIII. 2(2))	10,222,984.20	9,180,922.63
Interest expenses on provisions (Note V, 39)	6,705,375.45	3,293,550.78
Interest expenses on notes discounted	4,939,601.14	821,421.85
Interest expense of advance payments	1,371,490.08	607,647.75
Less: Interest income	96,421,248.17	89,318,791.39
Less: Interest capitalized	12,711,315.74	15,189,067.76
Including: Interest expense capitalized	18,828,491.84	15,738,604.60
Interest income capitalized	6,117,176.10	549,536.84
Net exchange losses (gains)	247,869,519.96	(26,619,299.76)
Others	2,706,946.47	350,312.59
Total	718,156,066.56	437,858,737.12

In the six months ended 30 June 2022, the capitalization amount of the Group's borrowing costs included in inventories and intangible assets is set out in Note V,7 (3) and Note V, 19 (3).

Details of interest income are listed as follows:

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Interest on deposits	84,252,642.08	78,235,141.48
Interest income on other non-current assets	11,626,748.75	11,083,649.91
Interest income on long-term receivables	541,857.34	-
Less: Interest income capitalized	6,117,176.10	549,536.84
Total	90,304,072.07	88,769,254.55

53. Other income

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Government grants related to daily activities	4,536,022.29	33,917,620.68
Others	5,885,782.32	2,522,004.14
Total	10,421,804.61	36,439,624.82

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

53. Other income - continued

Government grants related to daily activities are as follows:

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)	Related to asset / income
Subsidy for cancellation of provincial expressway toll station project (Note V, 40)	3,564,699.06	3,564,699.06	Asset
Government grants for Bioland Company's equipment (Note V, 40)	961,439.04	263,360.45	Asset
Financial subsidies for Guishen Company (Note V, 40)	9,884.19	89,561.17	Asset
Special bonus for headquarter economy development	-	30,000,000.00	Income
Total	4,536,022.29	33,917,620.68	

54. Investment income

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Income from long-term equity investments under the equity method (Note V,13)	329,710,423.63	513,765,552.36
Investment income from other non-current financial assets during the holding period	9,199,200.01	7,105,183.10
Investment income from disposal of long-term equity investments	-	25,337,086.30
Total	338,909,623.64	546,207,821.76

55. Gains (losses) from changes in fair value

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Financial assets (liabilities) measured at fair value through profit or loss	110,627,475.53	(55,117,615.77)
Including: Other non-current financial assets (Note V,14)	107,372,297.09	(13,251,519.39)
Derivative financial instruments	3,255,178.44	(41,866,096.38)
Total	110,627,475.53	(55,117,615.77)

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

56. Non-operating income

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)	Amount recognized in non-recurring profit or loss for the period
Government grants not related to daily activities	1,452,701.98	2,285,701.37	1,452,701.98
Others	5,030,430.28	11,157,718.73	5,030,430.28
Total	6,483,132.26	13,443,420.10	6,483,132.26

(1) Government grants not related to daily activities are as follows:

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)	Related to asset / income
Government incentives	1,452,701.98	912,206.93	Income
Government grants related to Deferred revenue	-	1,373,494.44	Asset
Total	1,452,701.98	2,285,701.37	

57. Non-operating expenses

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)	Amount recognized in non-recurring profit or loss for the period
Donation	310,335.30	2,000.00	310,335.30
Losses on damage or retirement of non-current assets	51,569.21	207,671.96	51,569.21
Others	1,915,948.56	2,184,172.23	1,915,948.56
Total	2,277,853.07	2,393,844.19	2,277,853.07

58. Income tax expense

(1) Classification of income tax expense

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Current tax expense	205,564,454.95	430,383,815.80
Deferred tax expense	(13,924,718.85)	(66,172,165.89)
Total	191,639,736.10	364,211,649.91

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NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

58. Income tax expense - continued

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

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Profit before tax	1,071,487,998.43	1,684,764,064.62
Income tax expenses calculated at the statutory/ applicable tax rate	267,871,999.61	421,191,016.15
Effect of different tax rates applicable to certain subsidiaries	(8,031,532.17)	(12,733,781.50)
Effect of income not subject to tax	(121,412,453.62)	(46,250,253.44)
Effect of deductible temporary differences or deductible losses for which deferred tax assets not recognized in the period	108,294,765.96	27,078,078.43
Effect of adjusting income tax of the previous period	(56,678,761.56)	(26,339,473.48)
Effect of cost, expenses and losses not deductible	1,595,717.88	1,266,063.75
Income tax expense	191,639,736.10	364,211,649.91

59. Items in the cash flow statement

(1) Cash received relating to other operating activities

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Funds temporarily received	55,745,768.71	12,246,800.55
Security deposit received	13,517,717.88	29,988,070.02
Project advances received	12,867,945.20	13,653,035.51
Government grants received	1,452,701.98	30,000,000.00
Funds received from minority shareholders of subsidiaries	-	22,932,700.00
Project compensation received	-	12,626,870.81
Others	93,823,108.93	75,107,902.80
Total	177,407,242.70	196,555,379.69

(2) Cash paid relating to other operating activities

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Withholding payments paid	42,299,247.12	22,426,339.09
Project funds paid	38,654,774.98	123,701,430.11
Deposit paid	25,455,040.38	15,461,438.80
Intermediary service fee	22,880,951.46	14,386,580.69
Employee borrowings paid	1,841,324.66	10,558,679.45
Project earnest money paid	-	8,345,000.00
Others	87,844,622.49	86,209,118.23
Total	218,975,961.09	281,088,586.37

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

59. Items in the cash flow statement - continued

(3) Other cash received relating to investment activities

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Interest income	37,506,245.58	14,784,086.93
Others	9,979,822.31	6,609,852.63
Total	47,486,067.89	21,393,939.56

(4) Other cash received relating to financing activities

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Refundable finance lease deposits received	12,000,000.00	13,543,000.00
Loans received from Shareholders of United Land Company	-	367,248,057.86
Finance lease payment received	-	149,924,726.58
Others	71,778.17	37,621.80
Total	12,071,778.17	530,753,406.24

(5) Other cash payments relating to financing activities

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Payment of principal and interest on sale and leaseback financing	64,840,096.60	101,872,833.00
Repayment of capital contribution from minority shareholders	28,058,311.04	24,539,006.10
Repayment of principal and interest on lease liabilities	19,243,955.22	10,856,287.67
Brokerage fees for issuing bonds	5,776,436.90	-
Repayment for equipment under finance lease	-	1,354,300,000.00
Repayment of borrowings from original shareholders of subsidiaries	-	231,569,672.88
Others	14,060,001.85	2,347,870.01
Total	131,978,801.61	1,725,485,669.66

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

60. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

RMB

Supplementary information	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
1. Reconciliation from net profit to cash flows from operating activities:		
Net profit	879,848,262.33	1,320,552,414.71
Add: Depreciation of fixed assets	266,874,919.06	212,201,799.83
Depreciation of right-of-use assets	35,289,139.92	21,390,832.17
Amortization of investment properties	1,043,651.15	287,971.20
Amortization of intangible assets	806,979,398.05	919,243,980.66
Amortization of long-term prepaid expenses	12,702,921.75	7,341,480.16
Losses (Gains) on disposal of fixed assets, intangible assets, and other long-term assets	(4,830,762.65)	(15,225,855.54)
Losses on retirement of non-current assets	51,569.21	207,671.96
Losses (gains) on change in fair value	(110,627,475.53)	55,117,615.77
Financial expenses	718,156,066.56	437,858,737.12
Investment loss (income)	(338,909,623.64)	(546,207,821.76)
Credit impairment loss	19,445,983.71	919,684.95
Assets impairment loss	4,493,622.42	(5,718,837.99)
Decrease (increase) in deferred tax assets	36,239,682.44	94,541,138.71
Increase (decrease) in deferred tax liabilities	(50,164,401.29)	(160,713,304.60)
Decrease (increase) in inventories	(76,609,031.01)	(127,337,244.32)
Decrease (increase) in operating receivables	(46,089,412.78)	(328,831,160.50)
Increase (decrease) in operating payables	(561,379,898.69)	(319,357,811.27)
Net cash flows from operating activities	1,592,514,611.01	1,566,271,291.26
2. Net changes in cash and cash equivalents:		
Closing balance of cash	5,506,999,749.30	4,582,760,651.97
Less: Opening balance of cash	5,456,959,403.09	3,814,845,816.13
Net increase in cash and cash equivalents	50,040,346.21	767,914,835.84

(2) Major investing and financing activities that do not involve cash receipts and payments:

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Balance of dividends of associates and joint ventures offset loans of related parties	-	327,130,605.57

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

60. Supplementary information to the cash flow statement - continued

(3) Net cash payments to acquire subsidiaries in the period

Item	RMB Amount (Unaudited)
Cash or cash equivalents paid in the current period for business combinations occurring in the current period	1,460,376,936.45
Including: SIHICH	1,428,670,893.95
Lisai Environmental Protection	31,706,042.50
Less: Cash and cash equivalents held by subsidiaries at the date of acquisition	7,304,076.17
Including: Lisai Environmental Protection	7,304,076.17
Add: Cash or cash equivalents paid in the current year for business combinations occurring in the prior period	12,934,094.97
Including: Bioland Company	12,934,094.97
Net cash payments for acquisitions of subsidiaries	1,466,006,955.25

Note: At the combination date, the total cash at banks and on hand for acquisitions of Lisai Environmental Protection was RMB 10,000,750.05, including cash and cash equivalents of RMB 7,304,076.17.

(4) Composition of cash and cash equivalents

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
I. Cash		
Including: Cash on hand	7,897,556.72	7,993,396.61
Cash at banks that can be withdrawn on demand	5,499,102,192.58	5,448,966,006.48
II. Balance of cash and cash equivalents at the end of the period	5,506,999,749.30	5,456,959,403.09
Add: Restricted cash and cash equivalents held by the Company and Group companies (Note V,1)	391,175,858.48	460,685,084.65
Add: Interest on bank deposits	22,258,400.95	31,044,399.40
III. Cash at banks and on hand	5,920,434,008.73	5,948,688,887.14

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NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

61. Assets with ownership or use right restricted

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)	Reason for restriction
Charging right of Qinglian Expressway	5,680,587,448.56	5,801,265,680.65	Pledge
Charging right of Coastal Expressway	5,374,007,692.84	5,450,678,838.91	Pledge
Charging right of Outer Ring Expressway	5,384,650,505.23	5,501,546,332.03	Pledge
Charging right of Shuiguan Expressway	1,536,460,086.03	1,712,659,598.88	Pledge
The 100% equity in Meiguan Company	541,121,054.97	507,173,179.70	Pledge
The 45% equity in JEL Company	105,041,144.94	268,931,387.56	Pledge
The 100% equity in Qianxin Company	283,814,729.72	268,502,073.95	Guarantee
The 100% equity in Qianzhi Company and Qianhui Company	913,595,296.76	823,997,027.51	Guarantee
The 80.27% equity in SIHICH	1,516,228,902.80	-	Pledge
Cash at banks and on hand	391,175,858.48	460,685,084.65	See Note V, 1
Land-use right of Langfang Waterland Machinery Manufacturing Co., Ltd. ("Langfang Waterland")	21,503,276.55	21,743,984.85	Mortgage
Equity, franchise rights or production equipment, etc. of kitchen waste disposal projects of certain subsidiaries of Bioland Company	1,605,117,970.84	2,191,329,328.24	Mortgage and pledge
Floors 37, 40-48 of Hanking Headquarters Building	1,130,591,314.65	1,122,754,109.75	Mortgage
Floor 39 of Hanking Headquarters Building	120,286,410.44	-	Mortgage
Collection rights to accounts receivable of financing lease projects	808,046,899.10	487,434,149.44	Pledge
Collection rights to accounts receivable of Huangshi Bioland	5,957,563.66	3,777,056.89	Pledge
Total	25,418,186,155.57	24,622,477,833.01	

Note: In addition to those mentioned above, the Group pledged the charging rights to electric charge of Qianxin Company, Qianzhi Company, Qianhui Company, Yongcheng Zhuneng and Baotou Lingxiang, subsidiaries of the Company. Refer to Note V, 34.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

62. Monetary items denominated in foreign currencies

(1) Monetary items denominated in foreign currencies

Item	30 June 2022 (Unaudited)	Exchange rate	Equivalent to RMB (Unaudited)
Cash at banks and on hand			
HKD	190,733,232.71	0.8552	163,115,060.61
USD	2,038,413.49	6.7114	13,680,608.31
EUR	12.00	7.0084	84.10
FRF	11.70	7.0299	82.25
ESP	446.00	0.0468	20.88
JPY	380.00	0.0491	18.66
Other receivables			
HKD	1,037,839.00	0.8552	887,559.91
Dividends receivable			
HKD	5,348,969.33	0.8552	4,574,438.57
Short-term borrowings			
HKD	5,990,982,364.54	0.8552	5,123,488,118.16
USD	423,775,045.99	6.7114	2,844,123,843.66
Transactional financial liabilities			
HKD	80,432,464.13	0.8552	68,785,843.32
Employee benefits payable			
HKD	4,992,088.34	0.8552	4,269,233.95
Other payables			
HKD	4,507,301.81	0.8552	3,854,644.51
Dividends payable			
HKD	546,070,460.70	0.8552	466,999,457.99
Non-current liabilities due within one year			
USD	4,775,047.66	6.7114	32,047,254.87
HKD	559,588.54	0.8552	478,560.12
Long-term borrowings			
HKD	1,290,000,000.00	6.7114	8,657,706,000.00
Bonds payable			
USD	297,910,424.06	6.7114	1,999,396,020.04
Lease liabilities			
HKD	6,007,319.17	0.8552	5,137,459.35

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

VI. CHANGES IN SCOPE OF CONSOLIDATION

1. Business combination not involving entities under common control

(1) Business combination not involving entities under common control for the period

RMB

Name of acquiree	Equity acquisition date	Cost of acquisition (Unaudited)	Shareholding percentage (%)	Acquisition method	Acquisition date	Basis for determination of acquisition date	Income of the acquired company from the date of acquisition to the end of the period (Unaudited)	Net profit of the acquired company from the date of acquisition to the end of the period
Lisai Environmental Protection (Note)	20 April 2022	75,250,000.00	70.00	Acquisition of equity	20 April 2022	The control of the acquiree has been transferred	27,197,141.39	12,486,717.84

Note: On 27 February 2022, Environment Company, a subsidiary of the Company, entered into an agreement with Huang Hanjian and Xiao Ying, shareholders of Lisai Environmental Protection, to acquire 47.674% equity interests in Lisai Environmental Protection at RMB 51,250,000.00, and to increase capital to Lisai Environmental Protection by RMB 80,000,000.00 upon completion of the equity transfer. Upon the capital increase, Environment Company held 70% equity in Lisai Environmental Protection. On 20 April 2022, the equity transfer procedures were completed and, the Group appointed directors and supervisors in Lisai Environmental Protection, taken over their daily operating activities, controlled the financial and operation policies of Lisai Environmental Protection, enjoying corresponding benefits and bearing corresponding risks. Therefore, the Group included Lisai Environmental Protection in the scope of consolidated financial statements with effect from 20 April 2022.

(2) Consolidation cost and goodwill

RMB

Item	Lisai Environmental Protection (Unaudited)
Cash paid	75,250,000.00
Total cost of consolidation	75,250,000.00
Less: Fair value share of identifiable net assets acquired	75,250,000.00
Goodwill	-

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

VI. CHANGES IN SCOPE OF CONSOLIDATION - continued

1. Business combination not involving entities under common control - continued

(3) Identifiable assets and liabilities of the acquiree on the acquisition date are listed below:

Item	RMB	
	Lisai Environmental Protection (Unaudited)	
	Fair value on acquisition date	Carrying amount on acquisition date
Assets:	311,819,596.04	159,035,641.20
Cash at banks and on hand	10,000,750.05	10,000,750.05
Accounts receivable	17,957,661.90	17,957,661.90
Prepayments	38,000.00	38,000.00
Other receivables	4,780,432.51	4,780,432.51
Fixed assets	872,741.99	2,597,517.51
Construction in progress	-	3,978,274.93
Right-of-use assets	1,002,000.53	1,002,000.53
Intangible assets	270,986,320.30	112,499,315.01
Deferred tax assets	6,181,688.76	6,181,688.76
Liabilities:	204,319,596.04	198,921,811.00
Accounts payable	108,313,395.89	108,313,395.89
Employee benefits payable	5,388,952.32	5,388,952.32
Taxes payable	3,383,340.74	3,383,340.74
Other payables	29,283,774.05	29,283,774.05
Non-current liabilities due within one year	31,422,230.20	31,422,230.20
Lease liabilities	518,578.76	518,578.76
Deferred revenue	-	20,611,539.04
Deferred tax liabilities	26,009,324.08	-
Net assets	107,500,000.00	(39,886,169.80)
Less: Minority interests	-	-
Net assets acquired	107,500,000.00	(39,886,169.80)

2. Business combination involving entities under common control

(1) Business combination involving entities under common control for the period

Name of acquiree	Percentage of equity acquired in a business combination	Basis for business combination under common control	Date of combination	Basis for determination of consolidation date	RMB			
					Income of the acquiree from the beginning of the period of consolidation to the date of consolidation	Net profit of the acquiree from the beginning of the period of consolidation to the date of consolidation (Unaudited)	Income of the acquiree during the comparative period	Net profit of the acquiree during the comparative period (Unaudited)
SIHICH	100.00%	It is 100% controlled by Shenzhen Investment Holdings Co., Ltd. ("Shenzhen Investment Holdings"), a wholly-owned subsidiary of Shenzhen State-owned Assets Supervision and Administration Commission, the de facto controller of the Company	11 January 2022	The control of the acquiree has been transferred	-	(4,489,534.28)	-	29,082,696.88

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

VI. CHANGES IN SCOPE OF CONSOLIDATION - continued

2. Business combination involving entities under common control - continued

(1) Business combination involving entities under common control for the period - continued

Note 1: On 10 August 2021, Mei Wah Company, a wholly-owned subsidiary of the Group, entered into a sales and purchase agreement with Shenzhen Investment Holdings International; and Shenzhen Investment Holdings, Shenzhen Investment Holdings International and the Group entered into a quadripartite agreement with Mei Wah Company, according to which Mei Wah Company acquires the 100% equity of SIHICH held by Shenzhen Investment Holdings International at the price of about HKD 2.45 billion (equivalent to RMB 2.013 billion) by way of private agreement transfer, meanwhile repays the debts of SIHICH about HKD 7.89 billion (equivalent to RMB 6.64 billion), undertakes the transaction tax, and assumes the obligation to pay the difference. On 11 January 2022, the equity transfer procedures were completed and, the Group appointed directors and supervisors in SIHICH, taken over their daily operating activities, controlled the financial and operation policies of SIHICH, enjoying corresponding benefits and bearing corresponding risks. Therefore, the Group included SIHICH in the scope of consolidated financial statements with effect from 11 January 2022.

(2) Consolidation cost

	RMB
Consolidation cost	SIHICH (Unaudited)
- Cash	2,039,644,572.98
- Carrying amount of the obligation to pay the difference	68,873,642.88

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

VI. CHANGES IN SCOPE OF CONSOLIDATION - continued

2. Business combination involving entities under common control - continued

(3) Carrying amount of the assets and liabilities of acquiree at the date of consolidation

Item	SIHICH (Unaudited)		RMB
	11 January 2022	31 December 2021	
	Assets:	12,337,525,245.02	12,342,736,371.18
Cash at banks and on hand	1,745,401,914.70	1,751,917,360.42	
Transactional financial assets	351,380,821.92	351,380,821.92	
Prepayments	734,667.52	734,667.52	
Other receivables	264,394,695.47	264,394,695.47	
Long-term equity investments	9,745,921,971.01	9,744,548,276.04	
Other non-current financial assets	20,100,000.00	20,100,000.00	
Fixed assets	1,747,822.91	1,768,235.73	
Right-of-use assets	4,950,220.30	4,999,182.89	
Goodwill	202,893,131.19	202,893,131.19	
Liabilities:	8,574,106,502.53	8,574,814,163.78	
Short-term borrowings	882,352,941.18	882,352,941.18	
Employee benefits payable	4,494,416.75	4,804,767.42	
Taxes payable	4,616,754.29	10,369,901.30	
Other payables	4,560,389,888.14	649,576,989.05	
Non-current liabilities due within one year	21,374,311.26	2,106,792,184.45	
Long-term borrowings	1,053,921,568.63	2,869,772,078.39	
Lease liabilities	3,286,334.83	5,009,577.62	
Deferred tax liabilities	130,976,847.45	130,745,839.61	
Other non-current liabilities	1,912,693,440.00	1,915,389,884.76	
Net assets	3,763,418,742.49	3,767,922,207.40	
Net assets acquired	3,763,418,742.49	3,767,922,207.40	

3. Changes in scope of consolidation for other reasons

(1) New subsidiaries for the period

Shenzhen Expressway Group Digital Technology Co. Ltd. ("Expressway Digital Technology") was established in Shenzhen, Guangdong Province on 11 March 2022 with a registered capital of RMB 30,000,000.00 and the Group holds 51.00% of its equity. The Company's scope of operation is Internet information services. This newly-established subsidiary was included in the scope of consolidation during the current period.

(2) Cancellation of subsidiaries for the period

Hangzhou Zhishou Environmental Technology Co., Ltd., Hong Kong Bioland, Beijing Bioland Environmental Management Co., Ltd. and Tianjin Waterland Environmental Protection Equipment Manufacturing Co., Ltd., subsidiaries of the Group, have been cancelled, the taxation and business cancellation procedures of which were completed on 10 January 2022, 25 February 2022, 19 April 2022 and 21 April 2022 respectively.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group:

Name of subsidiaries	Place of main business	Place of registration	Nature of business	Registered capital (RMB, Unless otherwise specified)	Equity interest (%)		Acquired through
					Direct	Indirect	
Outer Ring Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	6,500,000,000.00	100.00	-	Incorporation
Shenzhen Expressway Investment Company Limited ("Investment Company")	Guizhou Province, PRC	Shenzhen City, Guangdong Province, PRC	Investment	400,000,000.00	100.00	-	Incorporation
Guishen Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Infrastructure construction	500,000,000.00	-	70.00	Incorporation
Guizhou Land Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	158,000,000.00	-	70.00	Incorporation
Shenzhen Expressway Property Management Company Limited ("Property Company")	Longli County, Guizhou Province, PRC	Shenzhen City, Guangdong Province, PRC	Property management	1,000,000.00	-	100.00	Incorporation
Environment Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Environmental projects and advisory	5,000,000,000.00	100.00	-	Incorporation
JEL Company	Hubei Province, PRC	Cayman Islands	Investment holding	USD 30,000,000.00	-	100.00	Business combinations under common control
Hubei Magerk Expressway Management Co., Ltd. ("Magerk Company")	Hubei Province, PRC	Hubei Province, PRC	Toll road operation	USD 28,000,000.00	-	100.00	Business combinations under common control
Qinglian Company	Qingyuan City, Guangdong Province, PRC	Qingyuan City, Guangdong Province, PRC	Toll road operation	3,361,000,000.00	51.37	25.00	Business combinations not under common control
Shenzhen High Speed Advertising Limited Company ("Advertising Company")	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Advertising agency	30,000,000.00	95.00	5.00	Business combinations not under common control
Meiguan Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	332,400,000.00	100.00	-	Business combinations not under common control
Mei Wah Company	Hubei Province and Guangdong Province, PRC	Hong Kong	Investment holding	823,012,897.00	100.00	-	Business combinations not under common control
Maxprofit Company	Guangdong Province, PRC	British Virgin Islands	Investment holding	USD 85,360,000.00	-	100.00	Business combinations not under common control
Fameluxe Company	Hong Kong, China	Hong Kong	Investment holding	HKD 10,000.00	-	100.00	Business combinations not under common control
Shenzhen Expressway Operation Development Co., Ltd. ("Operation Development Company")	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	30,000,000.00	100.00	-	Incorporation
Qinglong Company (Note 1)	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	324,000,000.00	40.00	10.00	Business combinations not under common control
Shenchang Company	Changsha City, Hunan Province, PRC	Changsha City, Hunan Province, PRC	Toll road operation	200,000,000.00	51.00	-	Business combinations not under common control
Yichang Company	Changde City, Hunan Province, PRC	Changde City, Hunan Province, PRC	Toll road operation	345,000,000.00	100.00	-	Business combinations not under common control
Shenzhen Expressway Construction Development Company Limited ("Construction Development Company")	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Infrastructure construction	30,000,000.00	100.00	-	Incorporation
Infrastructure Environment Protection Development Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Infrastructure environment protection business	500,000,000.00	51.00	49.00	Incorporation
Shenzhen Express Private Equity Industry Investment Fund Management Co., Ltd. ("Fund Company")	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Capital market services	19,607,800.00	51.00	-	Incorporation
Shenzhen Guangshen Coastal Expressway Investment Company Limited ("Coastal Expressway")	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	6,600,000,000.00 (Note 2)	100.00	-	Business combination under common control
Guizhou Shenzhen Expressway Investment Land Company ("Guishen Expressway Investment")	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Comprehensive land development	1,000,000.00	-	70.00	Incorporation
Shenzhen Expressway Yijia Apartment Management Limited Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Apartment rents and management	10,000,000.00	-	60.00	Incorporation
Guizhou Yefengrui Land Limited Company ("Yefengrui Land")	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Comprehensive land development	1,000,000.00	-	70.00	Incorporation

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

VII. INTERESTS IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group: - continued

Name of subsidiaries	Place of main business	Place of registration	Nature of business	Registered capital (RMB, Unless otherwise specified)	Equity interest (%)		Acquired through
					Direct	Indirect	
Shenzhen Expressway SUEZ Environment Limited Company ("SUEZ Environment")	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Environmental technology development consultation	100,000,000.00	-	51.00	Incorporation
Nanjing Wind Power	Nanjing City, Jiangsu Province, PRC	Nanjing City, Jiangsu Province, PRC	Manufacturing	357,142,900.00	-	51.00	Business combinations not under common control
Baotou Jinling Wind Power Technology Co., Ltd.	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Manufacturing	20,000,000.00	-	51.00	Business combinations not under common control
Xuanwei Nanfeng New Energy Co., Ltd.	Qujing City, Yunnan Province, PRC	Qujing City, Yunnan Province, PRC	Manufacturing	3,000,000.00	-	51.00	Business combinations not under common control
Qing'an County Nanfeng New Energy Technology Co., Ltd.	Suihua City, Heilongjiang Province, PRC	Suihua City, Heilongjiang Province, PRC	Manufacturing	5,000,000.00	-	51.00	Incorporation
Tangyuan County Nanfeng Wind Power Co., Ltd.	Jiamusi City, Heilongjiang Province, PRC	Jiamusi City, Heilongjiang Province, PRC	Manufacturing	10,000,000.00	-	51.00	Incorporation
Jiamusi County Nanfeng Yongfa Electric Power Technology Co., Ltd.	Jiamusi City, Heilongjiang Province, PRC	Jiamusi City, Heilongjiang Province, PRC	Manufacturing	10,000,000.00	-	51.00	Incorporation
Shangzhi Nanfeng New Energy Technology Co., Ltd.	Shangzhi City, Heilongjiang Province, PRC	Shangzhi City, Heilongjiang Province, PRC	Manufacturing	5,000,000.00	-	51.00	Incorporation
Baotou Nanfeng	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind power	632,800,000.00	0.95	99.05	Business combinations not under common control
Baotou Lingxiang	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind power	148,100,000.00	-	100.00	Business combinations not under common control
Damaoqi Nanchuan Wind Power Co., Ltd.	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind power	128,200,000.00	-	100.00	Business combinations not under common control
Damaoqi Ningyuan Wind Power Co., Ltd.	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind power	179,000,000.00	-	100.00	Business combinations not under common control
Damaoqi Ningxiang Wind Power Co., Ltd.	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind power	129,500,000.00	-	100.00	Business combinations not under common control
Damaoqi Ningfeng Wind Power Co., Ltd.	Baotou City, Inner Mongolia Province, PRC	Baotou City, Inner Mongolia Province, PRC	Wind power	126,000,000.00	-	100.00	Business combinations not under common control
Bioland Company (Note 3)	Beijing City, PRC	Zhengzhou City, Henan Province, PRC	Environment and facility services	234,933,000.00	-	68.1022	Business combinations not under common control
Guangxi Bioland	Nanning City, Guangxi Zhuang Autonomous Region, PRC	Nanning City, Guangxi Zhuang Autonomous Region, PRC	Kitchen waste disposal	123,000,000.00	-	100.00	Business combinations not under common control
Dezhou Bioland	Dezhou City, Shandong Province, PRC	Dezhou City, Shandong Province, PRC	Kitchen waste disposal	50,000,000.00	-	100.00	Business combinations not under common control
Guiyang Beier Bioland	Guiyang City, Guizhou Province, PRC	Guiyang City, Guizhou Province, PRC	Kitchen waste disposal	43,000,000.00	-	100.00	Business combinations not under common control
Taizhou Bioland	Taizhou City, Jiangsu Province, PRC	Taizhou City, Jiangsu Province, PRC	Kitchen waste disposal	68,000,000.00	-	100.00	Business combinations not under common control
Dezhou Zhonghe Environmental Protection Equipment Manufacturing Co., LTD	Dezhou City, Shandong Province, PRC	Dezhou City, Shandong Province, PRC	Equipment manufacturing	30,000,000.00	-	100.00	Business combinations not under common control
Kunshan Beier Bioland Environmental Technology Co., Ltd.	Kunshan City, Jiangsu Province, PRC	Kunshan City, Jiangsu Province, PRC	Kitchen waste disposal	25,000,000.00	-	95.00	Business combinations not under common control
Longyou Bioland	Quzhou City, Zhejiang Province, PRC	Quzhou City, Zhejiang Province, PRC	Kitchen waste disposal	10,500,000.00	-	100.00	Business combinations not under common control
Langfang Waterland	Langfang City, Hebei Province, PRC	Langfang City, Hebei Province, PRC	Equipment manufacturing	30,000,000.00	-	100.00	Business combinations not under common control
Kunshan Bioland Environmental Technology Co., Ltd.	Kunshan City, Jiangsu Province, PRC	Kunshan City, Jiangsu Province, PRC	Kitchen waste disposal	500,000.00	-	80.00	Business combinations not under common control

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

VII. INTERESTS IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group: - continued

Name of subsidiaries	Place of main business	Place of registration	Nature of business	Registered capital (RMB, Unless otherwise specified)	Equity interest (%)		Acquired through
					Direct	Indirect	
Shangrao Bioland	Shangrao City, Jiangxi Province, PRC	Shangrao City, Jiangxi Province, PRC	Kitchen waste disposal	25,000,000.00	-	100.00	Business combinations not under common control
Huangshi Bioland	Huangshi City, Hubei Province, PRC	Huangshi City, Hubei Province, PRC	Kitchen waste disposal	24,274,980.00	-	70.00	Business combinations not under common control
Pingyu Beier Environmental Technology Co., Ltd.	Zhumadian City, Henan Province, PRC	Zhumadian City, Henan Province, PRC	Kitchen waste disposal	500,000.00	-	100.00	Business combinations not under common control
Handan Bioland	Handan City, Hebei Province, PRC	Handan City, Hebei Province, PRC	Kitchen waste disposal	50,000,000.00	-	90.00	Business combinations not under common control
Guilin Bioland	Guilin City, Guangxi Province, PRC	Guilin City, Guangxi Province, PRC	Kitchen waste disposal	54,600,000.00	-	100.00	Business combinations not under common control
Xinyu Bioland	Xinyu City, Jiangxi Province, PRC	Xinyu City, Jiangxi Province, PRC	Kitchen waste disposal	23,940,000.00	-	100.00	Business combinations not under common control
Zhuji Bioland	Zhuji City, Zhejiang Province, PRC	Zhuji City, Zhejiang Province, PRC	Kitchen waste disposal	100,000,000.00	-	90.00	Business combinations not under common control
Taizhou Bioland High-tech Environmental Protection Equipment Co., Ltd.	Taizhou City, Jiangsu Province, PRC	Taizhou City, Jiangsu Province, PRC	Equipment manufacturing	300,000,000.00	-	100.00	Business combinations not under common control
Fuzhou Bioland Environmental Technology Co., Ltd.	Fuzhou City, Jiangxi Province, PRC	Fuzhou City, Jiangxi Province, PRC	Kitchen waste disposal	24,000,000.00	-	100.00	Business combinations not under common control
Nanjing Shenlu Environmental Technology Co., Ltd.	Nanjing City, Jiangsu Province, PRC	Nanjing City, Jiangsu Province, PRC	Environment and facility services	100,000,000.00	-	100.00	Business combinations not under common control
BIOLAND ENVIRONMENTAL SOLUTIONS INC	Canada	Canada	Environment and facility services	CAD 100,100.00	-	100.00	Business combinations not under common control
Sichuan Lansheng	Zigong City, Sichuan Province, PRC	Zigong City, Sichuan Province, PRC	Kitchen waste disposal	45,039,000.00	-	84.57	Business combinations not under common control
Jiangsu Bioland Construction Engineering Co., Ltd.	Taizhou City, Jiangsu Province, PRC	Taizhou City, Jiangsu Province, PRC	Environment and facility services	10,000,000.00	-	100.00	Business combinations not under common control
China Logistics Finance	Hong Kong	Hong Kong	Investment holding	HKD 1.00	-	100.00	Business combinations under common control
Financial Leasing Company (Note 4)	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Financial leasing and commercial factoring	902,500,000.00	72.30	27.70	Business combinations under common control
Engineering Development Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road construction	40,500,000.00	-	60.00	Business combinations not under common control
New Energy Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Wind power	2,251,990,000.00	100.00	-	Incorporation
Inner Mongolia Chenghuan Bioland Renewable Resources Co., Ltd.	Hohhot, Inner Mongolia Autonomous Region, China	Hohhot, Inner Mongolia Autonomous Region, China	Environment and facility services	43,360,000.00	-	51.00	Incorporation
Shenzhen Bioland Environmental Protection Technology Research and Design Institute Co., Ltd.	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Environmental and ecological monitoring, agricultural science research	10,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Gao Le Health Care Co., Ltd.	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Health, elderly care and nursing services	30,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Construction Technology Development Co., Ltd.	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Architecture Engineering and	40,000,000.00	-	51.00	Incorporation
Guangdong New Energy	Liannan Yao Autonomous County, Guangdong Province, PRC	Liannan Yao Autonomous County, Guangdong Province, PRC	Investment holding	1,956,550,000.00	-	100.00	Incorporation
Qiantai Company (Note 5)	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Comprehensive utilization of resources	307,692,300.00	-	63.33	Business combinations not under common control
Longda Company	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Toll road operation	50,000,000.00	89.93	-	Business combinations under common control
Qianxin Company	Mulei County, Changji Prefecture, Xinjiang, China	Mulei County, Changji Prefecture, Xinjiang, China	Wind power	181,120,000.00	-	100.00	Business combinations not under common control

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

VII. INTERESTS IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group: - continued

Name of subsidiaries	Place of main business	Place of registration	Nature of business	Registered capital (RMB, Unless otherwise specified)	Equity interest (%)		Acquired through
					Direct	Indirect	
Qianzhi Company	Mulei County, Changji Prefecture, Xinjiang, China	Mulei County, Changji Prefecture, Xinjiang, China	Wind power	479,183,100.00	-	100.00	Business combinations not under common control
Qianhui Company	Mulei County, Changji Prefecture, Xinjiang, China	Mulei County, Changji Prefecture, Xinjiang, China	Wind power	264,376,900.00	-	100.00	Business combinations not under common control
Shenzhen Guangming Shenzhen Expressway Environment Technology Co., Ltd. ("Guangming Environment Technology")	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Kitchen waste disposal	200,000,000.00	100.00	-	Incorporation
Shenzhen Expressway Asphalt Technology	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Asphalt materials	30,000,000.00	-	55.00	Incorporation
Beihai Zhonglan	Beihai City, Guangxi Province, PRC	Beihai City, Guangxi Province, PRC	Kitchen waste disposal	16,390,000.00	-	90.00	Incorporation
Yongcheng Zhuneng	Yongcheng, Shangqiu City, Henan Province, PRC	Yongcheng, Shangqiu City, Henan Province, PRC	Wind power	102,450,000.00	-	100.00	Business combinations not under common control
Shenzhen Zhuneng	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Investment holding	100,000.00	-	100.00	Incorporation
Shanghai Zhuneng	Shanghai, PRC	Shanghai, PRC	Investment holding	2,450,000.00	-	100.00	Business combinations not under common control
Ningxia Zhongwei	Zhongwei City, Ningxia Hui Autonomous Region, PRC	Zhongwei City, Ningxia Hui Autonomous Region, PRC	Wind power	175,920,236.88	-	100.00	Business combinations not under common control
Harbin Nengchuang	Harbin City, Heilongjiang Province, PRC	Harbin City, Heilongjiang Province, PRC	Manufacturing	5,000,000.00	-	51.00	Incorporation
Chuzhou Bioland	Chuzhou City, Anhui Province, PRC	Chuzhou City, Anhui Province, PRC	Kitchen waste disposal	25,492,400.00	-	89.10	Incorporation
Shenzhen Expressway Business Co., Ltd. ("Shenzhen Expressway Business")	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Business services	8,000,000.00	100.00	-	Incorporation
Harbin Lingfeng	Harbin City, Heilongjiang Province, PRC	Harbin City, Heilongjiang Province, PRC	Wind power	USD 1,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Shengao Lekang Health Service (Shenzhen) Co., Ltd. ("Shengao Lekang")	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Health, elderly care and nursing services	15,000,000.00	-	80.00	Incorporation
SIHICH (Note 6)	Shenzhen City, Guangdong Province, PRC	British Virgin Islands	Investment holding	322,930.00	-	100.0	Business combinations under common control
Bay Area Development (Note 6)	Hong Kong, China	Cayman Islands	Investment holding	HKD 1,000,000,000.00	-	71.83	Business combinations under common control
Wilberforce (Note 6)	Hong Kong, China	British Virgin Islands	Investment holding	USD 1.00	-	71.83	Business combinations under common control
Jiehao (Note 6)	Hong Kong, China	British Virgin Islands	Investment holding	USD 1.00	-	71.83	Business combinations under common control
Bay Area Management (Note 6)	Hong Kong, China	Hong Kong, China	Investment holding	HKD 1.00	-	71.83	Business combinations under common control
Bay Area Service (Note 6)	Hong Kong, China	Hong Kong, China	Office service	HKD 2.00	-	71.83	Business combinations under common control
Bay Area Financing (Note 6)	Hong Kong, China	Hong Kong, China	Loan financing	HKD 1.00	-	71.83	Business combinations under common control
Hopewell Guangzhou Expressway (Note 6)	Hong Kong, China	Hong Kong, China	Investment holding	HKD 2.00	-	71.83	Business combinations under common control
Guanjia (Note 6)	Hong Kong, China	British Virgin Islands	Investment holding	USD 1.00	-	70.03	Business combinations under common control
Hopewell China Development (Note 6)	Hong Kong, China	Hong Kong, China	Investment holding	HKD 2.00	-	70.03	Business combinations under common control
Shenzhen Bay Infrastructure (Shenzhen) Co., Ltd. ("Shenzhen Bay Infrastructure") (Note 6)	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Investment holding	1,500,000,000.00	-	70.03	Business combinations under common control
Expressway Digital Technology (Note 7)	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	information technology service	30,000,000.00	51.00	-	Incorporation
Lisai Environmental Protection (Note 8)	Shenzhen City, Guangdong Province, PRC	Shenzhen City, Guangdong Province, PRC	Environmental technology service	17,441,900.00	-	70.00	Business combinations not under common control

VII. INTERESTS IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Particulars of the Company's subsidiaries are as follows: - continued

Note 1: The Board of Directors of Qinglong Company is composed of 7 directors, and the Group is entitled to nominate 5 directors and the voting on business matters at the meeting of the Board of Directors is effective only after it is approved by more than half of all directors. The Group substantially controls Qinglong Company.

Note 2: On 7 May 2022, the shareholders' meeting of Coastal Expressway resolved to use the capital reserve of Coastal Expressway to increase the registered capital by RMB 2,000,000,000. After the capital reserve was transferred to the registered capital, the registered capital of Coastal Expressway was changed from RMB 4,600,000,000.00 to RMB 6,600,000,000.00.

Note 3: Environment Company entered into a "Memorandum of Cooperation" with Zhengzhou Cida Environmental Protection Technology Co., Ltd., Shi Junying and Shenzhen Water & Gas Environmental Protection Group Co., Ltd. ("Water & Gas Environmental Protection"), under which Water & Gas Environmental Protection shall transfer its 2,260,000 shares held in Bioland Company to Environment Company as the performance guarantee for the profit and loss compensation during the transition period agreed in the share transfer between the Environmental Company and the original shareholders of Bioland Company. As at 30 June 2022, the registration for industrial and commercial changes have been completed for the above shares, the Group doesn't need to pay the consideration as agreed.

Note 4: On 7 May 2022, the Board of Directors of Financial Leasing Company passed the "Proposal on Directed Capital Reduction of Financial Leasing Company", under which Financial Leasing Company made a directed capital reduction of RMB 97,500,000.00 to Shenzhen Jianronghe Investment Co., Ltd., a minority shareholder, based on its capital contribution. As at 30 June 2022, the capital reduction procedures have been completed and the registered capital of Financial Leasing Company has been changed from RMB 1,000,000,000.00 to RMB 902,500,000.00 and, the Group's direct and indirect shareholding ratio in Financial Leasing Company has been changed from 90.25% to 100%.

Note 5: Infrastructure Environmental Company entered into an *Equity Transfer Agreement* with Shenzhen Qiantai Renewable Energy Technology Co., Ltd. ("Qiantai Energy"), under which Infrastructure Environmental Company acquired 13.33% equity interest held by Qiantai Energy in Qiantai Company at the consideration of RMB 74,243,437.00 as. The above transaction was completed on 24 June 2022 and the Group's shareholding ratio in Qiantai Company changed from 50.00% to 63.33%.

Note 6: Newly established subsidiaries through business combinations involving entities under common control.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

VII. INTERESTS IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Particulars of the Company's subsidiaries are as follows: - continued

Note 7: Newly established subsidiaries in the current period.

Note 8: Newly established subsidiaries through business combinations involving entities under common control.

(2) Significant non-wholly-owned subsidiaries

30 June 2022 (Unaudited)

RMB

Name of subsidiaries	Equity interest held by minority shareholders	Profit or loss attributable to minority shareholders	Dividend declared by subsidiaries to the minority shareholders	Balance of minority interests at the end of the period
Qinglian Company	23.63%	12,898,670.70	-	766,250,526.82
Shenchang Company	49.00%	29,660,482.53	(29,400,000.00)	168,255,572.80
Qinglong Company	50.00%	11,009,703.27	(43,500,000.00)	587,405,793.22
Bioland Company	32.86%	(17,574,716.69)	-	414,508,752.64
Bay Area Development	28.17%	(13,441,653.33)	(93,677,617.21)	2,734,395,164.46
Total		22,552,486.48	(166,577,617.21)	4,670,815,809.94

31 December 2021 (Restated)

RMB

Name of subsidiaries	Equity interest held by minority shareholders	Profit or loss attributable to minority shareholders	Dividend declared by subsidiaries to the minority shareholders	Balance of minority interests at the end of the period
Qinglian Company	23.63%	44,607,158.52	-	753,351,856.12
Shenchang Company	49.00%	62,384,134.62	(29,400,000.00)	167,995,090.27
Qinglong Company	50.00%	36,540,295.69	(130,000,000.00)	619,896,089.95
Bioland Company	32.86%	(36,012,580.21)	-	430,889,501.33
Bay Area Development	28.17%	108,290,625.32	(170,388,118.04)	2,841,514,435.00
Total		215,809,633.94	(329,788,118.04)	4,813,646,972.67

(3) Main financial information of significant non-wholly-owned subsidiaries

RMB

Name of subsidiaries	30 June 2022 (Unaudited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qinglian Company	411,042,053.04	5,898,694,095.20	6,309,736,148.24	289,544,302.35	2,865,747,698.41	3,155,292,000.76
Shenchang Company	83,879,790.60	508,856,477.46	592,736,268.06	198,549,026.30	50,985,460.58	249,534,486.88
Qinglong Company	287,753,793.80	1,639,605,193.61	1,927,358,987.41	139,716,376.38	594,259,568.38	733,975,944.76
Bay Area Development	2,165,710,293.52	5,218,192,396.50	7,383,902,690.02	1,289,722,347.94	1,257,318,620.69	2,547,040,968.63
Bioland Company	520,262,268.88	3,568,374,491.50	4,088,636,760.38	952,641,503.65	2,023,251,606.71	2,975,893,110.36

RMB

Name of subsidiaries	31 December 2021 (Restated) (Unaudited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qinglian Company	291,941,877.51	6,027,743,004.95	6,319,684,882.46	244,652,359.83	2,889,977,154.84	3,134,629,514.67
Shenchang Company	99,194,393.53	567,833,803.18	667,028,196.71	248,408,371.89	75,949,640.63	324,358,012.52
Qinglong Company	259,591,099.91	1,824,256,251.65	2,083,847,351.56	166,656,590.64	677,398,581.00	844,055,171.64
Bay Area Development	2,173,691,833.19	4,588,896,075.41	6,762,587,908.60	905,254,545.03	1,188,002,705.66	2,093,257,250.69
Bioland Company	651,986,281.25	3,495,793,172.63	4,147,779,453.88	983,945,581.51	1,997,358,430.94	2,981,304,012.45

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

VII. INTERESTS IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(3) Main financial information of significant non-wholly-owned subsidiaries - continued

RMB

Name of subsidiaries	For the six months ended 30 June 2022 (Unaudited)			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Qinglian Company	312,887,609.09	54,585,995.31	54,585,995.31	211,116,192.84
Shenchang Company	123,451,601.66	60,531,596.99	60,531,596.99	109,133,953.94
Qinglong Company	273,444,613.28	22,019,406.53	22,019,406.53	177,427,146.31
Bay Area Development	-	41,222,557.28	(46,766,104.61)	(23,136,030.20)
Bioland Company	335,377,055.89	(54,925,759.41)	(54,925,759.41)	38,285,657.11

RMB

Name of subsidiaries	For the six months ended 30 June 2021 (Restated) (Unaudited)			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Qinglian Company	453,775,233.36	111,559,565.96	111,559,565.96	305,633,851.92
Shenchang Company	293,320,750.22	88,833,409.61	88,833,409.61	(164,935,938.45)
Qinglong Company	314,164,637.39	41,884,283.22	41,884,283.22	217,766,313.24
Bay Area Development	-	155,349,743.51	157,174,784.62	(167,264,576.28)
Bioland Company	474,571,204.34	(19,877,806.39)	(19,877,806.39)	(45,772,851.16)

Note: Except for the significant non-wholly-owned subsidiaries listed in Note VII.1 (2), since the amount of revenue realized by other non-wholly-owned subsidiaries in the current period does not exceed 5% of the total revenue of the Group in the current period, the total profit realized in the current period does not exceed 5% of the total profit of the Group in the current period, none of the total assets at the end of the period is higher than 5% of the total assets of the Group at the end of the period, the Company's Board of Directors believes that except for the significant non-wholly-owned subsidiaries listed in Note VII.1(2), the other non-wholly-owned subsidiaries are insignificant non-wholly-owned subsidiaries.

(4) Substantial restriction to the usage of assets or the settlement of liabilities of the Group

As at 30 June 2022, there was no restriction which prohibited the usage of assets or the settlement of liabilities of the Group.

2. Interests in associates and joint ventures

(1) Significant associates and joint ventures

Name	Place of main business	Place of registration	Nature of business	Equity interest (%)		Accounting treatment
				Direct	Indirect	
Derun Environment	Chongqing, China	Chongqing, China	Environmental governance and resource recovery	-	20.00	Equity method
Guangzhou-Shenzhen-Zhuhai Expressway	Guangdong Province	Guangzhou, Guangdong Province	Toll road operation	-	45.00	Equity method
Guangzhou West Line Expressway	Guangdong Province	Guangzhou, Guangdong Province	Toll road operation	-	50.00	Equity method

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

VII. INTERESTS IN OTHER ENTITIES - continued

2. Interests in associates and joint ventures - continued

(2) Main financial information of significant associates and joint ventures

RMB

Item	30 June 2022 / For the six months ended 30 June 2022 (Unaudited)			31 December 2021 / For the six months ended 30 June 2021 (Restated) (Unaudited)		
	Derun Environment (Note 1)	Guangzhou-Shenzhen- Zhuhai Expressway	Guangzhou West Line Expressway	Derun Environment	Guangzhou-Shenzhen- Zhuhai Expressway	Guangzhou West Line Expressway
Current assets	12,980,740,443.87	1,361,728,021.86	355,269,743.78	12,400,511,883.93	758,404,491.85	199,851,412.48
Including: Cash and cash equivalents	5,230,646,487.91	1,124,689,592.36	303,302,041.66	5,393,849,564.58	556,445,779.73	169,817,184.51
Non-current assets	45,692,458,875.37	16,750,771,604.85	14,073,222,251.04	44,952,381,718.66	17,425,298,221.18	14,281,749,232.57
Total assets	58,673,199,319.24	18,112,499,626.71	14,428,491,994.82	57,352,893,602.59	18,183,702,713.03	14,481,600,645.05
Current liabilities	10,257,998,851.33	896,691,157.92	635,932,200.50	10,698,916,046.44	877,610,503.59	609,417,354.90
Non-current liabilities	16,428,808,439.37	3,543,285,368.26	6,434,566,829.92	15,263,212,870.43	3,684,928,153.55	6,616,343,968.39
Total liabilities	26,686,807,290.70	4,439,976,526.18	7,070,499,030.42	25,962,128,916.87	4,562,538,657.14	7,225,761,323.29
Minority interests	13,985,757,877.46	-	-	13,975,036,638.63	-	-
Equity attributable to shareholders of the parent company	18,000,634,151.08	13,672,523,100.53	7,357,992,964.40	17,415,728,047.09	13,621,164,055.89	7,255,839,321.76
Share of net assets calculated according to shareholding ratio	3,600,126,830.22	6,152,635,395.24	3,678,996,482.20	3,483,145,609.42	6,129,523,825.15	3,627,919,660.88
Adjustment matters	1,462,953,999.22	(409,154,348.98)	-	1,462,953,999.22	(409,154,348.98)	-
- Goodwill	1,462,953,999.22	-	-	1,462,953,999.22	-	-
- Unrealized profits from internal transactions	-	-	-	-	-	-
- Others (Note 2)	-	(409,154,348.98)	-	-	(409,154,348.98)	-
Carrying amount of equity investment in associates and joint ventures	5,063,080,829.44	5,743,481,046.26	3,678,996,482.20	4,946,099,608.64	5,720,369,476.17	3,627,919,660.88
Fair value of equity investment in associates and joint ventures with publicly quoted prices	N/A	N/A	N/A	N/A	N/A	N/A
Operating income	6,409,294,374.44	1,091,894,418.92	512,783,697.32	13,313,302,535.29	2,865,690,084.32	1,331,605,237.31
Income tax expense	314,909,000.82	106,511,665.78	41,823,519.25	521,329,222.80	433,636,937.31	110,717,471.52
Net profit	1,553,751,795.24	322,011,297.67	116,854,990.87	3,443,575,886.89	1,103,316,397.27	318,169,071.42
Net profit from discontinued operations	-	-	-	-	-	-
Other comprehensive income	(27,981,059.35)	-	-	(161,753,394.02)	-	-
Total comprehensive income	1,525,770,735.89	322,011,297.67	116,854,990.87	3,281,822,492.87	1,103,316,397.27	318,169,071.42
Dividends received from associates and joint ventures in the current period	-	-	-	132,000,000.00	715,155,250.77	70,490,862.05

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

VII. INTERESTS IN OTHER ENTITIES - continued

2. Interests in associates and joint ventures - continued

(2) Main financial information of significant associates and joint ventures - continued

Note 1: The Group shares the net profit of Derun Environment attributable to shareholders of the parent company at a 20% shareholding ratio. After deducting the current-period premium amortization of RMB 19,641,002.52, the Group recognized the investment income from Derun Environment of RMB 126,570,997.48. The Group shares, based on the 20% shareholding ratio, the other comprehensive income net of tax of Derun Environment attributable to shareholders of the parent company amounting RMB (2,734,108.41), and recognized the change in capital reserve of Derun Environment amounting RMB (6,855,668.27). Please refer to Note V, 13.

Note 2: In November 2019, the land of Guangzhou-Shenzhen-Zhuhai Expressway with a carrying amount of RMB 3,990,000.00 was acquired by the government and then auctioned off to Xintang Joint Venture in December 2019 after a public auction. In 2020, Shenzhen Bay Infrastructure, a subsidiary of the Company, disposed of its 22.5% equity interest in Xintang Joint Venture and received a gain on disposal of RMB 409,154,348.98. As the gain was included in fair value of the equity investment in Guangzhou-Shenzhen-Zhuhai Expressway during the acquisition of Bay Area Development by SIHICH on 4 April 2018, the Group carried forward the corresponding proportion of costs of the equity investment when relevant revenue was realized by Xin Tang joint Venture.

(3) Main financial information of insignificant associates and joint ventures

RMB

Item	30 June 2022 / For the six months ended 30 June 2022 (Unaudited)	31 December 2021 / For the six months ended 30 June 2021 (Restated) (Unaudited)
Associates and Joint Venture:		
Total carrying amount of investment	5,042,467,667.79	4,814,024,495.60
The total of the following items calculated according to the shareholding ratio		
- Net profit	128,951,034.74	355,225,439.38
- Other comprehensive income	-	15,324,512.00
- Total comprehensive income	128,951,034.74	370,549,951.38

As at 30 June 2022, there was no substantial restriction on transferring funds between the Group and associates and joint ventures.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

VIII. FINANCIAL INSTRUMENTS AND RISKS

The Group's major financial instruments include cash at banks and on hand, transactional financial assets, bills receivable, accounts receivable, other receivables, non-current assets due within one year, long-term receivables, other non-current financial assets, short-term borrowings, transactional financial liabilities, bills payable, accounts payable, other payables, non-current liabilities due within one year, other current liabilities, long-term borrowings, bonds payable, lease liabilities, long-term payables, etc. At the end of the period, the Group has the following financial instruments. Please ref to Note V. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure the risks are monitored at a certain level.

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Financial assets		
Measured at fair value through profit or loss		
Transactional financial assets	468,386,209.06	564,018,179.30
Other non-current financial assets	846,218,771.35	738,846,474.26
Measured at amortized cost		
Cash at banks and on hand	5,920,434,008.73	5,948,688,887.14
Bills receivable	16,256,400.00	87,388,115.83
Accounts receivable	948,795,658.31	993,613,902.45
Other receivables	1,019,651,417.15	981,250,269.52
Non-current assets due within one year	227,747,530.69	235,808,874.20
Long-term receivables	2,018,187,882.00	1,116,297,854.71

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Financial liabilities		
Measured at fair value through profit or loss		
Transactional financial liabilities	68,785,843.32	-
Measured at amortized cost		
Short-term borrowings	8,771,860,202.44	4,120,586,329.34
Bills payable	95,541,229.48	87,244,188.73
Accounts payable	2,370,717,654.03	2,502,175,159.44
Other payables	2,650,767,106.56	1,776,497,691.50
Non-current liabilities due within one year	3,270,140,863.87	4,974,845,270.24
Other current liabilities	2,007,082,233.94	2,019,820,913.54
Long-term borrowings	9,530,836,643.56	10,069,194,495.36
Bonds payable	7,288,419,298.35	7,086,863,713.17
Lease liabilities	311,177,951.00	326,956,105.32
Long-term payables	4,494,193,822.47	4,393,072,497.98

VIII. FINANCIAL INSTRUMENTS AND RISKS - continued

The Group uses sensitivity analysis techniques to analyze the possible impact of reasonable and probable changes in risk variables on current profit or loss and owners' equity. As changes in any risk variable rarely occur in isolation and the correlation that exists between variables will have a significant effect on the ultimate amount of the impact of a change in a particular risk variable, the following is performed under the assumption that changes in each variable are independent.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1 Market risk

1.1.1 Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with HKD and USD. Except for the purchases and sales of several subsidiaries of the Group in HKD and USD, and the bank balances in EER, JPY, FRF, and ESP of the Company, all the other principal operating activities of the Group are denominated and settled in RMB. As at 30 June 2022, the Group's assets and liabilities are all in functional currency, except for the balances of assets and liabilities set out below, which are in currencies other than functional currency.

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Cash at banks and on hand	68,625,681.71	14,750,422.58
Other receivables	55,588.00	634,195,313.22
Short-term borrowings	7,036,633,123.05	1,300,514,486.13
Transactional financial liabilities	68,785,843.32	-
Other payables	809,751,327.33	3,653,920.15
Non-current liabilities due within one year	32,525,814.98	172,088,904.99
Bonds payable	1,999,396,020.04	14,750,422.58

RMB

VIII. FINANCIAL INSTRUMENTS AND RISKS - continued

1. Risk management objectives and policies - continued

1.1 Market risk - continued

1.1.1 Currency risk - continued

Sensitivity analysis on currency risk

The assumptions for the sensitivity analysis on currency risk: all net investment hedges and cash flow hedges of overseas operations are highly effective.

Based on the above assumptions, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

Items	Changes in exchange rate	RMB			
		For the six months ended 30 June 2022 (Unaudited)		For the six months ended 30 June 2021 (Restated) (Unaudited)	
		Effect on profit	Effect on equity	Effect on profit	Effect on equity
USD	10% increase against RMB	(364,641,488.27)	(364,641,488.27)	(1,799,684.27)	(1,799,684.27)
USD	10% decrease against RMB	364,641,488.27	364,641,488.27	1,799,684.27	1,799,684.27
HKD	10% increase against RMB	(376,239,341.60)	(376,239,341.60)	(7,086,491.71)	(7,086,491.71)
HKD	10% decrease against RMB	376,239,341.60	376,239,341.60	7,086,491.71	7,086,491.71

The Group attaches great importance to the study of currency risk management policies and strategies. In order to avoid currency risk of repaying the principal and interest of USD bonds, the Group signs foreign exchange forwards contracts with banks.

1.1.2 Interest rate risk - risk of changes in cash flows

The Group's risk of changes in the cash flow of financial instruments caused by changes in interest rates is mainly related to the Group's long-term liabilities with floating interest rates. The Group continues to pay close attention to the impact of interest rate changes on the Group's interest rate risk. The Group's policy is to maintain floating interest rates for these borrowings. Currently, there are no arrangements such as interest rate swaps.

Sensitivity analysis on interest rate risk

Where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

Item	Interest rate changes	RMB			
		For the six months ended 30 June 2022 (Unaudited)		For the six months ended 30 June 2021 (Restated) (Unaudited)	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
RMB	100 basis points higher	(132,187,200.65)	(132,187,200.65)	(91,410,015.63)	(91,410,015.63)
RMB	100 basis points lower	132,187,200.65	132,187,200.65	91,410,015.63	91,410,015.63

VIII. FINANCIAL INSTRUMENTS AND RISKS - continued

1. Risk management objectives and policies - continued

1.2 Credit risk

As at 30 June 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from cash at banks and on hand, Bills receivable, accounts receivable, other receivables, long-term receivables, etc. For financial instruments measured at fair value, the carrying amount reflects their risk exposure, but it is not the maximum risk exposure. The maximum risk exposure will change with changes in the fair value in the future.

In order to reduce credit risk, the Group deals only with recognized and reputable third parties. In accordance with the Group's policy, all customers requiring credit transactions are subject to credit audits. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group does not face significant risk of bad debts. For transactions that are not settled in the accounting base currency of the relevant business units, the Group will not provide conditions for credit transactions unless the Group's credit control department specifically approves them.

The Group continuously conducts credit assessment on the financial status of customers, and the impairment loss of bad debts is maintained within the amount expected by the management.

The credit risk on liquid funds is limited because they are deposited with banks with high credit ratings.

1.3 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the use of bank loans and ensures compliance with loan agreements.

As at 30 June 2022, the Group has unused bank credit lines totaling RMB 24.892 billion and the relevant banks have not made any reservations about the use of these loan lines, which can meet the funding needs of the Group's debt and capital commitments. The Group is able to resolve the lack of working capital through reasonable financing arrangements.

VIII. FINANCIAL INSTRUMENTS AND RISKS - continued**1. Risk management objectives and policies - continued****1.3 Liquidity risk - continued**

The analysis of the financial liabilities held by the Group based on the maturity period of the undiscounted remaining contractual obligations is as follows:

	RMB				
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term borrowings	8,819,452,061.25	-	-	-	8,819,452,061.25
Bills payable	95,541,229.48	-	-	-	95,541,229.48
Accounts payable	2,370,717,654.03	-	-	-	2,370,717,654.03
Other payables	2,650,767,106.56	-	-	-	2,650,767,106.56
Non-current liabilities due within one year	3,303,635,107.37	-	-	-	3,303,635,107.37
Other current liabilities	2,017,151,780.82	-	-	-	2,017,151,780.82
Long-term borrowings	376,672,296.05	1,588,623,319.32	3,840,573,583.16	7,593,308,288.88	13,399,177,487.41
Bonds payable	218,040,606.50	1,007,534,850.00	5,457,184,550.00	1,063,600,000.00	7,746,360,006.50
Lease liabilities	-	64,955,903.86	135,671,398.18	169,752,707.87	370,380,009.91
Long-term payables	42,720,472.51	4,318,054,494.26	230,659,204.22	43,067,549.85	4,634,501,720.84
Derivative financial liabilities:					
Transactional financial liabilities	68,785,843.32	-	-	-	68,785,843.32
Total	19,963,484,157.89	6,979,168,567.44	9,664,088,735.56	8,869,728,546.60	45,476,470,007.49

Given that the Group has stable and abundant operating cash flow and sufficient credit lines, and has made appropriate financing arrangements to meet debt repayment and capital expenditures, the management of the Company believes that the Group does not have significant liquidity risks.

2. Transfer of financial assets**2.1 Transferred financial assets that are not derecognized in their entirety**

As part of its normal business, the Group entered into a Bills receivable factoring arrangement (the "Arrangement") and transferred certain Bills receivable to financial institutions. Under the Arrangement, the Group may be required to reimburse the bank for loss of principal and interest if any trade debtors have late payment. The Group is not exposed to default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the accounts receivable, including the sale, transfer or pledge of the accounts receivable to any other third parties. The carrying amount of the commercial acceptance bills transferred under the Arrangement that have not been settled as at 30 June 2022 was RMB 0 (31 December 2021: 27,000,000.00). The carrying amount of the bank acceptance bills transferred under the Arrangement that have not been settled was RMB 0 (31 December 2021: 6,000,000.00). The carrying amount of the assets that the Group continued to recognize as at 30 June 2022 was RMB 0 (31 December 2021: RMB 33,000,000.00) and that of the associated liabilities as at 30 June 2022 was RMB 0 (31 December 2021: RMB 33,000,000.00), which were charged to short-term borrowings, respectively.

VIII. FINANCIAL INSTRUMENTS AND RISKS - continued

2. Transfer of financial assets - continued

2.1 Transferred financial assets that are not derecognized in their entirety - continued

As at 30 June 2022, the Group endorsed the supplier's commercial acceptance bills for settlement of accounts payable with a carrying amount of RMB 0 (31 December 2021: RMB 10,000,000.00), which has the maturity date from 1 to 12 months. The Group endorsed the supplier's bank acceptance bills for settlement of accounts payable with a carrying amount of RMB 11,000,000.00 (31 December 2021: 17,612,500.00), which has the maturity date from 1 to 12 months. The Group believes that almost all risks and rewards related to Bills receivable at the time of endorsement have not yet been transferred and do not meet the conditions for derecognition of financial assets. Therefore, the relevant Bills receivable have not been fully derecognized on the date of endorsement.

2.2 Transferred financial assets that have been derecognized as a whole but continue to be involved

As at 30 June 2022, the carrying amount of the Group's bank acceptance bills discounted but unmatured was RMB 0 (31 December 2021: RMB 0). The Group believes that almost all the risks and rewards related to Bills receivable have been transferred at the time of discounting, which meets the conditions for derecognition of financial assets. Therefore, the relevant Bills receivable are derecognized at the discount date based on their carrying amounts. If the bill of exchange is due to be rejected by the acceptor, the discounter has the right to recourse from the Group ("continue to participate"). The maximum losses and undiscounted cash flows that continue to be involved in and repurchase are equal to their carrying amounts. The Group believes that continuing involvement in fair value is not significant.

As at 30 June 2022, the Group endorsed the supplier's bank acceptance bills for settlement of accounts payable with a carrying amount of RMB 2,100,000.00 (31 December 2021: RMB 2,500,000.00). According to the relevant provisions of the Bills Act, if the accepting bank refuses to pay, its holders have the right to recourse from the Group (the "Continuing Involvement"). The Group believes that the Group has transferred almost all of its risks and rewards, and therefore derecognized the carrying amount of notes receivable of accounts payable that have been settled. The maximum losses and undiscounted cash flows that continue to be involved in and repurchase are equal to their carrying amounts. The Group believes that continuing involvement in fair value is not significant.

For the six months ended 30 June 2022, the Group has not recognized any gain or loss on the date of transfer of the notes receivable. No gains or expenses were recognized as a result of the continuing involvement in derecognized financial assets, both during the period or cumulatively.

3. Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

VIII. FINANCIAL INSTRUMENTS AND RISKS - continued

3. Capital management - continued

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, repurchase shares or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital in the six months ended 30 June 2022 and the year of 2021.

The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The Group's debt-to-asset ratio as at the end of the reporting period was as follows:

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Total assets	72,205,202,609.00	72,304,935,166.59
Total liabilities	44,003,736,565.25	40,772,361,268.89
Debt-to-asset ratio	60.94%	56.39%

IX. FAIR VALUE DISCLOSURE

1. Closing fair value of financial assets and liabilities measured at fair value

30 June 2022 (Unaudited)

RMB

	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Fair value measurement on a recurring basis				
Transactional financial assets	260,526,373.33	-	207,859,835.73	468,386,209.06
Other non-current financial assets	336,874,830.75	-	509,343,940.60	846,218,771.35
Transactional financial liabilities	-	-	(68,785,843.32)	(68,785,843.32)
Total	597,401,204.08	-	648,417,933.01	1,245,819,137.09

The fair value of the Group's non-listed equity instrument investment is estimated using the market method. The Group believes that the fair value and its changes based on valuation techniques are reasonable and are the most appropriate value at 30 June 2022.

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

As at 30 June 2022, the management of the Company considers that the carrying amounts of financial assets and financial liabilities in the Group's financial statements approximate their fair values.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

1. General information of the parent company:

Name	Place of registration	Nature of business	Registered capital	Interest held	Voting rights
Shenzhen International	Bermuda	Investment holding	HKD 2,000,000,000.00	51.561%	51.561%

The controlling shareholder of the Company is Shenzhen International, and the ultimate controlling party of the Company is Shenzhen SASAC.

2. Information about subsidiaries

The information about the subsidiaries is set out in Note VII.1.

3. Information about associates and joint ventures

The situation of the associates and joint ventures that have related party transactions with the Group in the current period or have related party transactions with the Group in the previous period is as follows:

Name	Relationship with the Company
Yunji Smart	Associate or joint venture
Huayu Company	Associate or joint venture
Huai'an Zhongheng	Associate or joint venture
GZ W2 Company	Associate or joint venture
Yangmao Company	Associate or joint venture
United Land Company	Associate or joint venture
Shengchuang Fund	Associate or joint venture
Fenghe Energy	Associate or joint venture
Xintang Joint Venture	Associate or joint venture

4. Information about other related parties

Name	Relationship with the Company
Shenzhen Investment Holdings	Wholly-owned subsidiary of the ultimate controlling party
Shenzhen Investment Holdings International	Wholly-owned subsidiary of the ultimate controlling party
Zhilian Shen International Zhihui Logistics (Shenzhen) Co., Ltd. ("Zhihui Logistics")	Wholly-owned subsidiary of the controlling shareholder
Shenzhen International South-China Logistics Co., Ltd. ("SC Logistics Company")	Wholly-owned subsidiary of the controlling shareholder
Guizhou Pengbo Investment Co., Ltd. ("Guizhou Pengbo")	Wholly-owned subsidiary of the controlling shareholder
Shenzhen International Hong Kong	Wholly-owned subsidiary of the controlling shareholder
Shenzhen International Holdings (Shenzhen) Limited ("Shenzhen International Holdings")	Wholly-owned subsidiary of the controlling shareholder
Shenzhen International Modern Logistics Petty Loan Co. Ltd ("Shenzhen International Modern Logistics Petty Loan")	Wholly-owned subsidiary of the controlling shareholder
Shenzhen Whole-process Logistics Service Co. Ltd. ("Whole-process Logistics Company")	Holding subsidiary of the controlling shareholder
Shenzhen International Feichi Logistics Co., Ltd. ("Shenzhen International Feichi")	Holding subsidiary of the controlling shareholder
Shenzhen Wuzhou Guest Hotel Co., Ltd. ("Wuzhou Guest Hotel")	Holding subsidiary of the controlling shareholder
Xin Tong Chan Company	Shareholder of the Company
United Electronic	Participating company of the Company
Water Planning & Design Institute	Participating company of the Company

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS -
continued**5. Related party transactions****(1) Related transactions in the purchase and sale of goods, rendering and receipt of labor services**

Procurement of goods / receipt of labor services

RMB

Name of related party	Nature of transaction	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
United Electronic (Note 1)	Receiving network tolling settlement services	11,161,107.10	12,873,772.73
Yunji Smart (Note 2)	Acceptance of engineering survey, design and consulting services	6,993,742.39	9,988,918.65
Water Planning & Design Institute (Note 3)	Flood control for projects and technical services on water-related impact	1,071,000.00	-
Others (Note 4)	Receiving power supply services and others	33,239.00	25,630.50

Note 1: The Guangdong Provincial People's Government has designated United Electronic to take charge of the sub-account management of highway tolls across the province and unified management of non-cash settlement systems. The Company and its related subsidiaries have signed a series of agreements with United Electronic and entrusted it to provide toll settlement services for Meiguan Expressway, Airport-Heao Expressway, Qinglian Expressway, Yanjiang Expressway and Shuiguan Expressway operated by the Group. The service periods end on the expiry dates of operating periods of the individual toll roads. The related service charges are determined by the commodity price bureau of the Guangdong Province.

Note 2: The Group has entered into management service contracts with Yunji Smart to receive engineering survey and design, consulting, highway inspection and special maintenance services for the Outer Ring project, Coastal Project Phase II and other roads of the Group.

Note 3: The Company has entered into a service contract with the Water Planning & Design Institute to receive technical consulting services regarding flood control impact assessment and safety assessment on water-related projects of Airport-Heao Expressway reconstruction and expansion project.

Note 4: Advertising Company, a subsidiary of the Company, and Qinglong Company received the supply of water and electricity and power supply services for its advertising boards from Xin Tong Chan Company and Huayu Company. The respective transaction amounts were not presented separately as they were not material.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS - continued

5. Related party transactions - continued

(1) Related transactions in the purchase and sale of goods, rendering and receipt of labor services - continued

Sale of goods / rendering of labor services

RMB

Name of related party	Nature of transaction	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Huai'an Zhongheng (Note 1)	Rendering of operation and maintenance services	162,050.00	-
Wuzhou Guest Hotel	Office leasing service	-	452,717.76
Others (Note 2)	Rendering of commission sale of water and electricity for office and others	313,121.51	194,828.20

Note 1: Nanjing Wind Power, a subsidiary of the Company, entered into an entrusted operation contract with Huai'an Zhongheng, under which it provides entrusted management services for Huai'an Zhongheng wind power.

Note 2: The Group provides hydropower resource services and other services to Xintongchan Company, Huayu Company, United Electronic and Yunji Smart. The hydropower resource service is calculated based on the price paid to the water supply and power supply agency. As the amount is small, it is not presented separately.

(2) Related leases

(a) The Group as a lessor:

RMB

Lessee	Type of assets leased	Lease income recognized in the current period (Unaudited)	Lease income recognized in the prior period (Restated) (Unaudited)
Yunji Smart	Office building	322,095.25	5,782.86
Whole-process Logistics Company	Equipment	-	25,790.26

(b) The Group as a lessee:

RMB

Lessor	Type of assets leased	Lease income recognized in the current period (Unaudited)	Lease income recognized in the prior period (Restated) (Unaudited)
Xintongchan and Huayu	Billboard land use rights	406,736.52	385,714.30

The respective transaction amounts were not presented separately as they were not material.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS - continued

5. Related party transactions - continued

***(3) Remuneration of key management personnel**

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Remuneration of key management personnel	4,128,224.52	4,648,890.77

Key management personnel include directors, supervisors and senior management personnel. The Company has a total of 20 members of key management personnel during the period (corresponding period in 2021: 20).

(4) Borrowings from/to related parties

Borrowings from related parties:

RMB

Related party	Amount of borrowings	30 June 2022 (Unaudited)	Annual interest rate	Inception date	Due date
GZ W2 Company (Note 1)	37,500,000.00	37,500,000.00	4.275%	2019/12/26	2022/12/25
United Land Company (Note 2)	2,160,899,999.97	2,160,899,999.97	-	2021/12/29	-
Shenzhen Investment Holdings International (Note 3)	2,028,524,030.36	2,028,524,030.36	2.85%	2018/09/27	2023/09/26
Total	4,226,924,030.33	4,226,924,030.33			

Note 1: In December 2019, the Company signed an entrusted loan contract with GZ W2 Company and Industrial and Commercial Bank of China Co., Ltd., under which GZ W2 Company entrusted the Industrial and Commercial Bank of China Co., Ltd to issue an entrusted loan of RMB 37,500,000.00 to the Company. This will be used for the Company's daily business activities. The loan period is 3 years, and the annual interest rate of the loan is 4.275%. During the period, the Company recognized the interest expenses of RMB 806,015.62 for this loan.

Note 2: As at 30 June 2022, the balance of the Company's interest-free borrowing from United Land Company was RMB 2,160,899,999.97.

Note 3: It is a borrowing from the parent company of the Company by SIHICH, a subsidiary of the Company, with a term from 27 September 2018 to 26 September 2023. As at 30 June 2022, the principal and interest of the borrowing totaled RMB 2,028,524,030.36, and would bear interest at a rate of 2.85% per annum from 1 January 2021.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS - continued

6. Receivables due from and payables due to related parties

(1) Receivable items

RMB

Item	Related parties	30 June 2022 (Unaudited)		31 December 2021 (Restated) (Unaudited)	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Bills receivable	Huai'an Zhongheng	1,000,000.00	-	5,000,000.00	-
Accounts receivable	Huai'an Zhongheng	300,000.00	-	500,000.00	-
Dividends receivable (Note V, 6.2)	Bank of Guizhou	30,134,438.57	-	-	-
Prepayments	Yunji Smart	2,673,134.46	-	3,254,318.86	-
Prepayments	United Electronic	684,022.96	-	275,132.92	-
Other receivables (Note V, 6.3)	Xintang Joint Venture	220,140,502.42	-	263,636,026.67	-
Other receivables (Note V, 6.3)	Huai'an Zhongheng	91,836,791.80	-	113,236,791.80	-
Other receivables (Note V, 6.3)	Yunji Smart	444,050.00	-	444,050.00	-
Other receivables (Note V, 6.3)	Huayu Company	20,000.00	-	20,000.00	-
Long-term prepayments	United Land Company	353,672,990.00	-	-	-
Long-term prepayments	Shenzhen Investment Holdings International	-	-	610,973,679.03	-
Long-term prepayments	Water Planning & Design Institute	-	-	509,433.96	-
Other non-current assets	United Land Company	342,599,500.00	-	342,599,500.00	-

(2) Payable items

RMB

Item	Related parties	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Accounts payable	Yunji Smart	16,939,877.95	15,389,775.95
Accounts payable	United Electronic	338,411.26	337,167.52
Accounts payable	Huayu Company	10,000.00	9,500.00
Other payables (Note V, 31.3(1))	Yunji Smart	14,394,679.82	17,624,140.47
Other payables (Note V, 31.3(1))	United Electronic	3,418,453.72	1,828,461.58
Other payables (Note V, 31.3(1))	Guizhou Pengbo	955,680.55	955,680.55
Other payables (Note V, 31.3(1))	Shenzhen International Hong Kong	248,434.72	244,733.57
Other payables (Note V, 31.3(1))	Xin Tong Chan Company	5,000.00	5,000.00
Other payables (Note V, 31.3(1))	Shenzhen International Modern Logistics Petty Loan	2,196.12	2,196.12
Non-current liabilities due within one year / Long-term borrowings	GZ W2 Company	37,544,531.25	37,548,984.38
Long-term payables (Note V, 37.(1))	United Land Company	2,160,899,999.97	2,131,451,615.06
Long-term payables (Note V, 37.(1))	Shenzhen Investment Holdings International	2,028,524,030.36	5,135,697,009.41

Amounts due from/to related parties above (excluding borrowings from related parties) are non-interest bearing, unsecured and have no fixed repayment terms.

7. Commitments to related parties

The following table presents the commitment related to related parties that had been contracted but not yet recognized on the balance sheet:

(1) Receiving service

RMB

Related party	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Yunji Smart	37,926,398.19	44,216,940.58

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

X. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS - continued

7. Commitments to related parties - continued

(2) Investment commitments

As at 30 June 2022, the Group's investment commitments to related parties amounted to RMB 315,000,000.00 (31 December 2021: RMB 519,425,980.00), which was the capital contribution commitment for the establishment of the associate Shengchuang Fund.

XI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

In addition to the related party commitments disclosed in Note X. 7, the other significant commitments of the Group are as follows:

(1) Capital commitments

	RMB	
Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Capital commitments that have been entered into but have not been recognized in the financial statements:		
Commitment for acquisition and construction of long-term assets		
-Expressway construction projects	3,044,549,445.98	3,572,026,624.46
-Kitchen waste disposal projects	972,374,854.20	1,115,962,201.83
Total	4,016,924,300.18	4,687,988,826.29

In May 2018, Nanjing Wind Power, a subsidiary of the Group, entered into a *Cooperation Agreement on 30MW Wind Power Project in Zhangshu Gezao Mountain* with Jiangxi Gaochuan New Energy Co., Ltd. ("Jiangxi Gaochuan") and Nanjing Gaochuan Electromechanical Automatic Control Equipment Co., Ltd. ("Nanjing Gaochuan"), which stipulated that after the "Yichun Zhangshu Gezao Mountain Wind Farm of Gaochuan New Energy" project of Zhangshu Gaochuan New Energy Co., Ltd ("Zhangshu Gaochuan"), a subsidiary of Jiangxi Gaochuan, is completed, Nanjing Wind Power will seek a third party to acquire Zhangshu Gaochuan. In case no third party is willing to acquire Zhangshu Gaochuan, Nanjing Wind Power will acquire it instead. The budget estimate of this project is approximately RMB 250 million.

XI. COMMITMENTS AND CONTINGENCIES - continued

2. Contingencies

(1) Significant contingencies at the end of the reporting period:

- (a) As at 30 June 2022, the Group's performance guarantee and tender guarantee of certain projects are in effect, with the cumulative amount of guarantee of approximately RMB 160 million.
- (b) On 30 June 2022, the Group provided a stage-and-combined liability guarantee of RMB 482 million to the bank for its house mortgage loans granted by the bank to the Group's property buyers. Under the terms of the guarantee, the Group is responsible for paying the outstanding mortgage loans and any accrued interest and penalties owed to the banks by the buyers in arrears if the buyers default in the mortgage payments and the Group can then receive legal ownership of the property. The Group's guarantee period expires from the date on which the bank granted the mortgage loan to acquire certain individual property ownership certificates from property buyers of the Group. Management believes that if the payment is in arrears, the net realizable value of the property is sufficient to cover the outstanding mortgage loans together with any accrued interest and penalties, and no provision is made for these guarantees.
- (c) On 16 December 2016, Guangxi Bioland and Yonker Environmental Protection Co., Ltd. (Yonker Environmental) entered into a "Contractor Agreement in relation to a Project on Food and Kitchen Waste Utilization and Renovation and Expansion of a Harmless Treatment Plant". On 27 November 2019, according to Yonker Environmental's property preservation request, Nanning Intermediate People's Court froze the property of Guangxi Bioland and Bioland Environmental, amounting to RMB 31,648,596.79. On 25 December 2019, Yonker Environmental filed a lawsuit against Bioland Group and its subsidiary at the Nanning Intermediate People's Court of Guangxi Zhuang Autonomous Region, pursuant to which it requested Guangxi Bioland to pay: (1) equipment occupancy fees of RMB 715,804.83; (2) project fees of RMB 23,528,999.97; (3) interest on the project fees of RMB 470,850.00 and (4) penalty for breach of agreement of RMB 6,933,211.99, which totaled RMB 31,648,866.79, and requested Bioland Company to assume joint and several repayment obligation for aforesaid amounts. Guangxi Bioland has counter-claimed the claimant for a compensation of RMB 50,000,000.00 for the loss from the delay in construction and failure to complete the work on time caused by the claimant on 15 January 2020. On 19 October 2020, Yonker Environmental Protection changed its claim by requesting Guangxi Bioland to pay equipment occupancy fees, project fees, interest on project fees and penalty for breach of agreement, which totaled RMB 51,757,867.29. This litigation is still in process as at 30 June 2022. After consulting the attorney in charge of the case, the Company's Board of Directors believes that the outcome of this case and the compensation obligation (if any) cannot be reliably estimated.

XI. COMMITMENTS AND CONTINGENCIES - continued

2. Contingencies - continued

(1) Significant contingencies at the end of the reporting period: - continued

- (d) On 28 October 2016, Nantong No. 4 Construction Group Co., LTD. ("Nantong No. 4 Construction") and Taizhou Bioland signed the "Construction Contract of Taizhou Kitchen Waste Disposal Project", which agreed that Nantong No. 4 Construction would be responsible for the civil construction, water and electricity installation, and the purchase and installation of mechanical and electrical equipment. The contract price is tentatively set at RMB 185,568,577.68. On 30 December 2017, Nantong No.4 Construction completed the additional works within and outside the contract. On 12 October 2020, Nantong No.4 Construction Company filed a lawsuit with the People's Court of Hailing District, Taizhou City, Jiangsu Province to ask the court to order Taizhou Bioland to pay the remaining RMB 42,952,327.45, and pay the one-year interest of RMB 3,279,007.94 at the standard of annual interest rate of 6.5%, the interest loss of overdue payment of RMB 4,730,721.62 and the liquidated damages of RMB 364,872.33. Taizhou Bioland filed a counterclaim on 30 November 2020, requesting Nantong No. 4 Construction to compensate for the loss of RMB 1,408,072.96 and interest on overdue payments caused by the quality problems of biogas sac foundation project. As at 30 June 2022, this litigation is still in process. The Company's Board of Directors believes that the outcome of the lawsuit and the compensation obligation (if any) cannot be reliably estimated for the time being.
- (e) On 18 August 2015, China Wuzhou Engineering Group Corporation Ltd. ("Wuzhou Institute") and Dezhou Bioland entered into the Construction Contract for Project on Resource Utilization and Harmless Disposal of Kitchen Wastes and Project on Leachate Disposal of Household Wastes in Dezhou City, under which Dezhou Bioland, as the employer, contracted the project on resource utilization and harmless disposal of kitchen wastes and project on leachate disposal of household wastes to Wuzhou Institute, and then Wuzhou Institute subcontracted the project to Sichuan Zhiyi Group Co., Ltd. Qiang Huaijun and Wu Ting, as the actual constructors of the project, undertook all of the engineering work of the project. Sichuan Zhiyi paid part of the project funds to Qiang Huaijun and Wu Ting, with the rest unpaid. On 22 November 2021, Qiang Huaijun filed a lawsuit to request Sichuan Zhiyi to pay the project funds of RMB 10,408,616.00 and interest, and to request Wuzhou Institute and Dezhou Bioland to assume the payment responsibility within the scope of project funds owed by Sichuan Zhiyi. As at 30 June 2022, the case is still in the first-instance stage, and the Company's Board of Directors believes that the outcome of the lawsuit and the compensation obligation (if any) cannot be reliably estimated for the time being.

XI. COMMITMENTS AND CONTINGENCIES - continued

2. Contingencies - continued

(1) Significant contingencies at the end of the reporting period: - continued

- (f) In October 2020, Nanjing Wind Power and Shandong CRRC Wind Power Co., LTD. ("CRRC Shandong") signed the "Purchase Contract for Engine Room Part, Hub Part and Auxiliary Equipment of Wind Turbine for 132MW Wind Power Project". In December 2021, CRRC Shandong filed an arbitration request to Jinan Arbitration Commission in Shandong Province for CRRC Shandong's breach of payment obligations agreed in the contract, claiming that CRRC Shandong should pay about RMB 97.2 million for equipment and RMB 3.88 million for liquidated damages. CRRC Shandong believes that Nanjing Wind Power violated the contract in the process of performing its contractual obligations, which constitutes a breach of contract. In January 2022, CRRC Shandong filed an arbitration application to Jinan Arbitration Commission in Shandong Province, and countersued the arbitration commission for Nanjing Wind Power to pay liquidated damages of about RMB 30 million. As at 30 June 2022, the case is still in the arbitration stage, and the Company's Board of Directors believes that the outcome of the lawsuit and the compensation obligation (if any) cannot be reliably estimated for the time being. ◦

Nanjing Wind Power and CRRC Shandong signed the 2.2MW-D131 Blade Purchase and Sale Contract on September 10, 2020. In December 2021, Nanjing Wind Power and CRRC Shandong renewed the lawsuit and property preservation application for CRRC Shandong's breach of the payment obligation agreed in the contract, claiming that CRRC Shandong should pay the contract amount of about RMB 38.67 million and liquidated damages of about RMB 1.47 million. In January 2022, CRRC Shandong launched a counterclaim, requesting Nanjing Wind Power to pay liquidated damages of about RMB 22.13 million for overdue delivery and about RMB 25.53 million for contract liquidated damages. The first instance judgment was received on June 20, 2022, and the verdict was as follows : (1) CRRC Shandong paid Nanjing Wind Power about 32.73 million; (2) CRRC Shandong shall pay liquidated damages of RMB 7,063, and calculate liquidated damages from January 22, 2021 to the actual payment date by LPR based on the base of about RMB 32.73 million; (3) Nanjing Wind Power shall pay liquidated damages of about RMB 0.7 million to CRRC Shandong for overdue delivery. As of June 30, 2022, the case was in the stage of CRRC Shandong preparing for appeal. The Company's Board of Directors believes that, at this time, the outcome of this litigation and the compensation obligations, if any, cannot be reliably estimated.

In addition to the above matters, as at 30 June 2022, the total amount of the subject matter of the pending litigation and arbitration cases in which the Group is the defendant is RMB 85 million. After consulting the relevant attorney, the Company's Board of Directors believes that the outcome of the aforesaid litigation and arbitration and the compensation obligations, if any, cannot be reliably estimated.

XII. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

According to the resolution of the shareholders' meeting of United Land Company, an associate in which the Company holds 34.3% equity, it is proposed to decrease the capital of United Land Company by RMB 3.3 billion based on the shareholders' shareholding ratio after the capital reserve of approximately RMB 2.686 billion has been transferred to paid-in capital, of which the Company decreases the capital by approximately RMB 1.1319 billion. After the completion of the capital decrease, the shareholding ratio of each shareholder of United Land Company remains unchanged. On 23 August 2022, United Land Company completed the procedures related to capital decrease and the Company realized an investment income of RMB 921 million, which had an impact on the Company's net profit of approximately RMB 691 million after taking into account the effect of income tax.

XIII. OTHER SIGNIFICANT MATTERS

1. Segment information

(1) Basis for recognition and accounting policies of reporting segments:

According to the Group's internal organizational structure, management requirements and internal reporting system, the Group's operating business is divided into two operating segments. The Group's management regularly evaluates the operating results of these segments to determine the allocation of resources and evaluation its performance. On the basis of operating segments, the Group has identified two reporting segments, namely the toll road segment and the environmental protection segment. These reporting segments are determined on the basis of their main business. The main products and services provided by each reporting segment of the Group are: toll road segment, which takes charge of operation and management of toll roads in Mainland China; environmental protection segment, which refers to the operation and management of environmentally related infrastructure, mainly includes solid waste treatment, clean energy and other related fields; other businesses principally comprise the provision of construction management services, advertising services, property development, finance leases, construction services under franchise arrangement and other services. These businesses cannot be separated into reportable segments.

The segment report information is disclosed in accordance with the accounting policies and measurement standards adopted when each segment reports to the management. These measurement bases are consistent with the accounting and measurement bases used when preparing financial statements.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

XIII. OTHER SIGNIFICANT MATTERS - continued

1. Segment information - continued

(2) Financial information of reporting segment

For the six months ended 30 June 2022 (Unaudited)

RMB

Item	Toll road	Environmental protection	Others	Unallocated	Total
Revenue from external customers	2,410,155,296.36	836,209,660.64	847,728,688.65	-	4,094,093,645.65
Cost of services	1,260,589,072.74	566,356,526.08	674,241,479.93	-	2,501,187,078.75
Interest income	4,608,391.38	5,015,188.97	23,480,206.37	57,200,285.35	90,304,072.07
Interest expenses	57,105,335.10	125,486,823.97	375,291,513.13	-	557,883,672.20
Income from investment in associates	130,275,084.15	123,326,749.50	76,108,589.98	-	329,710,423.63
Credit impairment gains (losses)	-	(19,954,392.39)	508,408.68	-	(19,445,983.71)
Gains (losses) on impairment of assets	-	(4,493,622.42)	-	-	(4,493,622.42)
Gains (losses) on disposal of assets	(2,757,516.75)	(3,775.00)	4,948,734.30	2,643,320.10	4,830,762.65
Depreciation and amortization	866,653,130.64	189,598,656.36	36,746,378.24	29,891,864.69	1,122,890,029.93
Total profit	1,164,210,639.65	166,163,326.77	(429,121,051.13)	170,235,083.14	1,071,487,998.43
Income tax expense	238,823,796.32	4,406,941.13	(51,591,001.35)	-	191,639,736.10
Net profit	925,386,843.33	161,756,385.64	(377,530,049.78)	170,235,083.14	879,848,262.33
Total assets	43,129,457,888.09	18,855,735,991.82	8,152,165,718.65	2,067,843,010.44	72,205,202,609.00
Total liabilities	32,398,917,754.32	8,641,727,333.03	2,362,227,507.33	600,863,970.57	44,003,736,565.25
Long-term equity investments in associates and joint ventures	11,288,318,887.92	5,184,756,187.25	3,054,950,950.52	-	19,528,026,025.69
Amount of non-current assets (exclusive of financial assets, long-term equity investments, Deferred tax assets)	23,535,153,224.57	8,641,938,144.54	6,400,838,225.86	25,077,725.05	38,603,007,320.02

For the six months ended 30 June 2021 (Restated) (Unaudited)

RMB

Item	Toll road	Environmental protection	Others	Unallocated	Total
Revenue from external customers	2,782,023,471.71	655,475,333.72	781,657,377.79	-	4,219,156,183.22
Cost of services	1,387,901,816.51	444,484,511.70	556,770,215.56	-	2,389,156,543.77
Interest income	32,788,571.17	1,685,282.40	2,437,671.77	51,857,729.21	88,769,254.55
Interest expenses	108,353,371.98	125,678,456.71	318,865,150.15	-	552,896,978.84
Income from investment in associates	286,223,397.97	160,171,126.51	67,371,027.88	-	513,765,552.36
Credit impairment gains (losses)	-	(2,387,720.34)	1,468,035.39	-	(919,684.95)
Gains (losses) on impairment of assets	-	5,718,837.99	-	-	5,718,837.99
Gains (Losses) on disposal of assets	15,225,855.54	-	-	-	15,225,855.54
Depreciation and amortization	1,131,605,451.11	16,068,968.33	1,219,941.00	11,571,703.58	1,160,466,064.02
Total profit	1,373,656,876.57	142,241,454.55	228,000,231.23	(59,134,497.73)	1,684,764,064.62
Income tax expense	340,222,754.96	3,399,771.19	20,589,123.76	-	364,211,649.91
Net profit	1,033,434,121.61	138,841,683.36	207,411,107.47	(59,134,497.73)	1,320,552,414.71
Total assets	46,667,566,584.20	16,256,869,467.94	6,052,674,621.48	358,375,209.63	69,335,485,883.25
Total liabilities	26,815,007,089.75	8,134,398,241.02	1,686,065,950.58	2,400,328,587.08	39,035,799,868.43
Long-term equity investments in associates and joint ventures	11,403,308,631.59	5,033,119,149.27	2,548,647,211.94	-	18,985,074,992.80
Amount of non-current assets (exclusive of financial assets, long-term equity investments, Deferred tax assets)	24,109,910,664.02	7,784,794,222.88	4,686,216,209.88	8,483,716.40	36,589,404,813.18

(3) Other information

The Group's revenue from external customers and the non-current assets other than financial assets and deferred tax assets are all derived from the PRC. The Group did not generate revenue from sales to any single customer that reached or exceeded 10% of the Group's revenue for the year.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

XIII. OTHER SIGNIFICANT MATTERS - continued

2. Leases

(1) As a lessor

Finance lease

The Group as lessor entered into finance lease contracts with customers, with lease term ranging from 2 to 13 years. Finance lease contract does not contain renewal or termination option.

Undiscounted lease receipts:

Item	RMB	
	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Within 1 year (inclusive)	149,780,646.76	94,107,086.71
1 - 2 years (inclusive)	177,092,330.47	92,976,071.38
2 - 3 years (inclusive)	169,848,484.29	103,208,958.78
3 - 4 years (inclusive)	163,981,058.84	56,826,341.97
4 - 5 years (inclusive)	156,650,928.22	51,628,988.49
Over 5 years	759,467,150.61	161,393,598.14
Total of subsequent years	1,576,820,599.19	560,141,045.47
Unguaranteed residual value	-	-
Total lease investment	1,576,820,599.19	560,141,045.47
Less: Unrealized financing income	470,192,926.45	171,261,514.29
Net lease investment	1,106,627,672.74	388,879,531.18
Including: Finance lease receivables due within 1 year	78,433,282.27	60,790,008.82
Finance lease receivables due after 1 year	1,028,194,390.47	328,089,522.36

Gains relating to finance lease are as follows:

Item	RMB	
	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Financing income from net lease investment	44,687,629.22	18,565,049.06

Operating leases

The Group leases out some parking spaces, and the lease period is not a regular period, which forms an operating lease. According to the lease contract, the rent needs to be adjusted every year according to the market rent situation. For the six months ended 30 June 2022, the Group's income from the rents of houses and buildings was RMB 7,370,031.94. Leased houses and buildings are presented under investment properties. See Note V, 15.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO FINANCIAL STATEMENTS
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XIII. OTHER SIGNIFICANT MATTERS - continued

2. Leases - continued

(1) As a lessor - continued

Operating leases - continued

The Group also leases highway billboards and service areas, with lease term ranging from 1 to 8 years, which forms operating leases.

RMB

	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Lease income	15,535,206.70	19,748,451.92

The Group had total future minimum lease receivables under non-cancellable leases with its tenants falling due as follows:

RMB

Item	30 June 2022 (Unaudited)	31 December 2021 (Restated) (Unaudited)
Within 1 year (inclusive)	13,194,437.43	13,956,464.23
1 to 2 years (inclusive)	9,071,390.40	6,608,498.92
2 to 3 years (inclusive)	8,285,257.92	5,915,210.63
3 to 4 years (inclusive)	5,783,914.68	3,233,017.42
4 to 5 years (inclusive)	4,748,376.19	3,160,400.00
Over 5 years	20,139,778.57	24,884,266.67
Total	61,223,155.19	57,757,857.87

(2) As a lessee

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Interest expenses on lease liabilities (Note V, 52)	10,222,984.20	9,180,922.63
Expenses relating to short-term leases accounted for applying simplified treatment	17,857,993.75	5,186,012.63
Expenses relating to leases of low-value assets accounted for applying simplified treatment (other than short-term leases)	14,159.29	188,938.59
Income from sublease of right-of-use assets	5,732,647.94	2,163,621.68
Total cash outflow for leases	52,737,254.55	29,624,063.65

The Group has lease contracts for various items of houses and buildings, vehicles, machinery and other equipment used in the operating process. Leases of houses and buildings, vehicles and machinery generally have lease terms of 1 to 9 years, while those of vehicles and other equipment generally have lease terms of 1 to 3 years. A few lease contracts contain options for renewal and termination.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

XIII. OTHER SIGNIFICANT MATTERS - continued

2. Leases - continued

(2) As a lessee - continued

Sale and leaseback transaction

In order to meet the capital requirements, the Group will use the sale and leaseback form of financing for the Bioland Environment kitchen waste disposal project's equipment for a lease term of 1 to 8 years.

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021 (Restated) (Unaudited)
Cash inflow of sale and leaseback transaction	-	-
Cash outflow of sale and leaseback transaction	46,898,243.49	100,904,723.24
Gains or losses arising from sale and leaseback transactions (Note V, 37)	18,826,050.11	17,927,181.65

Other lease information

For right-of-use assets, see Note V, 18; for simplified treatment of short-term leases and leases of low-value assets, see Note III, 30; for lease liabilities, see Note V, 36.

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Accounts receivable disclosed by aging

RMB

Aging	30 June 2022 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	25,143,226.17	-	-
1 to 2 years	-	-	-
2 to 3 years	-	-	-
Over 3 years	4,838,866.44	-	-
Total	29,982,092.61	-	-

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

RMB

Category	30 June 2022 (Unaudited)					31 December 2021				
	Book balance		Bad debt provision		Carrying amount	Book balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Credit loss allowance assessed collectively by portfolio on the basis of credit risk characteristics										
Portfolio 1	4,838,866.44	16.14	-	-	4,838,866.44	4,838,866.44	17.08	-	-	4,838,866.44
Portfolio 4	25,143,226.17	83.86	-	-	25,143,226.17	23,484,715.94	82.92	-	-	23,484,715.94
Total	29,982,092.61	100.00	-	-	29,982,092.61	28,323,582.38	100.00	-	-	28,323,582.38

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

1. Accounts receivable - continued

(3) Top five accounts receivable categorized by debtor:

RMB

Name of entity	30 June 2022 (Unaudited)	Proportion to the total accounts receivable (%)	Bad debt provision 30 June 2022 (Unaudited)
Total of top five accounts receivable as at 30 June 2022	26,305,945.94	87.74	-

2. Other receivables

2.1 Other receivables are classified as follows:

RMB

Item	30 June 2022 (Unaudited)	31 December 2021
Dividends receivable	557,072,910.66	963,388,331.68
Other receivables	2,259,316,593.35	1,266,427,794.67
Total	2,816,389,504.01	2,229,816,126.35

2.2 Dividends receivable

RMB

Item	30 June 2022 (Unaudited)	31 December 2021
Mei Wah Company	450,000,000.00	450,000,000.00
Yichang Company	81,512,910.66	207,512,910.66
Bank of Guizhou	25,560,000.00	-
Outer Ring Company	-	305,875,421.02
Total	557,072,910.66	963,388,331.68

2.3 Other receivables

(1) Disclosure by aging

RMB

Aging	30 June 2022 (Unaudited)		
	Other receivables	Bad debt provision	Proportion (%)
Within 1 year	1,363,249,245.70	-	-
1 to 2 years	427,929,664.79	-	-
2 to 3 years	420,567,391.79	-	-
Over 3 years	47,570,291.07	-	-
Total	2,259,316,593.35	-	-

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

2. Other receivables - continued

2.3 Other receivables - continued

(2) Other receivables analyzed by nature are as follows:

RMB

Nature	30 June 2022 (Unaudited)	31 December 2021
Loans receivable	1,766,918,014.02	758,691,984.21
Advances receivable	481,231,150.81	494,754,499.97
Receivables due to cancellation of toll stations in Yanpai Expressway and Yanba Expressway	7,714,656.95	9,209,048.19
Others	3,452,771.57	3,772,262.30
Total	2,259,316,593.35	1,266,427,794.67

(3) Top five other receivables categorized by debtor:

RMB

Categories	Nature	30 June 2022 (Unaudited)	Aging	Proportion to total other receivables (%)	Closing balance of provision for bad debts
Total of top five other receivables at 30 June 2022	Borrowings receivable	1,462,552,967.91	1 - 3 years	64.73	-

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Long-term equity investments

RMB

Investee	1 January 2022	Changes in the period								30 June 2022 (Unaudited)	Closing balance of allowance for impairment (Unaudited)
		Addition	Reduction	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividend or profit declared	Allowance for impairment	Others		
Associates and joint ventures:											
Nanjing Third Bridge Company	298,691,867.76	-	-	18,161,474.78	-	-	(32,100,317.62)	-	-	284,753,024.92	-
Yangmao Company	807,388,513.77	-	-	13,875,060.29	-	-	(15,778,445.87)	-	-	805,485,128.19	-
GZ W2 Company	326,012,414.64	-	-	23,214,739.68	-	-	(25,660,800.00)	-	-	323,566,354.32	-
United Land Company	1,213,223,134.59	-	-	17,345,445.05	-	-	-	-	-	1,230,568,579.64	-
Shengchuang Fund	124,919,605.79	-	-	(3,244,247.98)	-	-	-	-	-	121,675,357.81	-
Others	1,365,317,623.02	-	-	50,820,250.56	-	-	(25,560,000.00)	-	1,364,120.70	1,391,941,994.28	-
Sub-total	4,135,553,159.57	-	-	120,172,722.38	-	-	(99,099,563.49)	-	1,364,120.70	4,157,990,439.16	-
Investment in subsidiaries:											
Meiguan Company	521,260,142.34	-	-	-	-	-	-	-	-	521,260,142.34	-
Qinglong Company	101,477,197.16	-	-	-	-	-	-	-	-	101,477,197.16	-
Advertising Company	3,325,000.01	-	-	-	-	-	-	-	-	3,325,000.01	-
Mei Wah Company	831,769,303.26	-	-	-	-	-	-	-	-	831,769,303.26	-
Qinglian Company	1,385,448,900.00	-	-	-	-	-	-	-	-	1,385,448,900.00	678,765,149.21
Outer Ring Company	6,500,000,000.00	-	-	-	-	-	-	-	-	6,500,000,000.00	-
Investment Company	400,000,000.00	-	-	-	-	-	-	-	-	400,000,000.00	-
Environment Company	5,000,000,000.00	-	-	-	-	-	-	-	-	5,000,000,000.00	-
Operation Development Company	30,000,000.00	-	-	-	-	-	-	-	-	30,000,000.00	-
Shenchang Company	33,280,762.94	-	-	-	-	-	-	-	-	33,280,762.94	-
Yichang Company	1,270,000,000.00	-	-	-	-	-	-	-	-	1,270,000,000.00	-
Construction Development Company	30,000,000.00	-	-	-	-	-	-	-	-	30,000,000.00	-
Infrastructure Environment Protection Development Company	204,600,000.00	50,400,000.00	-	-	-	-	-	-	-	255,000,000.00	-
Coastal Company	5,587,939,407.88	-	-	-	-	-	-	-	-	5,587,939,407.88	-
Fund Company	10,000,000.00	-	-	-	-	-	-	-	-	10,000,000.00	-
Baotou Nanfeng	1,280,900.27	-	-	-	-	-	-	-	-	1,280,900.27	-
Financial Leasing Company	678,193,419.87	-	-	-	-	-	-	-	-	678,193,419.87	-
New Energy Company	2,161,250,000.00	-	-	-	-	-	-	-	-	2,161,250,000.00	-
Guangming Environmental Technology	200,000,000.00	-	-	-	-	-	-	-	-	200,000,000.00	-
Longda Company	103,816,567.61	-	-	-	-	-	-	-	-	103,816,567.61	-
Shenzhen Expressway Business	-	4,000,000.00	-	-	-	-	-	-	-	4,000,000.00	-
Expressway Digital Technology	-	2,550,000.00	-	-	-	-	-	-	-	2,550,000.00	-
Sub-total	25,053,641,601.34	56,950,000.00	-	-	-	-	-	-	-	25,110,591,601.34	678,765,149.21
Total	29,189,194,760.91	56,950,000.00	-	120,172,722.38	-	-	(99,099,563.49)	-	1,364,120.70	29,268,582,040.50	678,765,149.21

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

XIV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Long-term equity investments - continued

The detailed information about investment in associates and joint ventures is set out in Note V,13. The Company directly holds 2.92% of Guizhou Bank. Except for investments in joint ventures and associates held by associates, namely Guizhou Hengtongli, Derun Environment, Guangming Fengrunjiu, Huai'an Zhongheng, Fenghe Energy, China Environmental Resources and Bay Area Development, the Group's other investments in associates are directly held by the Company.

4. Operating income and costs

RMB

Item	For the six months ended 30 June 2022 (Unaudited)		For the six months ended 30 June 2021	
	Revenue	Cost	Revenue	Cost
Main businesses	521,653,774.90	188,455,107.18	446,392,532.80	129,791,859.35
Other businesses	77,684,394.75	72,932,058.95	55,902,586.47	57,189,009.42
Total	599,338,169.65	261,387,166.13	502,295,119.27	186,980,868.77

5. Investment income

RMB

Item	For the six months ended 30 June 2022 (Unaudited)	For the six months ended 30 June 2021
Income from long-term equity investments under the equity method	120,172,722.38	154,780,241.83
Income from long-term equity investments under the cost method	71,072,414.65	303,350,024.87
Investment income from other non-current financial assets	9,199,200.01	5,436,000.00
Investment income from disposal of equity	-	25,337,086.29
Total	200,444,337.04	488,903,352.99

XV. SUPPLEMENTARY INFORMATION**1. Breakdown of non-recurring profit or loss for the current period**

RMB

Item	Amount
Profits and losses on disposal of non-current assets	4,830,762.65
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	7,806,721.40
Income earned from lending funds to non-financial institutions and recognized in profit or loss	541,850.68
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control	(4,489,534.28)
Profits or losses on changes in the fair value of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities, and other non-current financial assets, as well as the investment income from the disposal of the above financial assets/liabilities, receivable financing and other debt investments, other than those used in the effective hedging activities relating to normal operating business	110,627,475.53
Other non-operating income or expenses other than the above	4,205,279.19
Sub-total	123,522,555.17
Tax effects	(31,661,755.93)
Effects attributable to minority interests	(2,237,287.73)
Total	89,623,511.51

Basis for preparation of the breakdown of non-recurring profit or loss:

Under the requirements in Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public - Non-Recurring Profit or Loss [2008] from the CSRC, non-recurring profit or loss refers to transactions that are not directly relevant to the normal business operations, or that are relevant to ordinary business, but are so extraordinary that would have an influence on users of the financial statements when making proper judgments on the performance and profitability of an enterprise.

2. Return on net assets and earnings per share

The table of calculation of return on net assets and earnings per share has been prepared by Shenzhen Expressway Corporation Limited in accordance with the relevant provisions of the *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings Per Share* (revised in 2010) issued by the China Securities Regulatory Commission.

RMB

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	3.89	0.347	0.347
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	3.43	0.306	0.306