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江蘇寧滬高速公路股份有限公司
JIANGSU EXPRESSWAY COMPANY LIMITED

(Established in the People's Republic of China as a joint-stock limited company)

(Stock Code: 00177)

2023 INTERIM RESULTS PRELIMINARY ANNOUNCEMENT

The content of sections 1, 3, 5 and 6 of this announcement is disclosed pursuant to Rule 13.49 (6) and paragraph 46 of Appendix 16 of the Hong Kong Listing Rules.

The other information is disclosed pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

I. IMPORTANT NOTICE

- 1.1 This interim results preliminary announcement is extracted from the interim report. Investors who wish to understand the details on the operating results, financial position and future development plan of the Company should carefully read the full text of the interim report on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.jsexpressway.com) and such media designated by China Securities Regulatory Commission.
- 1.2 The Board of Directors (the “**Board**”), the Supervisory Committee, and the Directors, the supervisors and the senior management of the Company warrant that the contents of this interim results preliminary announcement are true, accurate and complete and that there are no false representations, misleading statements contained in, or material omissions from, this announcement, and they jointly and severally accept responsibility in respect thereof.

- 1.3 All Directors attended the Board meeting.
- 1.4 The interim results are unaudited. The Audit Committee consists of three independent non-executive Directors and one non-executive Director. The Audit Committee held a meeting on 24 August 2023 to consider and review the interim results preliminary announcement and interim financial statements of the Group (including the consolidated balance sheet of the Group as at 30 June 2023, together with the comparative figures as at 31 December 2022; and the consolidated income statement of the Group for the six months ended 30 June 2023, together with the comparative figures for the same period of 2022) and resolved to submit its observations and recommendations to the Board. The Audit Committee considers that the Company's interim report and interim financial statements for 2023 are in compliance with the applicable accounting standards and the Company has made proper disclosure of the same.

II. BASIC INFORMATION OF THE COMPANY

2.1 Company information

Information on the Company's Shares

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

Contact persons and contact details

	Secretary to the Board	Representatives of securities affairs
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2.2 Key financial data of the Company

Unit: Yuan Currency: RMB

Key financial data	The Reporting Period (January–June)	Corresponding period of the previous year		Increase/ decrease in the Reporting Period as compared to the corresponding period of the previous year (%)
		After adjustment	Before adjustment	
Operating revenue	7,136,011,953.47	4,875,399,621.13	4,553,627,185.10	46.37
Net profit attributable to the shareholders of the Company	2,481,895,375.62	1,828,611,453.21	1,748,339,678.13	35.73
Net profit attributable to the shareholders of the Company net of non-recurring profit or loss	2,348,162,479.70	1,691,952,952.90	1,628,796,407.56	38.78
Net cash flow from operating activities	3,630,954,437.28	2,323,712,815.35	2,168,829,015.43	56.26

	As at the end of the Reporting Period	As at the end of the previous year		Increase/ decrease at the end of the Reporting Period as compared to the end of the previous year (%)
		After adjustment	Before adjustment	
Net assets attributable to the shareholders of the Company	32,209,573,562.07	31,940,807,710.11	31,940,807,710.11	0.84
Total assets	79,787,685,491.34	78,458,345,074.07	78,458,345,074.07	1.69

Note: Explanation of reasons for retrospective adjustment or restatement: As approved at the 2021 annual Shareholders' Meeting, the Company acquired 100% equity interest in YS Energy Company at RMB2,457,000,000. The transfer of equity interest in YS Energy Company and the registration of industrial and commercial changes were completed in July 2022. As both the Company and YS Energy Company were controlled by Jiangsu Communications Holding before and after the Company's acquisition of 100% equity interest in YS Energy Company and such control was not temporary, the Company consolidated YS Energy Company in accordance with the PRC Accounting Standard and made corresponding retrospective adjustments to the comparative statement data of the previous period.

2.3 Shareholdings of top ten shareholders

Total number of ordinary shareholders as of
the end of the Reporting Period 26,114

Note: As of 30 June 2023, the Company had 25,719 A Share shareholders and 395 H Share shareholders, totalling 26,114 shareholders.

Unit: Share

Name of shareholder (full name)	Change during the Reporting Period	Shareholdings of top ten shareholders		Number of shares held subject to sales restrictions	Pledged, tagged or frozen	Status of shares	Number of shares	Type of shareholder
		Number of shares held as at the end of the Reporting Period	Percentage (%)					
Jiangsu Communications Holding Company Limited	0	2,742,578,825	54.44	-	Nil	-	-	State-owned legal person
China Merchants Expressway Network & Technology Holdings Co., Ltd.	0	589,059,077	11.69	-	Nil	-	-	State-owned legal person
BlackRock, Inc.	-28,751,312	105,716,202	2.10	-	Unknown	-	-	Foreign legal person
Mitsubishi UFJ Financial Group, Inc.	-43,937,752	102,816,845	2.04	-	Unknown	-	-	Foreign legal person
Citigroup Inc.	397,474	74,106,709	1.47	-	Unknown	-	-	Foreign legal person
JPMorgan Chase & Co.	-10,203,600	68,688,226	1.36	-	Unknown	-	-	Foreign legal person
China Merchants Bank Co., Ltd. – SSE Dividend Trading Open Index Securities Investment Fund	1,284,663	33,198,019	0.66	-	Unknown	-	-	Others
China Galaxy Asset Management Co., Ltd.	-2,820,000	18,590,000	0.37	-	Unknown	-	-	State-owned legal person

Name of shareholder (full name)	Change during the Reporting Period	Shareholdings of top ten shareholders		Number of shares held subject to sales restrictions	Pledged, tagged or frozen	Status of shares	Number of shares	Type of shareholder
		Number of shares held as at the end of the Reporting Period	Percentage (%)					
China Pacific Life Insurance Co., Ltd. – CPLI Stock Dividend Product (Shou Zi Ying) Entrusted Investment (Yangtze River Pension) (中國太平洋人壽保險股份有限公司–中國太平洋人壽股票紅利型產品(壽自營)委託投資(長江養老))	1,096,709	10,996,709	0.22	–	Unknown	–	Others	
Industrial and Commercial Bank of China Limited – Fullgoal China Securities Dividend Index Enhanced Securities Investment Fund (中國工商銀行股份有限公司–富國中證紅利指數增強型證券投資基金)	4,249,100	9,180,787	0.18	–	Unknown	–	Others	

Shareholdings of top ten holders of shares not subject to selling restrictions

Name of shareholder	Number of tradable shares not subject to selling restrictions	Class and number of shares	
		Class	Number
Jiangsu Communications Holding Company Limited	2,742,578,825	RMB ordinary shares	2,742,578,825
China Merchants Expressway Network & Technology Holdings Co., Ltd.	589,059,077	RMB ordinary shares	589,059,077
BlackRock, Inc.	105,716,202	Overseas listed foreign shares	105,716,202
Mitsubishi UFJ Financial Group, Inc.	102,816,845	Overseas listed foreign shares	102,816,845
Citigroup Inc.	74,106,709	Overseas listed foreign shares	74,106,709
JPMorgan Chase & Co.	68,688,226	Overseas listed foreign shares	68,688,226
China Merchants Bank Co., Ltd. – SSE Dividend Trading Open Index Securities Investment Fund	33,198,019	RMB ordinary shares	33,198,019
China Galaxy Asset Management Co., Ltd.	18,590,000	RMB ordinary shares	18,590,000
China Pacific Life Insurance Co., Ltd. – CPLI Stock Dividend Product (Shou Zi Ying) Entrusted Investment (Yangtze River Pension) (中國太平洋人壽保險股份有限公司–中國太平洋人壽股票紅利型產品(壽自營)委託投資(長江養老))	10,996,709	RMB ordinary shares	10,996,709
Industrial and Commercial Bank of China Limited – Fullgoal China Securities Dividend Index Enhanced Securities Investment Fund (中國工商銀行股份有限公司–富國中證紅利指數增強型證券投資基金)	9,180,787	RMB ordinary shares	9,180,787
Accounts designated for share repurchase of the top ten shareholders	Nil		
The aforesaid shareholders entrusting voting rights, being entrusted with voting rights, and waiving voting rights		(1) The Company is not aware of the existence of related relationship or acting-in-concert arrangement with respect to the above shareholders; (2) during the Reporting Period, none of the related parties, strategic investors of the Company and general legal persons became the top ten shareholders of the Company because of placing of new shares; and (3) the number of shares of H shareholders is based on the record of the register kept according to the Securities and Futures Ordinance of Hong Kong.	
Related relationship or acting-in-concert	Nil		
Preference shareholders with voting rights restored and the shareholding thereof	Nil		

2.4 Total number of preference shareholders and shareholdings of top ten preference shareholders as at the end of the Reporting Period

Applicable Not Applicable

2.5 Change of controlling shareholders or de facto controllers

Applicable Not Applicable

2.6 Outstanding and overdue but unpaid corporate debt

Applicable Not Applicable

III. DISCUSSION AND ANALYSIS OF THE OPERATION

3.1 Discussion and Analysis of the Operation of the Company during the Reporting Period

The year of 2023 is a crucial linking year for the implementation of the “14th Five-Year” plan in China. In the first half of 2023, China achieved a year-on-year GDP growth of 5.5%. With the overall economic recovery and improvement, there was a resurgence in transportation demand. Relying on the important strategic opportunities, the Group took the main business as the support and innovation as drive, resolutely pursuing the path of high-quality development. All tasks and works were promoted in a solid and orderly manner, leading to further improvement in operational efficiency.

As of the end of June 2023, the total assets of the Company amounted to approximately RMB79,788 million and the net assets attributable to shareholders of the Company amounted to approximately RMB32,210 million. During the Reporting Period, the Company’s operating revenue increased by approximately 46.37% year-on-year to approximately RMB7,136 million, total profits increased by approximately 41.83% year-on-year to approximately RMB3,216 million, net profit attributable to shareholders of the Company amounted to approximately RMB2,482 million and earnings per share amounted to approximately RMB0.4927. The operating net cash flow amounted to approximately RMB3,631 million and the weighted average return on net assets was 7.47%.

1. Road and bridge operations.

(i) Investment in main business.

The construction of the Longtan Bridge and the North Connection Project was in order. During the Reporting Period, approximately RMB351 million was invested in the construction of the Longtan Bridge project, with a accumulated investment of approximately RMB3,487 million, accounting for 55.76% of the total project investment. As a key project to connect the under-construction Longtan Bridge to the motorway network, the construction of the Longtan Bridge North Connection Project commenced in August 2022. During the Reporting Period, approximately RMB394 million was invested in the construction, with a accumulated investment of approximately RMB2,040 million, accounting for 29.21% of the total project investment. **The Xiyi Expressway South Section Widening Project was in steady progress.** The construction of the project commenced on 6 January 2023, and will be opened to traffic by the end of June 2026. During the Reporting Period, approximately RMB258 million was invested in the construction, with a accumulated investment of approximately RMB875 million, accounting for 11.28% of the total project investment. The expansion will be able to greatly improve the capacity of Xiyi Expressway, alleviate traffic pressure, enhance service levels and create economic and social benefits. **The Expansion Project of Jiangsu Section of Shanghai-Nanjing Expressway was under preparation.** During the Reporting Period, the Company carried out a preliminary study on the expansion project of Jiangsu Section of Shanghai-Nanjing Expressway, and prepared the planning scheme. The expansion of Shanghai-Nanjing Expressway will be conducive to enhancing the capacity and service levels of the national corridor, and help the five cities in southern Jiangsu to develop as a metropolitan area.

(ii) Operation and maintenance of roads and bridges.

With safety as the foundation, adhering to integrity and innovation.

During the Reporting Period, the Company strengthened road safety management, laid emphasis on improving traffic safety facilities of high-traffic flow risk sections and completed the transformation of multiple high-risk sections; promoted the application of new highlight markings and increased the number of new delineation lines along the Shanghai-Nanjing Expressway to effectively improve the guidance effectiveness for night time driving on expressways and reduce accident rates; under the guidance of the Highway Bureau of the Ministry of Transport, the Company took the lead in organising the 2023 emergency drill for extra long underwater tunnels and strengthened interdepartmental emergency coordination, establishing a scientific, standardized, and efficient rescue system, while setting a benchmark for highway underwater tunnel rescue and were highly recognised by the industry experts. **With multiple efforts put in, upgrading maintenance.**

Through highly integrated project management and control measures, the Company efficiently promoted intensive maintenance work, controlled maintenance costs, effectively saved construction time, and contributed to the improvement in traffic efficiency; intensified the whole lifecycle management of road maintenance, utilizing scientific maintenance methods to enhance roads' performance and lifespan. During the Reporting Period, MQI¹ and PQI² on the road sections under the Company's management attained 96.45 and 96.55, respectively, and the ratio of Category 1 and 2 bridges³ remained at 100%; the Company continuously explored the unmanned intelligent construction technology and enhanced its scientific research and innovation ability. During the Reporting Period, the Company was honored for its national and provincial outstanding achievements in several QC⁴ subjects, and was awarded the first prize for the project titled "25 Years of Comprehensive Technology Research and Development and Tracking Verification and Demonstration of Efficient Maintenance of Asphalt Pavement on Shanghai-Nanjing Expressway" at the 19th Modernization and Innovation Achievement of Jiangsu Province Association of Communications Enterprises. **With intelligence empowering, fostering synchronized development.**

The large traffic flow control system was continuously upgraded, and the dynamic control across all lanes has been achieved, further enhancing the efficiency of traffic flow and emergency response capability in high-traffic sections; as pilot projects, Suzhou Toll Station and Yangchenghu Service Area have undergone intelligent upgrades, introducing such functions as self-service passage and parking guidance to optimise the highway travel experience for users; a comprehensive operational management platform for the Company was developed

to establish a digital hub, strengthen big data analysis capabilities, and effectively enhance the level of scientific decision-making; the comprehensive implementation of the “Quasi-free Flow” was steadily progressing with the completion of the scheme design during the Reporting Period, and it was estimated that over 60 self-service lanes would be added. By utilizing new toll collection robots instead of traditional manual toll collection, it was expected to achieve a labor cost saving of over 20% per toll station. **With green development, pioneering initiatives.** Taking the Wuxi section of Shanghai-Nanjing Expressway as a pilot project, based on real-time monitoring data of traffic flow and noise along the same section, a calculation model, verified using actual measurement data, has been established to quantify and analyze the impact of traffic flow on noise along the expressway, to provide technical support for assessing the future impact of noise along the expressway and serve as a scientific basis for planning and decision-making in noise control and prevention, aiming to continue a new chapter in green development.

- ¹ MQI: The Maintenance Quality Indicator is used to describe the technical condition of a specific section of a highway and the level of maintenance required. MQI values ranging from 90 to 100 are considered excellent, indicating that the road condition is good and does not require extensive repairs or refurbishments.
- ² PQI: The Pavement Quality Index is an index used to assess the quality of road surface, typically applied in evaluating the pavement surface situation. The PQI value is calculated based on factors such as smoothness of the road surface, longitudinal and transverse slope, cracks, and damages. PQI values ranging from 90 to 100 are considered excellent.
- ³ According to the Standards for Technical Condition Evaluation of Highway Bridges (《公路橋樑技術狀況評定標準》) (JTGT H21-2011), the overall technical condition evaluation ratings include Category 1, Category 2, Category 3, Category 4, and Category 5, among which Category 1 refers to bridges with brand new condition and perfect function, while Category 2 refers to bridges with mild impairment and normal function.
- ⁴ QC: The Quality Control refers to using inspection, testing, and other technical means to ensure that products or services meet the expected quality standards.

(iii) Road and bridge operations.

During the Reporting Period, the Company and its subsidiaries have shown a steady and progressive development in the toll road business, with a year-on-year increase in traffic volume on the road network under its operation. Accordingly, the Group recorded a toll revenue of approximately RMB4,522,386,000, representing a year-on-year increase of approximately 35.67%, and accounting for approximately 63.37% of the total operating revenue of the Group. During the Reporting Period, the data of the operations of each of the road and bridge projects is set out as below:

Project	Indicator	The Reporting Period	The corresponding period of the previous year	Year-on-year (%)
Shanghai-Nanjing Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	95,336	48,209	97.76
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	18,891	18,716	0.94
	Total traffic volume (<i>vehicle/day</i>)	114,228	66,925	70.68
	Average daily toll revenue (<i>RMB'000/day</i>)	14,296	10,504	36.11
Ningchang Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	41,717	23,854	74.88
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	12,194	11,765	3.64
	Total traffic volume (<i>vehicle/day</i>)	53,910	35,619	51.35
	Average daily toll revenue (<i>RMB'000/day</i>)	2,690	2,200	22.24
Zhenli Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	16,955	8,250	105.51
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	6,297	7,924	-20.53
	Total traffic volume (<i>vehicle/day</i>)	23,253	16,174	43.76
	Average daily toll revenue (<i>RMB'000/day</i>)	973	983	-1.07

Project	Indicator	The Reporting Period	The corresponding period of the previous year	Year-on-year (%)
Xicheng Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	71,157	34,985	103.39
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	15,344	13,409	14.43
	Total traffic volume (<i>vehicle/day</i>)	86,501	48,394	78.74
	Average daily toll revenue (<i>RMB'000/day</i>)	1,611	1,102	46.10
Guangjing Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	60,828	30,429	99.90
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	14,947	14,172	5.46
	Total traffic volume (<i>vehicle/day</i>)	75,775	44,601	69.89
	Average daily toll revenue (<i>RMB'000/day</i>)	756	568	33.13
Xiyi Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	28,428	14,423	97.10
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	6,179	6,423	-3.79
	Total traffic volume (<i>vehicle/day</i>)	34,608	20,846	66.02
	Average daily toll revenue (<i>RMB'000/day</i>)	1,305	1,020	27.96
Wuxi Huantaihu Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	32,790	12,898	154.23
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	3,691	3,931	-6.11
	Total traffic volume (<i>vehicle/day</i>)	36,480	16,829	116.77
	Average daily toll revenue (<i>RMB'000/day</i>)	316	195	61.83

Project	Indicator	The Reporting Period	The corresponding period of the previous year	Year-on-year (%)
Jiangyin Bridge	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	74,907	36,709	104.06
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	21,728	17,995	20.75
	Total traffic volume (<i>vehicle/day</i>)	96,635	54,704	76.65
	Average daily toll revenue (<i>RMB'000/day</i>)	3,294	2,323	41.8
Sujiahang Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	47,783	25,215	89.50
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	8,102	8,072	0.37
	Total traffic volume (<i>vehicle/day</i>)	55,885	33,287	67.89
	Average daily toll revenue (<i>RMB'000/day</i>)	2,466	1,771	39.22
Yanjiang Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	44,877	20,507	118.84
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	16,622	16,711	-0.54
	Total traffic volume (<i>vehicle/day</i>)	61,498	37,218	65.24
	Average daily toll revenue (<i>RMB'000/day</i>)	5,195	3,844	35.14
Changjia Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	35,288	14,917	136.56
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	25,234	25,998	-2.94
	Total traffic volume (<i>vehicle/day</i>)	60,523	40,915	47.92
	Average daily toll revenue (<i>RMB'000/day</i>)	1,220	1,084	12.55

Project	Indicator	The Reporting Period	The corresponding period of the previous year	Year-on-year (%)
Zhendan Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	18,942	10,934	73.25
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	2,914	3,403	-14.35
	Total traffic volume (<i>vehicle/day</i>)	21,857	14,336	52.46
	Average daily toll revenue (<i>RMB'000/day</i>)	247	201	22.76
Changyi Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	25,562	13,325	91.84
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	8,174	7,741	5.59
	Total traffic volume (<i>vehicle/day</i>)	33,736	21,066	60.15
	Average daily toll revenue (<i>RMB'000/day</i>)	345	278	23.95
Yichang Expressway	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	16,359	10,084	62.23
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	5,718	7,145	-19.97
	Total traffic volume (<i>vehicle/day</i>)	22,077	17,229	28.14
	Average daily toll revenue (<i>RMB'000/day</i>)	358	374	-4.33
Wufengshan Toll Bridge	Traffic volume of passenger vehicles (<i>vehicle/day</i>)	30,750	10,360	196.82
	Traffic volume of trucks vehicles (<i>vehicle/day</i>)	7,968	4,498	77.14
	Total traffic volume (<i>vehicle/day</i>)	38,718	14,858	160.59
	Average daily toll revenue (<i>RMB'000/day</i>)	2,089	990	111.05

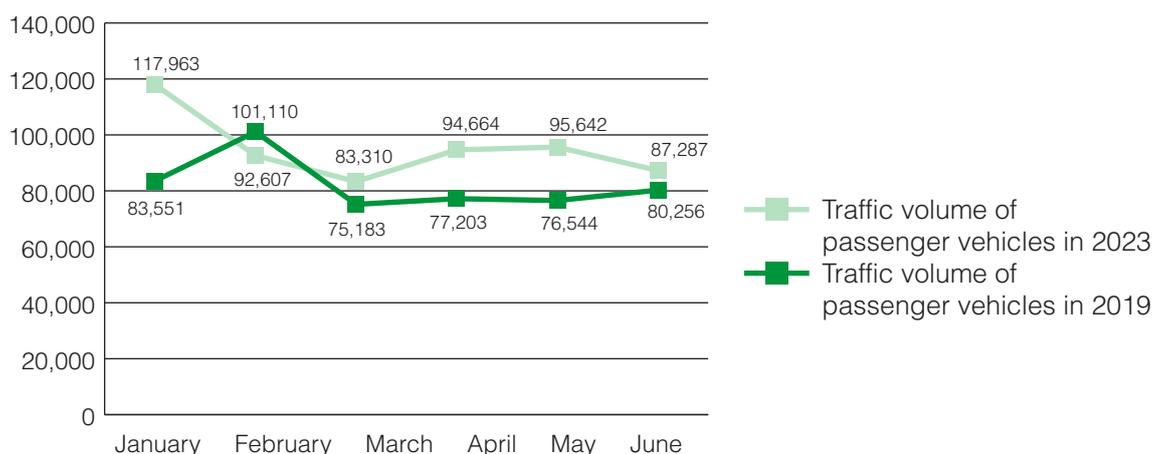
Note 1: The 17 toll road and bridge projects controlled or invested by the Group included Longtan Bridge and the North Connection of Longtan Bridge in addition to the 15 toll roads and bridges projects listed in the table above. Of which, Luma First Class Highway was operated by Xiyi Expressway, and the data of the operation of Xiyi Expressway included the data of the operation of Luma First Class Highway. The Luma First Class Highway was approved by the Jiangsu Provincial Government to be repurchased by the Wuxi Municipal Government in September 2022, and related work is in progress.

Note 2: Due to the closure and control measures implemented on certain peripheral highways during the same period last year, the traffic was diverted to Zhenli Expressway, with a relatively high base, and Zhenli Expressway therefore recorded a year-on-year decrease in toll revenue during the Reporting Period.

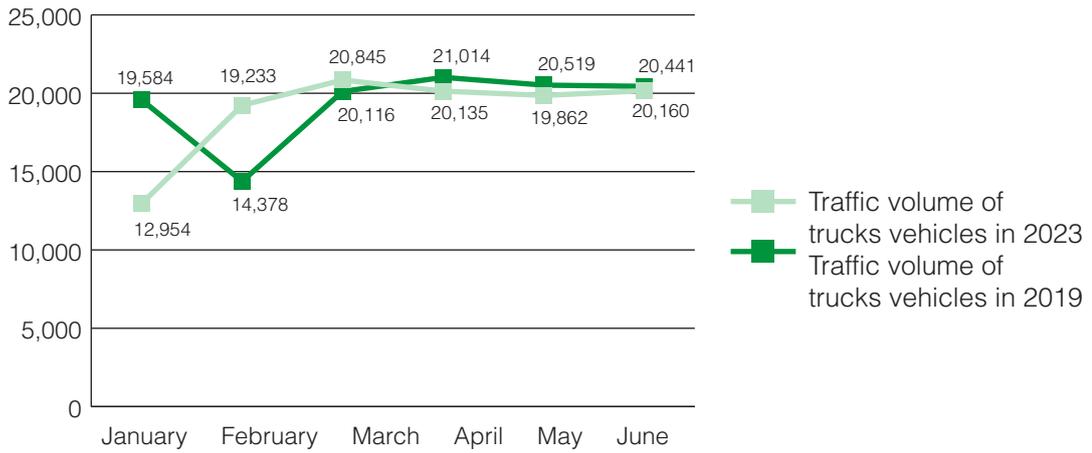
Note 3: Due to the impact of traffic diversion upon the opening of Jiangsu Section of Liyang-Ningde of Liguang Expressway to traffic in November 2022, Yichang Expressway recorded a year-on-year decrease in toll revenue.

During the Reporting Period, the average daily toll income of Shanghai-Nanjing Expressway amounted to approximately RMB14,295,920, representing a year-on-year increase of approximately 36.11%. Considering the relatively large fluctuation of the traffic volume of the expressway from 2020 to 2022, the Company compares the traffic volume of passenger vehicles and trucks vehicles and average daily traffic volume data of Shanghai-Nanjing Expressway from January to June 2023 with the same period of 2019, as shown in the chart below:

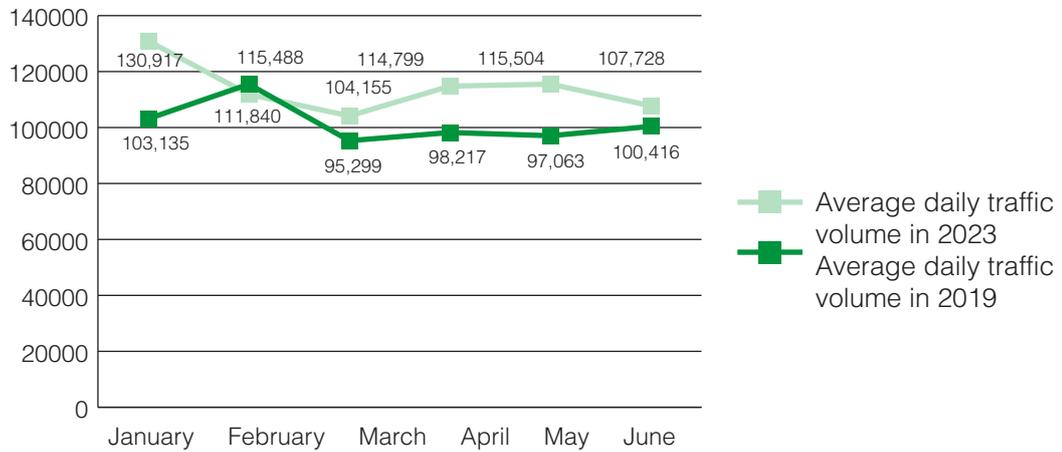
Comparison of traffic volume of passenger vehicles of Shanghai-Nanjing Expressway



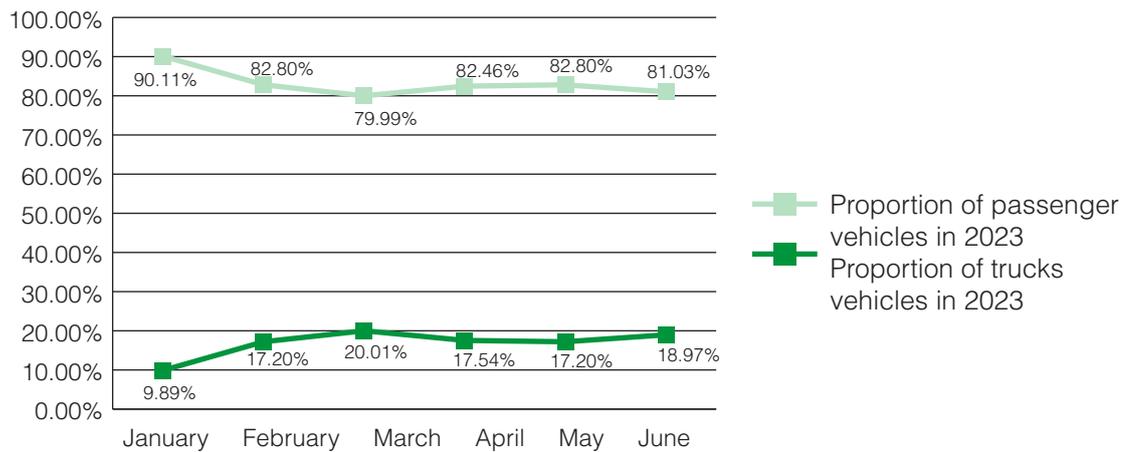
Comparison of traffic volume of trucks vehicles of Shanghai-Nanjing Expressway



Comparison of total average daily traffic volume of Shanghai-Nanjing Expressway



Proportion of traffic volume of passenger vehicles and trucks vehicles of Shanghai-Nanjing Expressway from January to June 2023



2. *Ancillary business.*

Brand building presenting highlights. The Company cultivated self-own brands, registered intellectual property rights, and innovatively developed nearly 30 exclusive cultural and creative products, showcasing thematic culture in multiple dimensions and continuously strengthening brand effect; upgraded Guangling Themed Service Area in Yangzhou, to enhance the customers' immersive experience and improve the recognizability and memorability of the service area through three-dimensional display, cultural walls, publicity by using MG⁵ animation videos and other methods; thoroughly operated the “big platform” investment attraction model in the service area, and launched the first innovative store of highway network version of SuGuo supermarket in China, to enhance the operational efficiency of the service area. **Optimising and improving service quality.** During the Reporting Period, the Company upgraded the cloud gateway of ETC contactless payment system, retail management system⁶ and intelligent fuel dispenser at gas stations along the entire line of Shanghai-Nanjing Expressway, which further optimised the experience of drivers and passengers, served the public and empowered intelligent transportation while improving the stability of the system and the efficiency of data transmission. **The pace of low-carbon transformation was accelerating.** Guided by the goal of “dual carbon”, the Company took the Xianrenshan Service Area as a pilot project to explore the construction of zero-carbon service area, designed transformation programs from building energy saving, equipment energy saving, energy transformation and other dimensions, and pushed the service area to realize zero-carbon operation, and made efforts to promote the “carbon neutrality” of highway industry's operation and better supported the construction of a new development landscape.

⁵ MG animation: Motion Graphics is a form of creation that combines graphic design with animation techniques. Different from traditional animation, MG focuses more on the use of graphics and text to convey information and present concepts, and is characterized by strong visual impact, dynamism and attractiveness.

⁶ Retail management system: refers to the retail management system of gas stations at service area, which is used for the management, control, data collection and analysis of fuel dispensers, cashier management, payment management, invoice management, purchase-sale-stock management and other comprehensive management systems.

During the Reporting Period, the Group's ancillary service business achieved revenue of approximately RMB900,407,000, representing an increase of 101.11% as compared to the same period last year. Of which, revenue from service area leasing business amounted to

approximately RMB57,552,000, representing a year-on-year increase of 18.06%, mainly due to the termination of the original leasing contracts of some service areas and the reduction of rentals in accordance with relevant state policies in the same period last year; as a result of the increase in the sales volume of oil, the revenue from sales of oil amounted to approximately RMB831,146,000, representing a year-on-year increase of 112.94%, and gross operating profit from oil increased by 261.36% year on year. As affected by the year-on-year increase in the gross operating profit of the sales of oil business, the gross operating profit of the ancillary services business presented a significant year-on-year increase.

3. *New energy business.*

In 2022, the Company acquired 100% equity interest in YS Energy Company to enter into the new energy industry. As at the end of the Reporting Period, the total installed capacity of the grid-connected projects of YS Energy Company reached 526.6 MW (including the installed capacity of equity participation), and all the power stations held by YS Energy Company had been put into operation, producing a total of 480 million kWh of clean energy power during the Reporting Period. Taking into account the actual situation of photovoltaic project resource endowment in Jiangsu Province, YS Energy Company has actively promoted the investment and construction of several interoperable photovoltaic projects, with a total installed capacity of the project under construction reaching approximately 35.62 MW. In addition, the Company carried out in-depth research on the topic of “Transportation + Energy Integration Path and Development Mode Research”, thoroughly conducting research on the new mode of modern transportation energy supply, and tried to build the operation and management platform of carbon assets of Jiangsu Expressway, supported the realisation of green and low-carbon development of the whole lifecycle of Jiangsu Expressway network, and helped Jiangsu Expressway to realise the carbon emission peak and carbon neutrality.

Since the acquisition of YS Energy Company, its revenue scale and profit level have continued to grow, showing high growth and stable profitability. During the Reporting Period, benefiting from weather and other factors, the offshore wind power project of YS Energy Company recorded a year-on-year increase of on-grid electricity consumption, and the Group achieved revenue of approximately RMB351,428,000 from electricity sales, representing a year-on-year increase of approximately 9.61%.

4. *Property business.*

The Group's real estate development and sales were operated by its subsidiaries Ninghu Properties Company and Hanwei Company. During the Reporting Period, the Group pushed forward the construction of projects under construction in an orderly manner and actively promoted destock of existing projects. During the Reporting Period, the Group achieved carry-forward sales revenue of approximately RMB245,487,000, representing a year-on-year decrease of 10.46%, mainly due to the smaller scale of property projects delivered as compared to the same period of the previous year.

5. *Other businesses.*

First, the investment income of investee companies. During the Reporting Period, benefiting from the increase in traffic volume of the road network, the Group's investment income from roads and bridges companies in which the Group held equity reached approximately RMB353,694,000, representing a year-on-year increase of approximately 49.87%; and an investment income from financial companies in which the Group held equity amounted to approximately RMB43,614,000, representing a year-on-year decrease of approximately 30.27%. **Second, gain from other equity instruments and other non-current financial assets.** During the Reporting Period, the Group received accumulated dividends of approximately RMB113,871,000 from Jiangsu Leasing Company and CDB Kai Yuan Phase II Fund, representing a year-on-year decrease of approximately 71.39%, which was mainly due to the postponement of distribution of dividends from Bank of Jiangsu invested by the Company as compared to last year. **Third, income from its subsidiaries engaged in such businesses as advertising operation, factoring and management services.** During the Reporting Period, these businesses achieved revenue of approximately RMB112,463,000, representing a year-on-year increase of approximately 52.67%, mainly due to the increase in revenue of its subsidiaries from factoring business and new income from the hotel services.

3.2 Analysis of principal businesses

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

Unit: Yuan Currency: RMB

Item	The Reporting Period	The corresponding period of the previous year	Change (%)
Operating revenue	7,136,011,953.47	4,875,399,621.13	46.37
Operating costs	3,926,662,277.70	2,795,363,467.49	40.47
Selling expenses	5,803,128.77	6,093,714.35	-4.77
Administrative expenses	109,627,395.99	103,023,993.20	6.41
Financial expenses	533,463,186.75	549,500,912.66	-2.92
Research and development (R&D) expenses	-	-	-
Net cash flow from operating activities	3,630,954,437.28	2,323,712,815.35	56.26
Net cash flow from investing activities	-2,279,632,859.00	-1,892,015,616.29	20.49
Net cash flow from financing activities	-1,744,002,369.58	-292,751,632.62	495.73
Gain on change in fair value	75,602,122.87	35,105,006.37	115.36
Investment income	613,519,419.63	826,449,841.39	-25.76
Gains from disposal of assets	4,789,530.84	29,346,091.26	-83.68
Income tax	628,491,894.66	447,454,541.12	40.46
Other comprehensive income, net of tax	110,717,755.28	741,931,098.21	-85.08

Note: Retroactive adjustments were made to the data of the previous year. For details, please refer to Note: Explanation of reasons for retrospective adjustment or restatement in “2.2 Key financial data of the Company” in this announcement

Reasons for the change in operating revenue: It was mainly due to the corresponding increase in operating revenue from principal business of road and bridge operations during the Reporting Period as a result of factors including the increase in the traffic flow of the operating road network, as well as the year-on-year increase in investment in the construction of road and bridge projects, which resulted in the corresponding increase in revenue during the construction period.

Reasons for the change in operating costs: It was mainly due to the corresponding increase in amortization of road operation rights during the Reporting Period as a result of the increase in traffic flow; the corresponding increase in oil procurement costs due to the increase in the sales volume of oil; and the year-on-year increase in the construction period costs.

Reasons for the change in selling expenses: It was mainly due to the year-on-year decrease in sales commission of the property projects and advertising fees of relevant subsidiaries during the Reporting Period.

Reasons for the change in administrative expenses: It was mainly due to the rigid increase in labour costs during the Reporting Period.

Reasons for change in financial expenses: It was mainly due to the year-on-year decrease in the comprehensive loan interest rate of the Company's interest-bearing debts the interest accrued on which was recognized as expenses and the decrease in financial expenses accordingly as a result of proactive and effective financing measures during the Reporting Period.

Reasons for the changes in R&D expenses: None.

Reasons for the change in net cash flow from operating activities: It was mainly due to the strong growth in revenue from principal activities during the Reporting Period as compared to the same period last year, as a result of the increase in traffic volume of the road network.

Reasons for the change in net cash flow from investing activities: It was mainly due to the year-on-year increase in construction investment in road and bridge projects under construction during the Reporting Period.

Reasons for the change in net cash flow from financing activities: It was mainly due to the year-on-year increase in the Company's net debt repayment during the Reporting Period.

Reasons for the change in gain on change in fair value: It was mainly due to the year-on-year increase in the growth of fair value of other non-current financial assets held by subsidiaries of the Company during the Reporting Period.

Reasons for change in investment income: It was mainly due to the postponement of distribution of dividend paid by Bank of Jiangsu during the Reporting Period as compared to last year, resulting in a year-on-year decrease in investment income. As of the date of this announcement, the Company has received the dividend payment from Bank of Jiangsu in July 2023.

Reasons for the change in gain from disposal of assets: It was mainly due to the disposal of the assets of Nanquan Toll Station of Huantaihu Expressway during the same period last year.

Reasons for the change in income tax: It was mainly due to the year-on-year increase in the Group's taxable income during the Reporting Period.

Reasons for the change in other comprehensive income, net of tax: It was mainly due to the decrease in the fair value of investments in other equity instruments held by the Group during the Reporting Period, resulting in a year-on-year decrease in other comprehensive income.

(1) Principal operating activities by industry and region

Unit: Yuan Currency: RMB

By industry	Principal operating activities by industry			Year-on-year		Year-on-year change in gross profit margin (%)
	Operating revenue	Operating costs	Gross profit Margin (%)	change in operating revenue (%)	change in operating cost (%)	
Toll roads	4,522,385,502.88	1,605,164,730.55	64.51	35.67	9.74	Increased by 8.39 percentage points ^(note 2)
Shanghai-Nanjing Expressway	2,587,561,515.16	819,032,856.47	68.35	36.11	17.47	Increased by 5.02 percentage points
Guangjing Expressway and Xicheng Expressway	428,290,778.80	100,115,895.57	76.62	41.69	-43.57	Increased by 35.32 percentage points
Ningchang Expressway and Zhenli Expressway	662,912,930.57	227,251,943.36	65.72	15.04	-4.94	Increased by 7.21 percentage points
Xiyi Expressway and Wuxi Huantaihu Expressway	293,529,522.24	187,787,993.95	36.02	33.41	66.41	Decreased by 12.69 percentage points ^(note 2)
Zhendan Expressway	44,766,021.04	35,468,758.43	20.77	22.76	28.18	Decreased by 3.35 percentage points
Changyi Expressway	62,422,260.18	51,664,516.37	17.23	23.95	12.48	Increased by 8.43 percentage points
Yichang Expressway	64,826,188.79	47,053,251.95	27.42	-4.33	-26.51	Increased by 21.90 percentage points
Wufengshan Toll Bridge	378,076,286.10	136,789,514.45	63.82	111.05	38.84	Increased by 18.82 percentage points
Ancillary services	900,406,623.93	892,236,576.39	0.91	101.11	75.92	Increased by 14.19 percentage points ^(note 3)
Property sales	245,487,117.95	168,806,371.56	31.24	-10.46	-17.01	Increased by 5.42 percentage points ^(note 4)
Electricity sales	351,427,537.00	171,257,113.09	51.27	9.61	8.02	Increased by 0.72 percentage point
Revenue/cost during the construction period	1,003,842,165.73	1,003,842,165.73	-	135.74	135.74	-
Other businesses	112,463,005.98	85,355,320.38	24.10	52.67	126.47	Decreased by 24.73 percentage points ^(note 5)
Total	<u>7,136,011,953.47</u>	<u>3,926,662,277.70</u>	<u>44.97</u>	<u>46.37</u>	<u>40.47</u>	Increased by 2.31 percentage points

Note 1: Data in the above table does not include the amount of revenues and costs incurred for the provision of road management services between the Group's segments as the intra-group activities are offset on consolidation.

Note 2: During the Reporting Period, due to the impact of the increase in volume of traffic on the operating road network, the toll revenue from the Group's toll road business recorded an increase, and the gross profit margin of the toll road business increased as compared to the corresponding period of the previous year. As affected by the overhaul of Huantaihu Expressway during the Reporting Period, the road maintenance costs of Huantaihu Expressway increased year-on-year, and the gross profit margin of toll business decreased accordingly.

Note 3: During the Reporting Period, the sales volume of oil and the difference in the trading price of refined oil increased. As a result, the gross profit margin of the ancillary services business increased year-on-year.

Note 4: The costs involved in the settlement of works of projects delivered by the subsidiaries in the corresponding period of the previous year is relatively high, as a result, the gross profit margin of the property sales business of the subsidiaries during the Reporting Period increased year-on-year.

Note 5: The hotel project of Ninghu Properties Company, a subsidiary, which commenced operation in January 2023, is currently in the early stage of operation and its revenue has yet to be cultivated, as a result of which, the operating gross profit margin of other businesses decreased year-on-year during the Reporting Period.

Explanation on principal business by industry, product, region and sales model

During the Reporting Period, the Group's principal business was distributed in Jiangsu Province.

(2) *Analysis of costs*

During the Reporting Period, accumulated operating costs amounted to approximately RMB3,926,662,000, representing a year-on-year increase of approximately 40.47%. The cost structure of each business category is set out below:

Unit: Yuan Currency: RMB

By industry	Components of costs	By industry					Explanation
		Amount for the Reporting Period	Percentage in total costs for the Reporting Period (%)	Amount for the corresponding period last year	Percentage in total costs for the corresponding period last year (%)	Change in percentage of the amount for the Reporting Period compared with the corresponding period last year (%)	
Toll roads	–	1,605,164,730.55	40.88	1,462,722,579.91	52.33	9.74	
	Depreciation and amortization	954,304,730.65	24.31	768,758,316.02	27.50	24.14	Mainly due to the increase in volume of traffic of the road network during the Reporting Period and the corresponding increase in amortization of road operation rights.
	Costs on maintenance	174,640,422.72	4.45	243,723,517.25	8.72	-28.34	Mainly due to the overhaul of Xicheng Expressway during the corresponding period of last year, which resulted in a relatively high base.
	Costs on system maintenance	14,177,289.43	0.36	8,592,409.06	0.31	65.00	Mainly due to the commencement of the upgrade operation of the toll communication monitoring system during the Reporting Period.
	Costs on toll collection	81,445,797.62	2.07	69,282,647.97	2.48	17.56	Mainly due to the year-on-year increase in costs on toll collection as a result of the increase in toll revenue and the corresponding increase in road network management fees during the Reporting Period.
	Labour costs	380,596,490.13	9.69	372,365,689.61	13.32	2.21	

		By industry					
By industry	Components of costs	Amount for the Reporting Period	Percentage in total costs for the Reporting Period (%)	Amount for the corresponding period last year	Percentage in total costs for the corresponding period last year (%)	Change in percentage of the amount for the Reporting Period compared with the corresponding period last year (%)	Explanation
Ancillary services	–	892,236,576.39	22.72	507,196,431.13	18.14	75.92	
	Raw materials	698,075,314.79	17.78	335,660,746.87	12.01	107.97	Mainly due to the corresponding increase in oil procurement costs due to the increase in oil sales volume.
	Depreciation and amortization	33,815,677.22	0.86	32,592,116.54	1.16	3.75	
	Labour costs	106,450,533.91	2.71	105,028,080.99	3.76	1.35	
	Other costs	53,895,050.47	1.37	33,915,486.73	1.21	58.91	Mainly due to the closure and lockdown of certain service areas during the corresponding period of last year, resulting in the decrease in relevant costs.
Property sales	–	168,806,371.56	4.30	203,395,286.20	7.28	-17.01	Mainly due to the smaller scale of delivery of property projects by the subsidiaries during the Reporting Period as compared with the corresponding period of the previous year.
Electricity sales	–	171,257,113.09	4.36	158,537,917.77	5.67	8.02	Mainly due to the year-on-year increase in the on-grid electricity consumption of subsidiaries during the Reporting Period.

By industry	Components of costs	By industry					Explanation
		Amount for the Reporting Period	Percentage in total costs for the Reporting Period (%)	Amount for the corresponding period last year	Percentage in total costs for the corresponding period last year (%)	Change in percentage of the amount for the Reporting Period compared with the corresponding period last year (%)	
Construction period costs	-	1,003,842,165.73	25.57	425,821,793.86	15.23	135.74	Mainly due to the year-on-year increase in investment in the construction of road and bridge projects during the Reporting Period.
Other business	-	85,355,320.38	2.17	37,689,458.62	1.35	126.47	Mainly due to the year-on-year increase in interest expenses for the factoring business of the subsidiaries and the operating costs of the hotel projects.

2. Description of material change in business type, profit composition or profit source of the Company during the Reporting Period

Applicable Not Applicable

3.3 Explanation on major changes in profits caused by non-principal businesses

Not Applicable

3.4 Analysis of Assets and Liabilities

Applicable Not Applicable

1. Assets and Liabilities

Unit: Yuan Currency: RMB

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period	Explanations on changes
					as compared to that as at the end of the previous year (%)	
Cash at bank and on hand	541,524,063.19	0.68	932,931,344.38	1.19	-41.95	Mainly due to the repayment of part of the Group's borrowings with its own funds during the Reporting Period.
Accounts receivable	1,291,463,472.50	1.62	1,127,669,970.08	1.44	14.52	Mainly due to the increase in the amount of state subsidies receivable for on-grid power stations as at the end of the Reporting Period as compared to the beginning of the period.
Inventories	2,403,919,945.96	3.01	2,585,018,115.85	3.29	-7.01	Mainly due to the delivery and transfer of real estate projects of the subsidiaries during the Reporting Period.
Long-term equity investments	11,527,519,206.01	14.45	11,089,989,971.83	14.13	3.95	Mainly due to the investment income contributed by associates during the Reporting Period.
Fixed assets	7,784,659,466.21	9.76	8,045,978,815.98	10.26	-3.25	Mainly due to the provision for depreciation during the Reporting Period.

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period	Explanations on changes
					as compared to that as at the end of the previous year (%)	
Short-term borrowings	1,876,265,454.69	2.35	2,434,124,067.61	3.10	-22.92	Mainly due to the decrease in short-term loans from financial institutions during the Reporting Period as compared to the beginning of the period.
Contract liabilities	63,256,223.45	0.08	162,928,919.15	0.21	-61.18	Mainly due to the delivery of real estate projects of the subsidiaries during the Reporting Period.
Long-term borrowings	16,543,565,723.06	20.73	16,053,597,366.94	20.46	3.05	Mainly due to the increase in borrowings for road and bridge projects under construction and other long-term bank loans during the Reporting Period as compared to the beginning of the period.
Financial assets held for trading	4,756,944,083.24	5.96	3,474,620,148.26	4.43	36.91	Mainly due to the increase in wealth management products held by the Group at the end of the Reporting Period as compared to the beginning of the period.
Bills receivable	1,550,000.00	0.00	950,000.00	0.00	63.16	Mainly due to the increase in subsidiaries' bank acceptance bills receivable as at the end of the Reporting Period as compared to the beginning of the period.
Prepayments	20,388,590.21	0.03	7,737,346.20	0.01	163.51	Mainly due to the increase in prepayments for oil as at the end of the Reporting Period as compared to the beginning of the period.

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period	Explanations on changes
					as compared to that as at the end of the previous year (%)	
Other receivables	90,045,437.12	0.11	62,758,902.02	0.08	43.48	Mainly due to the cash dividends declared but not yet paid by associates during the Reporting Period.
Bills payable	283,840,000.00	0.36	366,000,000.00	0.47	-22.45	Mainly due to the decrease in bank acceptances issued by Factoring Company, a subsidiary of the Company, as at the end of the Reporting Period as compared to the beginning of the period.
Other payables	2,679,752,285.45	3.36	288,042,394.72	0.37	830.33	Mainly attributable to the cash dividends declared but not yet paid as at the end of the Reporting Period.
Non-current liabilities due within one year	2,557,897,625.48	3.21	1,815,208,560.25	2.31	40.91	Mainly due to transfer into of long-term borrowings and bonds payable due within one year during the Reporting Period.
Other current liabilities	4,439,659,065.80	5.56	5,359,728,092.37	6.83	-17.17	Mainly due to the redemption of ultra short-term notes during the Reporting Period, resulting in a decrease in the balance as compared to the beginning of the period.
Bonds payable	8,978,499,843.30	11.25	9,972,337,481.34	12.71	-9.97	Mainly due to the adjustment to bonds payable due within one year during the Reporting Period.
Special reserve	2,041,483.04	0.00	577,468.02	0.00	253.52	Mainly due to the provision for safety production expenses by subsidiaries during the Reporting Period.

Item	Amount as at the end of the Reporting Period	Percentage in the	Amount as at the end of the previous period	Percentage in the	Percentage change of the amount as at the end of the Reporting Period as compared to that as at the end of the previous year	Explanations on changes
		total assets as at the end of the Reporting Period (%)		total assets as at the end of the previous period (%)	year (%)	
Total assets	79,787,685,491.34	100.00	78,458,345,074.07	100.00	1.69	
Total gearing ratio	51.72%	-	51.63%	-	Increased by 0.09 percentage point	
Net gearing ratio	107.11%	-	106.74%	-	Increased by 0.37 percentage point	

Other explanations

During the Reporting Period, the aggregated amount of wealth management products purchased by the Group from any bank did not reach or exceed 5% of the total assets (adjusted by deducting dividends payable according to the Listing Rules) or market value of the Group.

Total gearing ratio is calculated by dividing liabilities by total assets; and net gearing ratio is calculated by dividing liabilities by shareholders' equity.

2. Major restricted assets as at the end of the Reporting Period

Applicable Not Applicable

Unit: Yuan Currency: RMB

Item	Book value as at the end of the Reporting Period	Reasons for restriction
Bank deposits	–	Security deposits for mortgage loans to customers
Bank deposits	–	Supervised proceeds from pre-sale
Bank deposits	9,192,000.00	Security deposits for notes
Intangible assets	24,134,633,285.17	Pledge of toll road operation rights of expressways
Accounts receivable	725,606,629.13	Pledge of right to charge electricity tariffs receivable
Total	<u>24,869,431,914.30</u>	

(1) Explanation for restricted bank deposits

As at the end of the Reporting Period, the Group's other cash at bank and on hand was security deposits for notes of RMB9,192,000, which were the deposits collected by financial institutions on a pro-rata basis for commercial bills drawn by Longtan Bridge Company in accordance with regulatory requirements.

(2) *Explanation for restricted intangible assets*

Guangjing Xicheng Company, a subsidiary of the Group, entered into a loan contract with Wuxi Branch of Industrial and Commercial Bank of China in respect of a loan of RMB1,200,000,000 in aggregate, which was secured by the toll road operation right of Guangjing Expressway. As at the end of the Reporting Period, the loan balance amounted to RMB330,000,000.

Wufengshan Toll Bridge Company, a subsidiary of the Group, entered into loan contracts with the Jiangsu Sub-branch (directly administered) of China Construction Bank, the Jiangsu Branch of China Development Bank, the Jiangsu Branch of Bank of Communications, the Nanjing Branch of Postal Savings Bank of China, the Nanjing Chengnan Sub-branch of Industrial and Commercial Bank of China and the Nanjing Branch of China Merchants Bank with a total amount of RMB2,000,000,000, RMB2,500,000,000, RMB1,500,000,000, RMB1,200,000,000, RMB1,500,000,000 and RMB2,500,000,000, respectively, which were secured by the toll road operation rights of the expressway of Wufengshan Toll Bridge and the North-South Approach Expressways. As at the end of the Reporting Period, the loan balance amounted to RMB1,559,500,000, RMB366,500,000, RMB862,740,000, RMB975,546,000, RMB357,500,000 and RMB1,168,000,000, respectively.

Longtan Bridge Company, a subsidiary of the Group, entered into loan contracts with the Jiangsu Branch of China Development Bank, the Jiangsu Branch of China Merchants Bank and the Jiangsu Branch of Bank of China with a total amount of RMB2,000,000,000, RMB1,000,000,000 and RMB1,200,000,000, respectively, which were secured by the toll road operation rights of Longtan Cross-river Channel. As at the end of the Reporting Period, the loan balance amounted to RMB51,000,000, RMB200,000,000 and RMB100,000,000, respectively.

Longtan Bridge Company, a subsidiary of the Group, entered into a loan contract with the Jiangsu Branch of China Development Bank with a total amount of RMB1,000,000,000, which was secured by the toll road operation rights of Longtan Bridge North Connection Project. As at the end of the Reporting Period, the loan balance amounted to RMB1,000,000.

Changyi Company, a subsidiary of the Group, entered into loan contracts with the Nanjing Branch of Postal Savings Bank of China, the Wuxi Chengzhong Sub-branch of Agricultural Bank of China and the Wuxi Branch of Industrial and Commercial Bank of China with a total amount of RMB500,000,000, RMB382,900,000 and RMB2,000,000,000, respectively, which were secured by the toll road operation rights of Changyi Expressway. As at the end of the Reporting Period, the loan balance amounted to RMB48,310,000, RMB360,000,000 and RMB550,500,000, respectively.

Yichang Company, a subsidiary of the Group, entered into loan contracts with the Nanjing Branch of Postal Savings Bank of China, the Wuxi Branch of Industrial and Commercial Bank of China, the Jiangsu Branch of China Development Bank, and Bank of Communications with a total amount of RMB500,000,000, RMB2,400,000,000, RMB2,000,000,000 and RMB300,000,000, respectively, which were secured by the toll road operation rights of Yichang Expressway. As at the end of the Reporting Period, the loan balance amounted to RMB377,660,000, RMB475,000,000, RMB378,000,000 and RMB93,340,000, respectively.

(3) Explanation for restricted accounts receivable

Rudong Company, a subsidiary of the Group, entered into a loan contract with the Jiangsu Branch of China Development Bank with a total amount of RMB4,000,000,000, and entered into an agreement on alteration in March 2023 to revise the total loan amount to be RMB2,663,000,000. The loan contract is secured by electricity charge collection rights of the project in addition to the guarantee provided by the Company. As at the end of the Reporting Period, the loan balance amounted to RMB2,497,000,000.

3. Other explanations

Applicable Not Applicable

(1) Capital expenditure

During the Reporting Period, the Group incurred investment expenditure (as planned) in a sum of approximately RMB1,122,268,000, representing an increase of approximately RMB332,574,000 or approximately 42.11% from RMB789,694,000 in the corresponding period of the prior year, mainly due to the year-on-year increase in investments in the construction of road and bridge projects of the Group during the Reporting Period. The investment projects conducted by the Group and amount incurred during the Reporting Period are as follows:

Names of Investment Projects	Amount (RMB)
Longtan Bridge and North Connection Project	745,854,596.29
Xiyi Expressway South Section Widening Project	257,987,569.44
Investment in Sujiaokong Clean Energy Suqian Co., Ltd. (Note)	100,000.00
Investment in Sujiaokong Clean Energy Jiangsu Co., Ltd. (Note)	22,117,000.00
Investment in Changzhou Jintan Heyi New Energy Technology Co. Ltd.* (常州金坛禾一新能源科技有限公司) (Note)	1,904,000.00
Alteration and expansion of the service areas and toll collection points	2,409,419.83
Three major systems and information construction project	2,747,001.78
Photovoltaic Power Generation Project	23,631,650.63
Other capital expenditure of the Group	65,516,704.95
Total	<u>1,122,267,942.92</u>

Note: These three items represent the capital investment in subsidiaries of the Company.

(2) *Capital structure and solvency*

The Group attached great importance to maintaining a reasonable capital structure and continuously improved its profitability in order to maintain the Group's good credit rating and sound financial position. As at the end of the Reporting Period, the total liabilities of the Group amounted to approximately RMB41,263,508,000. The overall gearing ratio of the Group was approximately 51.72%, an increase of approximately 0.09 percentage point from the end of the previous period. In view of the Group's stable and abundant operating cash flow and sound capacity of financing and capital management, the management believes that the gearing ratio remained at a safe level at the end of the Reporting Period.

(3) *Financial strategy and financing arrangement*

During the Reporting Period, the Group actively expanded its financing channels, adjusted its debt structure and reduced financing costs. Through adopting a proactive financing strategy, the Company was able to meet the funding needs of its operation and management and project investment and controlled the financing costs effectively. The Group's borrowing requirements are not subject to seasonality. During the Reporting Period, an additional fund of RMB9,424,000,000 was obtained through direct financing. As at 30 June 2023, the Group's borrowings amounted to RMB19,786,155,990, of which RMB5,334,923,030 were fixed-rate loans. As at the end of the Reporting Period, the balance of the principal of the interest-bearing liabilities amounted to approximately RMB34,112,331,050, representing a decrease of approximately RMB1,314,326,430 as compared with the beginning of the period, of which short-term interest-bearing liabilities accounted for approximately 18.39% and long-term interest-bearing liabilities accounted for approximately 81.61%; and the rate of the consolidated borrowing costs on interest-bearing liabilities of the Group was approximately 3.26%, representing a year-on-year decrease of approximately 0.32 percentage point, approximately 0.78 percentage point lower than the loan prime rate (LPR) for the same period (the amounts stated above are exclusive of interest). During the Reporting Period, the Company's major financing activities included:

Type of debenture	Date of issuance	Term	Financing amount (RMB'000)	Interest rate of issuance (%)	Loan prime rate (LPR) %	Decrease in financing costs %
Ultra short-term notes	4 January 2023	93 days	600,000.00	2.30	3.55	1.25
Ultra short-term notes	4 January 2023	93 days	600,000.00	2.30	3.55	1.25
Ultra short-term notes	4 January 2023	93 days	500,000.00	2.30	3.55	1.25
Ultra short-term notes	4 January 2023	93 days	600,000.00	2.30	3.55	1.25
Ultra short-term notes	7 February 2023	94 days	400,000.00	2.15	3.55	1.40
Ultra short-term notes	7 February 2023	94 days	400,000.00	2.15	3.55	1.40
Ultra short-term notes	1 March 2023	86 days	400,000.00	2.36	3.55	1.19
Ultra short-term notes	1 March 2023	86 days	370,000.00	2.36	3.55	1.19
Ultra short-term notes	3 April 2023	95 days	1,050,000.00	2.18	3.55	1.37
Ultra short-term notes	4 April 2023	94 days	500,000.00	2.18	3.55	1.37
Ultra short-term notes	4 April 2023	94 days	400,000.00	2.18	3.55	1.37
Ultra short-term notes	4 April 2023	94 days	400,000.00	2.18	3.55	1.37
Ultra short-term notes	12 April 2023	93 days	1,000,000.00	2.23	3.55	1.32
Ultra short-term notes	12 April 2023	93 days	400,000.00	2.23	3.55	1.32
Ultra short-term notes	10 May 2023	93 days	350,000.00	2.22	3.55	1.33
Ultra short-term notes	24 May 2023	93 days	300,000.00	2.07	3.55	1.48
Medium-term notes	19 August 2020	5 years	2,000,000.00	3.98	4.20	0.22
Medium-term notes	15 June 2021	3 years	1,000,000.00	3.45	3.55	0.10
Medium-term notes	25 October 2021	3 years	500,000.00	3.30	3.55	0.25
Medium-term notes	22 November 2021	3 years	500,000.00	3.13	3.55	0.42

Type of debenture	Date of issuance	Term	Financing amount (RMB'000)	Interest rate of issuance (%)	Loan prime rate (LPR) %	Decrease in financing costs %
Medium-term notes	15 September 2022	3 years	700,000.00	2.49	3.55	1.06
Medium-term notes	11 October 2022	3 years	300,000.00	2.49	3.55	1.06
Medium-term notes	2 November 2022	3 years	500,000.00	2.55	3.55	1.00
Corporate bonds ^(Note 1) _(Note2)	1 February 2021	3+2 years	1,000,000.00	3.70	4.20	0.50
Corporate bonds ^(Note 1) _(Note2)	23 November 2021	3+2 years	800,000.00	3.08	4.20	1.12
Corporate bonds	19 April 2022	3 years	1,000,000.00	2.90	3.55	0.65
Corporate bonds	23 August 2022	3 years	500,000.00	2.55	3.55	1.00
Corporate bonds	24 October 2022	3 years	700,000.00	2.58	3.55	0.97
Corporate bonds	29 November 2022	3 years	500,000.00	2.95	3.55	0.60

Note 1: The issuer, i.e. the Company, has the right to adjust the coupon rate for the following years after the end of the third year during the term of the bonds; if the issuer decides to exercise the coupon rate adjustment option, the coupon rate of the bonds shall be determined in the following manner from the effective date of the coupon rate adjustment: the adjusted coupon rate shall be subject to the announcement on the implementation of the coupon rate adjustment published by the issuer, and the direction and extent of adjustment of the coupon rate shall not be restricted. If the issuer decides not to exercise the coupon rate adjustment option, the coupon rate of the bonds shall continue to remain unchanged until the issuer exercises the next coupon rate adjustment option.

Note 2: The investors have the right to sell all or part of the bonds held by them back to the issuer at the end of the third year of the term of the bonds.

(4) Credit policy

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

(5) Contingencies

As a common practice in the real estate industry, Ninghu Properties Company and Hanwei Company, subsidiaries of the Group, provide joint and several guarantees in connection with mortgage loans granted to buyers of commodity housing properties. The guarantee obligation shall begin from the effective date of a guarantee contract and cease when the registration of mortgage in respect of a purchased property is completed and the Building Right Encumbrances Certificate is submitted to the bank. As at 30 June 2023, the outstanding guarantees amounted to approximately RMB181,504,000.

(6) Foreign exchange risks

The Group currently operates its businesses principally in the PRC. There are no material foreign exchange risks as the Group's operating revenue and major capital expenditures are all settled in Renminbi except for dividend payments for H Shares and the Group has no investment in foreign currency. The Group obtained a loan of USD9,800,000 from the Spanish Government in 1998 at the interest rate of 2% per annum. The Group shall make annual payment in relation to the repayment of the principal and interest until the loan matures on 18 July 2027. As at 30 June 2023, the balance of the loan was equivalent to approximately RMB9,846,000, against which no foreign exchange hedging arrangements were made by the Group. Fluctuation in exchange rates will have no material impact on the Group's performance.

3.5 Analysis of investment

1. Overall analysis of external equity investment

Applicable Not Applicable

During the Reporting Period, the Group had no material equity investments. Material non-equity investments are mainly in the construction of road and bridge project, and the details of financial assets measured at fair value are as follows:

(1) Material equity investments

Applicable Not Applicable

(2) Material non-equity investments

Applicable Not Applicable

Investment in the construction of road and bridge project. During the Reporting Period, the Group continued to efficiently advance the construction of road and bridge projects under construction in an orderly fashion. In the first half of 2023, the investment in the construction of the Longtan Bridge project amounted to approximately RMB351 million, and the accumulated investment in the construction of the project amounted to approximately RMB3,487 million, accounting for 55.76% of the total investment for the project. The investment in the construction of the Longtan Bridge North Connection Project amounted to approximately RMB394 million, and the accumulated investment in the construction of the project amounted to approximately RMB2,040 million, accounting for 29.21% of the total investment for the project. During the Reporting Period, the investment in the construction of the Xiyi Expressway South Section Widening Project amounted to approximately RMB258 million, and the accumulated investment in the construction of the project amounted to approximately RMB875 million, accounting for 11.28% of the total investment for the project.

(3) *Financial assets measured at fair value*

Applicable Not Applicable

Unit: '0,000 Yuan Currency: RMB

Assets class	Opening balance	Gains or losses arising from changes in fair value for the period	Changes in accumulated fair value included in equity	Impairment provision made for the period	Purchases during the period	Disposals/redemptions during the period	Other changes	Closing balance
Private equity funds	240,471.52	4,233.06	0.00	0.00	-	1,903.98	0.00	242,800.60
Stocks	698,944.81	-	11,764.02	0.00	-	-	0.00	710,708.83
Others	394,726.07	3,327.15	-	0.00	870,207.56	742,108.25	0.00	526,152.53
Total	<u>1,334,142.40</u>	<u>7,560.21</u>	<u>11,764.02</u>	<u>0.00</u>	<u>870,207.56</u>	<u>744,012.23</u>	<u>0.00</u>	<u>1,479,661.96</u>

Note: Private equity funds include CDB Kai Yuan Phase II Fund, Zhongbei Zhiyuan Fund and Luode Huizhi Fund held by the Company during the Reporting Period. For details, please refer to “Investments in Private Equity Funds” below.

Stocks include shares of Bank of Jiangsu and Jiangsu Financial Leasing Company held by the Company during the Reporting Period. For details, please refer to the table below entitled “Investment in securities”.

Others include Fuanda Advantageous Growth Fund, wealth management products and convertible bonds issued by Jiangsu Leasing Company held by the Company during the Reporting Period. During the Reporting Period, Ninghu Investment Company, a subsidiary of the Company, held Fuanda Advantageous Growth Fund purchased in 2011, being approximately 10,000,000 units in total with a net value of approximately RMB30,613,000 at the beginning of the Reporting Period. Investment cost amounted to approximately RMB9,999,000. There was an increase in fair value of approximately RMB1,331,000 during the Reporting Period with an increase in accumulated fair value of approximately RMB21,945,000.

Investment in securities

Applicable Not Applicable

Unit: '0,000 Yuan Currency: RMB

Type of securities	Stock code	Abbreviation of securities	Initial investment cost	Source of funds	Opening carrying amount	Gains or losses arising from changes in fair value for the period	Changes in accumulated fair value included in equity	Purchases during the period	Disposals during the period	Investment gains or losses for the period	Closing carrying amount	Accounting Accounts
Stocks	600919	Bank of Jiangsu	462,953.09	Own funds	570,712.81	-	4,697.22	-	-	-	575,410.03	Investments in other equity instruments
Stocks	600901	Jiangsu Financial Leasing	27,089.85	Own funds	128,232.00	-	7,066.80	-	-	8,190.00	135,298.80	Investments in other equity instruments
Total	/	/	<u>490,042.94</u>	/	<u>698,944.81</u>	<u>-</u>	<u>11,764.02</u>	<u>-</u>	<u>-</u>	<u>8,190.00</u>	<u>710,708.83</u>	/

Note: As at 30 June 2023, the Group held 782,870,800 shares in Bank of Jiangsu (stock code: 600919) with a market value of approximately RMB5,754,100,380, representing approximately 7.21% of the total assets of the Group. Bank of Jiangsu was opened for business on 24 January 2007 and is one of the 19 systemically important banks in China and the largest corporate bank in Jiangsu Province. By the end of the first quarter of 2023, the total assets of Bank of Jiangsu exceeded RMB3 trillion, with the revenue and net profit continuing to maintain double-digit growth, and ranked 68th among the top 1,000 global banks in 2023 published by The Banker, a British magazine, maintained its position as one of the top 100 global banks. In February 2023, Bank of Jiangsu was elected as the representative of the Central and East Asia Regional Banking Council of the United Nations Environment Programme Financial Initiative (UNEPFI), becoming the only financial institution in the region elected to the Banking Council of the UNEPFI. The Company has continuously invested in the equity of Bank of Jiangsu since 2013, and has continuously received cash dividends, enhancing the Company's profit level. Bank of Jiangsu demonstrated a solid performance in recent years. The Group's investment in Bank of Jiangsu is based on the Company's confidence in its future development and recognition of its value growth, which is conducive to expanding the profitability channels of the Company and creating greater value for the shareholders.

Explanation on investment in securities

Applicable Not Applicable

Investment in private equity funds

Applicable Not Applicable

Private equity funds include CDB Kai Yuan Phase II Fund, Zhongbei Zhiyuan Fund and Luode Huizhi Fund held by the Company during the Reporting Period. During the Reporting Period, Ninghu Investment Company held the CDB Kai Yuan Phase II Fund subscribed in 2016, with a net value of approximately RMB1,686,932,000 at the beginning of the Reporting Period and an investment cost of RMB1,113,021,000. The investment recovered during the Reporting Period was approximately RMB19,040,000, with an investment income of approximately RMB31,971,000. As at the end of the Reporting Period, its net value was approximately RMB1,692,695,000. There was an increase in fair value of approximately RMB24,803,000 during the Reporting Period with an increase in accumulated fair value of approximately RMB598,714,000. During the Reporting Period, Ninghu Investment Company held Zhongbei Zhiyuan Fund subscribed in 2019, where the net value at the beginning of the Reporting Period was approximately RMB253,903,000, the investment cost was RMB270,000,000. The net value at the end of the Reporting Period was approximately RMB253,935,000. The increase in fair value during the Reporting Period was approximately RMB32,000, and the accumulated decrease in fair value was approximately RMB16,065,000. During the Reporting Period, Ninghu Investment Company held Luode Huizhi Fund subscribed in 2020, where the net value at the beginning of the Reporting Period was approximately RMB463,880,000, the investment cost was RMB500,000,000, and the net value at the end of the Reporting Period was approximately RMB481,376,000. The increase in fair value during the Reporting Period was approximately RMB17,496,000 with a decrease in accumulated fair value of approximately RMB18,624,000.

3.6 Material disposal of assets and equity interests

Applicable Not Applicable

On 17 February 2023, as approved at the fifteenth meeting of the tenth session of the board of directors of the Company, Ninghu Investment Company, a wholly-owned subsidiary of the Company, transferred its 100% equity interest in Factoring Company to Jiangsu Communications Holding and YS Capital. On 27 February 2023, Ninghu Investment Company, Factoring Company entered into the Equity Interest Transfer Agreement with Jiangsu Communications Holding and YS Capital. According to the assessment results filed by the state-owned asset management department, the transaction price is RMB346 million, of which: the consideration for transfer of the 80% equity interest to Jiangsu Communications Holding is RMB276.8 million while the consideration for the transfer of the 20% equity interest to YS Capital is RMB69.2 million. Upon the completion of the transfer, the Company will no longer hold any equity interest in Factoring Company and will no longer include it into the Company's consolidated financial statements. Please refer to the announcement of the Company dated 27 February 2023 for details. In July 2023, Guangzhou Municipal Financial Regulatory Bureau granted approval for the change of shareholders of Factoring Company. As at the date of this announcement, Ninghu Investment Company had received the entire consideration for the transfer, being RMB346 million. All parties have completed the transfer and are in the process of handling the industrial and commercial changes registration.

3.7 Analysis of major subsidiaries and investee companies

Applicable Not Applicable

1. Operations of major subsidiaries

Unit: Yuan Currency: RMB

Name of company	Principal business	Investment cost	Equity interest attributable to the Company %	Total assets	Net assets	Net profit	Percentage of the Company's net profit %	Year-on-year increase/decrease in net profit %
Guangjing Xicheng Company	Expressway construction, management, maintenance and toll collection	2,125,000,000	85	15,726,731,926.23	8,952,959,895.06	456,934,752.50	17.66	81.47
Zhendan Company	Expressway construction, management, maintenance and toll collection	423,910,000	70	1,640,488,051.24	378,916,403.22	-18,952,643.77	-	5.57
Wufengshan Toll Bridge Company	Expressway construction, management, maintenance and toll collection	3,112,980,000	64.5	12,369,932,448.48	4,629,256,006.09	93,871,329.41	3.63	-
Ninghu Investment Company	Investments in various types of infrastructure, industries and assets	2,154,434,377.98	100	4,074,274,383.89	3,336,398,706.18	79,356,736.71	3.07	76.12
Ninghu Properties Company	Real estate development, operation and consultancy	500,000,000	100	2,473,346,230.16	1,241,355,685.37	638,939.51	0.02	-97.05
Hanwei Company	Real estate development and operation	374,499,800	100	1,519,268,864.81	248,863,854.31	10,350,092.07	0.40	-
Yangtze River Management Company	Expressway construction, management and maintenance	50,000,000	100	58,937,334.51	54,104,966.85	680,018.87	0.03	-31.18
Longtan Bridge Company	Expressway construction, management, maintenance and toll collection	1,937,260,000	57.33	5,613,293,377.14	3,698,808,845.04	50,704.77	-	-93.61

Name of company	Principal business	Investment cost	Equity interest attributable to the Company %	Total assets	Net assets	Net profit	Percentage of the Company's net profit %	Year-on-year increase/decrease in net profit %
Ninghu International Company	Overseas infrastructure investment	732,310.87	100	104,508.88	19,102.61	-609.29	-	-97.17
Yangtze Commerce and Energy Company	Operation and management of expressway service areas and other ancillary facilities	100,000,000.00	100	101,000,827.23	100,453,476.23	750,984.31	0.03	-
YS Energy Company	Investment, development and operation management of photovoltaic power generation and wind power generation	2,041,782,181.20	100	6,836,073,488.42	2,754,106,554.45	138,222,916.65	5.34	37.01

Note 1: During the Reporting Period, benefiting from the increase in traffic volume of the road network operated by the Group, Guangjing Xicheng Company and Wufengshan Toll Bridge Company, subsidiaries of the Group, engaging in road and bridge sector, recorded relatively significant year-on-year increase.

Note 2: During the Reporting Period, Ninghu Investment Company recorded a year-on-year increase in its net profit as a result of a year-on-year increase both in the fair value appreciation of its other non-current financial assets and the dividends thereon.

Note 3: For the operational performance and changes in the operating results of Ninghu Properties Company and Hanwei Company, please refer to the section headed “Property business” in this announcement.

Note 4: Benefiting from factors such as weather and so on, the on-grid electricity generated by the offshore wind power projects operated by YS Energy Company increased as compared with that of the corresponding period in the previous year, which led to a year-on-year increase in its operating results.

2. Operations of key associates

During the Reporting Period, the associates of the Group contributed an investment income of approximately RMB461,732,000 to the Group, representing a year-on-year increase of approximately 35.26%, mainly due to the increase in the traffic volume of the road network that resulted in the substantial year-on-year increase in the operating results of the companies in the road and bridge segment, which accounted for a relatively large proportion of the associates. Operating results of certain key associates are set out below:

Unit: Yuan Currency: RMB

Name of Company	Principal business	Investment cost	Equity interest attributable to the Company %	Net profit	Contribution to investment income	Percentage of the Company's net profit %	Year-on-year increase/decrease %
				attributable to the shareholders of the associates			
Suzhou Expressway Company	Mainly responsible for the management and operation of Sujiahang Expressway and Changjia Expressway	957,700,163.00	23.86	272,270,000.05	64,963,622.00	2.51	32.54
Yangtze Bridge Company	Mainly responsible for the management and operation of Jiangyin Bridge	631,159,243.00	26.66	689,999,999.97	183,954,000.00	7.11	79.99
Yanjiang Company	Mainly responsible for the management and operation of Yanjiang Expressway	1,466,200,000.00	25.15	379,625,005.54	104,776,501.53	4.05	23.58
Zijin Trust Company	Mainly engaged in trust investment business, etc. approved by laws and regulations or the China Banking Regulatory Commission	1,989,582,000.00	20.00	128,785,814.95	25,757,162.99	1.00	-41.89

3.8 Structured entities controlled by the Company

Applicable Not Applicable

3.9 Other disclosure

1. *Possible risks*

Applicable Not Applicable

Taking into consideration the macro environment and current business status, the Group is mainly exposed to the following risks:

1. *Risks associated with industry policy*

Risk analysis: The Group is primarily engaged in the investment, construction, operation and management of toll roads and bridges, and toll revenue is the major source of revenue for the Group. Any adjustment or change in industry policy, national macro-control policy or tax policy will have direct or indirect impact on the Group's operating revenue, and thus the Group is exposed to operational risks arising from industry policy.

Counter-measures: The Group will pay close attention to the developments of relevant policies, and get a clear understanding of such policies. It will establish a dynamic tracking and assessment mechanism and enhance the contact and communication with the relevant government authorities, especially transportation, financial, taxation and pricing departments so that it can adjust its business decisions accordingly in a timely manner and develop new profit growth points to reduce downward pressure on toll revenue. Meanwhile, the Group will diversify its business operations by commencing various activities relating to its principal business so as to reduce the risks arising from relatively simple business portfolio.

2. Risks associated with competition pattern

Risk analysis: As the expressway network is improving gradually, companies operating in the industry face increasingly fierce competition. The opening of roads and bridges that may serve as alternatives to those of the Group may reduce the market share and revenue growth of the Group; and the on-going expansion of railway network in Jiangsu Province will squeeze the existing market share of the Group and affect the future development of the principal business of the Group.

Counter-measures: The Group will establish high quality traffic condition and road appearance to create comfortable travelling environment and establish sound brand image; construct a coordinated platform for road network operation to improve road information sharing and control capacity and the service quality; promote the construction of “smart expressway” to explore the 5G scenario application and increase the dependence of the drivers and passengers on the roads of the Group. Meanwhile, the Group will pay close attention to regional planning of road networks and formulate strategies accordingly in a timely manner and enhance its resilience.

3. Risks associated with project investment

Risk analysis: The Group’s road and bridge projects under construction and new road and bridge projects are affected by local economic, political and other related factors, and hence there is a risk that future returns may fall short of expectations. In addition, investments in financial and quasi-financial products may involve risks of loss and gain due to market fluctuations or systematic risks.

Counter-measures: The Group will improve the mechanism for recruitment and cultivation of professional talents and boost its project research capacity to enhance the forward-looking judgment and increase the chances of successful investment. Besides, the Group will strengthen its internal control measures on external investment and establish scientific investment decision-marking procedures to reduce investment risks.

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

Risk analysis: Due to its long industry chain and cycle, the real estate sector is more susceptible to the changes in market environment and policies. Economic operation environment, changes in fiscal and monetary policies and the policies for taming the property market may affect the sales cycle and sales performance of the Group's real estate business, leading to an extension of the real estate sales cycle and affecting the progress of destocking.

Counter-measures: It will establish a risk management system and normalized risk appraisal mechanism, stay up-to-date with policies concerning the industry and the developments of the macro-economy and the industry and integrate risk management into real estate projects. Besides, it will reinforce specialized management of projects, build up its capability to gain insights into government policy and market development trends, adopt effective prevention measures and step up efforts to accelerate destocking so as to minimize risks.

2. *Other Disclosures*

Applicable Not Applicable

(1) *Change of accounting policies*

In 2023, the Group has adopted “About single deferred income tax related to assets and liabilities arising from this transaction is not applicable accounting treatment for initial recognition exemption” in CAS Bulletin No. 16 (Caikuai [2022] No. 31), issued by the Ministry of Finance (“MOF”).

According to the provision, as for the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in a single transaction that is not a business combination, that neither affects accounting profits nor taxable income (or deductible losses) when the transaction occurs, and the initial recognition of assets and liabilities results in equal taxable temporary differences and deductible temporary differences, the Group recognizes the corresponding deferred income tax liabilities and deferred income tax assets at the time of the transaction, respectively, according to the relevant provisions of CAS No. 18 – Income Taxes, instead of

recognizing the deferred income tax liabilities or deferred income tax assets on the basis of the net amount of taxable temporary differences and deductible temporary difference arising therein.

The above regulation will come into effect from 1 January 2023, and the adoption of these regulations does not affect significantly on the financial condition and operating results of the group.

(2) Change in scope of consolidation

To promote the in-depth integration of clean energy technology and transportation, with the approval of the Board of the Company, YS Energy Company and Tonghu Logistics Park established Suqian Company as a joint venture with a registered capital of RMB20,000,000, with 65% equity interest held by YS Energy Company and 35% equity interest held by Tonghu Logistics Park, and the registered capital was put in place in batches according to the progress of the actual investment project. The industrial and commercial registration for Suqian Company was completed on 20 March 2023. During the Reporting Period, YS Energy Company had contributed RMB100,000.

(3) Investment plan and financing plan

For the second half of 2023, the main capital expenditures of the Group are expected to be as follows:

Name of Investment Projects	Amount (RMB)
Longtan Bridge and North Connection Project	1,704,145,404.00
Xiyi Expressway South Section Widening Project	1,142,012,431.00
Investment in YS Energy Company's photovoltaic power station project	171,103,349.33
Alteration and expansion of the service areas and toll collection points	18,990,580.17
Three major systems and informatization construction project	112,822,998.21
Other capital expenditure of the Group	37,980,295.05
Total	<u><u>3,187,055,057.76</u></u>

On the basis of fully leveraging its own capital, the Group timely adjusted its financing strategy based on the condition of the capital market, while further optimizing its debt structure and reducing capital risks so as to satisfy its own funding needs for operation and development. Meanwhile, the Group is actively exploring various types of financing channels, which will not only provide the Group with efficient funds support for its development, but also plan ahead for its future layout. As of the end of the Reporting Period, the Group's ultra short-term notes registered with National Association of Financial Market Institutional Investors but not issued with a valid period over one year were approximately RMB6.15 billion; the Group's medium-term notes registered with National Association of Financial Market Institutional Investors but not issued with a valid period over one year were RMB4.5 billion; the Group's green corporate bonds approved for registration by China Securities Regulatory Commission but not issued with a valid period over one year were RMB1.0 billion; and the available unutilized bank loan facilities with a time limit over one year were not less than RMB10.0 billion. The credit line will be sufficient for supporting capital expenditure, debt roll-over and business development of the Group. If other capital expenditure is required under special cases, the Group will adjust its financing plan based on the size of expenditure and the actual cash flow condition.

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

4.1 Proposed half-yearly profit distribution plan or plan for conversion of capital reserves into share capital

Whether to distribute or convert	No
Number of bonus shares for every share (<i>share</i>)	0
Amount of cash dividends for every share (<i>Yuan</i>) (<i>tax inclusive</i>)	0
Number of shares converted for every share (<i>share</i>)	0
Explanation of profit distribution plan or plan for conversion of capital reserves into share capital	
Nil	

During the Reporting Period, the Board of the Company has recommended not to distribute interim dividends for the six months ended 30 June 2023 (for the corresponding period in 2022: Nil).

V. OTHER SIGNIFICANT MATTERS

5.1 Directors' Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 30 June 2023, none of the Directors, supervisors or chief executives of the Company had any interests or long positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be entered in the register of the Company to be kept under section 352 of the Securities and Futures Ordinance.

5.2 Repurchase, Sale or Redemption of Securities

During the Reporting Period, there was no repurchase, sale or redemption of any of its listed securities by the Company and/or any of its subsidiaries; and the Company and its subsidiaries have not issued or granted any convertible securities, options, warrants or other similar rights at any time. The Company has obtained approval from the CSRC on public offer of bonds to professional investors.

5.3 Public Float

According to public information and as far as the Directors know, the Board is of the view that the public float of the shares of the Company as at 25 August 2023 (being the latest practicable date prior to the publication of this announcement) complied with the requirements of the Hong Kong Listing Rules.

5.4 Dividend Arrangement Waived or Agreed by the Shareholders

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

5.5 Model Code for Securities Transactions by Directors of Listed Issuers

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

5.6 Corporate Governance

For the period of six months ended 30 June 2023, other than the following code provisions C1.6, C2.7 and F2.2 of Part II of the Corporate Governance Code, the Company has complied with all of the code provisions set out in Part II of the Corporate Governance Code and no material deviation or non-compliance has been identified.

Code provision	Compliance	Corporate governance procedures
C.1.6 Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. In general, they should also attend general meetings to gain and develop a comprehensive and balanced understanding of the views of the shareholders.	No	<p>All independent non-executive Directors and other non-executive Directors have attended Board meetings and meetings of various committees regularly and contributed their skills and expertise to the Company's decision-making process.</p> <p>During the Reporting Period, except for Mr. Yu Mingyuan, being an independent non-executive Director, who was unable to attend the 2022 annual general meeting, the 2023 first class meeting of domestic shares and the 2023 first class meeting of overseas-listed shares, due to other business engagement, all other independent non-executive Directors and non-executive Directors attended the general meetings of the Company.</p>
C2.7 The chairman should at least hold meetings annually with the independent non-executive directors, in the absence of other directors	No	<p>During the Reporting Period, the Board had 12 to 13 members for the majority of the time, of whom 3 are executive Directors and the rest are non-executive Directors, and 10 Directors were externally appointed. This ensures adequate independence of the Board and safeguards the decisions of the Board from being prejudiced by the opinions of executive Directors.</p>

Code provision	Compliance	Corporate governance procedures
F2.2 The chairman of the Board should attend the annual general meeting	No	During the Reporting Period, Mr. Chen Yunjiang, being the chairman of the Board, was unable to attend the 2022 annual general meeting, the 2023 first class meeting of domestic shares and the 2023 first class meeting of overseas-listed shares, due to other business engagement. Mr Wang Feng, another Director of the Company at that time, was appointed as the chairman of the said general meetings. Mr. Wang has been a Director of the Company since 17 June 2022 and is familiar with the operation of the Company. Therefore, the general meetings were not affected by the absence of Mr Chen.

5.7 Material Change

Save as disclosed in this announcement, there has been no material change in respect of (a) the development of business of the Group and its financial position; (b) important events affecting the Group; and (c) the likely future development in the business of the Group and prospects for the year, since the publication of the 2022 annual report of the Company.

6. FINANCIAL REPORT

6.1 Financial Statements

The relevant financial information has been prepared in accordance with the Accounting Standards for Business Enterprises of the PRC and has not been audited. The Audit Committee of the Board has reviewed the interim financial report of the Company for the six months ended 30 June 2023. The committee has communicated adequately with the management of the Company in the performance of relevant duties, and recommended that the Board approve the publication of the interim financial report for the six months ended 30 June 2023.

1. Consolidated Balance Sheet

As at 30 June 2023

Item	Unit: Yuan Currency: RMB	
	30 June 2023	31 December 2022
Current Assets:		
Cash at bank and on hand	541,524,063.19	932,931,344.38
Financial assets held for trading	4,756,944,083.24	3,474,620,148.26
Bills receivable	1,550,000.00	950,000.00
Accounts receivable	1,291,463,472.50	1,127,669,970.08
Prepayments	20,388,590.21	7,737,346.20
Other receivables	90,045,437.12	62,758,902.02
Inventories	2,403,919,945.96	2,585,018,115.85
Non-current assets due within one year	62,000,000.00	62,000,000.00
Other current assets	1,027,372,772.22	1,132,118,913.26
Total Current Assets	10,195,208,364.44	9,385,804,740.05

Item	30 June 2023	31 December 2022
Non-current Assets:		
Long-term receivables	111,904,575.09	111,904,575.09
Long-term equity investments	11,527,519,206.01	11,089,989,971.83
Investments in other equity instruments	7,107,088,380.00	6,989,448,132.00
Other non-current financial assets	2,932,587,194.25	2,877,355,787.11
Investment properties	295,474,190.41	308,801,243.53
Fixed assets	7,784,659,466.21	8,045,978,815.98
Construction in progress	178,724,872.45	188,697,382.38
Right-of-use assets	25,030,422.55	29,471,084.75
Intangible assets	39,338,419,207.75	39,160,901,716.97
Long-term deferred expenses	17,807,038.11	18,310,574.19
Deferred tax assets	193,031,746.52	183,314,189.73
Other non-current assets	80,230,827.55	68,366,860.46
	<u>69,592,477,126.90</u>	<u>69,072,540,334.02</u>
Total Non-current Assets		
	<u>79,787,685,491.34</u>	<u>78,458,345,074.07</u>
TOTAL ASSETS		

Item	30 June 2023	31 December 2022
Current Liabilities:		
Short-term loans	1,876,265,454.69	2,434,124,067.61
Bills payable	283,840,000.00	366,000,000.00
Accounts payable	2,471,908,644.79	2,813,441,518.75
Advance payments received	17,407,034.11	15,148,842.33
Contract liabilities	63,256,223.45	162,928,919.15
Employee benefits payable	7,003,031.13	7,114,523.65
Taxes payable	461,583,910.50	383,023,669.03
Other payables	2,679,752,285.45	288,042,394.72
Non-current liabilities due within one year	2,557,897,625.48	1,815,208,560.25
Other current liabilities	4,439,659,065.80	5,359,728,092.37
Total Current Liabilities	<u>14,858,573,275.40</u>	<u>13,644,760,587.86</u>
Non-current Liabilities:		
Long-term loans	16,543,565,723.06	16,053,597,366.94
Bonds payable	8,978,499,843.30	9,972,337,481.34
Lease liabilities	20,077,298.06	20,300,291.44
Long-term payables	71,404,993.74	71,404,993.74
Deferred income	68,814,148.69	73,860,914.18
Deferred tax liabilities	722,572,587.98	671,751,540.62
Total Non-current Liabilities	<u>26,404,934,594.83</u>	<u>26,863,252,588.26</u>
TOTAL LIABILITIES	<u>41,263,507,870.23</u>	<u>40,508,013,176.12</u>

Item	30 June 2023	31 December 2022
Shareholders' Equity:		
Share capital	5,037,747,500.00	5,037,747,500.00
Capital reserve	9,776,409,372.86	9,776,409,372.86
Other comprehensive income	1,855,649,717.81	1,752,882,112.53
General risk reserve	8,918,337.30	9,737,731.83
Special reserves	2,041,483.04	577,468.02
Surplus reserve	4,019,593,072.94	4,019,593,072.94
Retained earnings	11,509,214,078.12	11,343,860,451.93
Total equity attributable to shareholders of the Company	32,209,573,562.07	31,940,807,710.11
Non-controlling interests	6,314,604,059.04	6,009,524,187.84
TOTAL SHAREHOLDERS' EQUITY	38,524,177,621.11	37,950,331,897.95
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	79,787,685,491.34	78,458,345,074.07

	<i>The Person in Charge</i>	<i>The head of the</i>
<i>Legal Representative:</i>	<i>of Accounting Affairs:</i>	<i>accounting department:</i>
Chen Yunjiang	Chen Jinjia	Yao Qunfang

2. Consolidated Income Statement
For the six months ended 30 June 2023

Item	<i>Unit: Yuan Currency: RMB</i>	
	Amount for the current period	Amount for the prior period
I. Operating income	7,136,011,953.47	4,875,399,621.13
Including: Operating income	7,136,011,953.47	4,875,399,621.13
II. Operating costs	4,614,017,336.46	3,500,183,772.68
Less: Operating costs	3,926,662,277.70	2,795,363,467.49
Taxes and surcharges	38,461,347.25	46,201,684.98
Selling and distribution expenses	5,803,128.77	6,093,714.35
General and administrative expenses	109,627,395.99	103,023,993.20
Financial expenses	533,463,186.75	549,500,912.66
Including: Interest expenses	539,002,867.78	552,644,422.25
Interest income	10,631,711.74	7,164,447.09
Add: Other income	11,806,394.00	11,828,604.45
Investment income	613,519,419.63	826,449,841.39
Including: Income from investment in associates and joint ventures	461,731,804.50	341,366,881.16
Gains from changes in fair value	75,602,122.87	35,105,006.37
Credit impairment losses	-8,941,646.00	-5,820,267.59
Gains from asset disposals	4,789,530.84	29,346,091.26

Item	Amount for the current period	Amount for the prior period
III. Operating profit	3,218,770,438.35	2,272,125,124.33
Add: Non-operating income	8,158,797.75	5,348,967.82
Less: Non-operating expenses	10,813,382.08	9,833,410.40
IV. Profit before income tax	3,216,115,854.02	2,267,640,681.75
Less: Income tax expenses	628,491,894.66	447,454,541.12
V. Net profit for the period	2,587,623,959.36	1,820,186,140.63
(1) Net profit classified by continuity of operations:		
1. Net profit from continuing operations	2,587,623,959.36	1,820,186,140.63
2. Net profit from discontinued operations	-	-
(2) Net profit classified by ownership:		
1. Shareholders of the Company	2,481,895,375.62	1,828,611,453.21
2. Non-controlling interests	105,728,583.74	-8,425,312.58

Item	Amount for the current period	Amount for the prior period
VI. Other comprehensive income, net of tax	110,717,755.28	741,931,098.21
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company	102,767,605.28	740,878,098.21
1. Items that will not be reclassified to profit or loss	102,767,605.28	740,878,098.21
a. Other comprehensive income recognised under equity method	22,487,569.28	-17,681,627.67
b. Changes in fair value of investments in other equity instruments	80,280,036.00	758,559,725.88
(2) Other comprehensive income (net of tax) attributable to non-controlling interests	7,950,150.00	1,053,000.00
VII. Total comprehensive income for the year	2,698,341,714.64	2,562,117,238.84
(1) Attributable to shareholders of the Company	2,584,662,980.90	2,569,489,551.42
(2) Attributable to non-controlling interests	113,678,733.74	-7,372,312.58
VIII. Earnings per share:		
(1) Basic earnings per share	0.4927	0.3630
(2) Diluted earnings per share	0.4927	0.3630

In case of business combination involving enterprises under common control in the current period, the net profit realized by the combining entities before the combination is 0, and the net profit realized by the combining entities in the previous period is 0.

	<i>The Person in Charge</i>	<i>The head of the</i>
<i>Legal Representative:</i>	<i>of Accounting Affairs:</i>	<i>accounting department:</i>
Chen Yunjiang	Chen Jinjia	Yao Qunfang

3. Consolidated Cash Flow Statement
For the six months ended 30 June 2023

Item	Amount for the current period	Amount for the prior period
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	6,202,644,873.59	4,289,125,133.32
Refund of taxes	79,094,805.03	563,178,427.27
Proceeds from other operating activities	500,864,061.29	483,637,301.93
Sub-total of cash inflows	6,782,603,739.91	5,335,940,862.52
Payment for goods and services	1,474,881,277.65	1,195,668,852.89
Payment to and for employees	569,841,385.73	538,973,145.95
Payment of various taxes	782,098,620.81	684,043,582.62
Payment for other operating activities	324,828,018.44	593,542,465.71
Sub-total of cash outflows	3,151,649,302.63	3,012,228,047.17
Net cash generated from operating activities	3,630,954,437.28	2,323,712,815.35
II. Cash flows from investing activities:		
Proceeds from disposal of investments	7,440,350,579.06	6,120,656,108.08
Investment returns received	166,906,221.15	498,750,985.32
Net proceeds from disposal of fixed assets, intangible assets and other non-current assets	6,775,931.73	31,166,810.76
Sub-total of cash inflows	7,614,032,731.94	6,650,573,904.16
Payment for acquisition of fixed assets, intangible assets and other long-term assets	1,191,590,033.76	645,810,162.77
Payment for acquisition of investments	8,702,075,557.18	7,896,679,469.68
Obtain net cash payments from subsidiaries and other business units		99,888.00
Sub-total of cash outflows	9,893,665,590.94	8,542,589,520.45
Net cash used in investing activities	-2,279,632,859.00	-1,892,015,616.29

Item	Amount for the current period	Amount for the prior period
III. Cash flows from financing activities:		
Proceeds from investors	200,816,000.00	111,000,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries	200,816,000.00	
Proceeds from borrowings	4,624,000,000.00	2,775,500,000.00
Proceeds from issue of bonds	8,270,000,000.00	13,770,508,244.69
Proceeds from other financing activities		
Sub-total of cash inflows	13,094,816,000.00	16,657,008,244.69
Repayments of borrowings	14,327,761,339.68	16,423,619,866.52
Payment for dividends, profit distributions or interest	494,785,535.97	522,409,918.79
Among them: dividends and profits paid by subsidiaries to minority shareholders	11,597,152.11	
Payment for other financing activities	16,271,493.93	3,730,092.00
Sub-total of cash outflows	14,838,818,369.58	16,949,759,877.31
Net cash (used in)/generated from financing activities	-1,744,002,369.58	-292,751,632.62
IV. Effect of foreign exchange rate changes on cash and cash equivalents	–	–
V. Net increase in cash and cash equivalents	-392,680,791.30	138,945,566.44
Add: Cash and cash equivalents at the beginning of the period	925,012,854.49	617,306,798.75
VI. Cash and cash equivalents at the end of the period	532,332,063.19	756,252,365.19

	<i>The Person in Charge of</i>	<i>The head of the</i>
<i>Legal Representative:</i>	<i>Accounting Affairs:</i>	<i>accounting department</i>
Chen Yunjiang	Chen Jinjia	Yao Qunfang

6.2 Extracted Notes to the Financial Statements

6.2.1 Operating Income and Operating Costs

Unit: Yuan Currency: RMB

By industries	Principal operating activities classified by industries					
	Operating revenue	Operating costs	Gross profit Margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross profit margin (%)
Toll road	4,522,385,502.88	1,605,164,730.55	64.51	35.67	9.74	Increased by 8.39percentage point (<i>note 2</i>)
Shanghai- Nanjing Expressway	2,587,561,515.16	819,032,856.47	68.35	36.11	17.47	Increased by 5.02 percentage point
Guangjing Expressway and Xicheng Expressway	428,290,778.80	100,115,895.57	76.62	41.69	-43.57	Increased by 35.32 percentage point
Ningchang Expressway and Zhenli Expressway	662,912,930.57	227,251,943.36	65.72	15.04	-4.94	Increased by 7.21 percentage point
Xiyi Expressway and Wuxi Huantaihu Expressway	293,529,522.24	187,787,993.95	36.02	33.41	66.41	Decreased by 12.69percentage point (<i>note 2</i>)
Zhendan Expressway	44,766,021.04	35,468,758.43	20.77	22.76	28.18	Decreased by 3.35 percentage point
Changyi Expressway	62,422,260.18	51,664,516.37	17.23	23.95	12.48	Increased by 8.43 percentage point
Yichang expressway	64,826,188.79	47,053,251.95	27.42	-4.33	-26.51	Increased by 21.90 percentage point
Wufengshan Toll Bridge	378,076,286.10	136,789,514.45	63.82	111.05	38.84	Increased by 18.82 percentage point
Ancillary services	900,406,623.93	892,236,576.39	0.91	101.11	75.92	Decreased by 14.19 percentage point (<i>note 3</i>)
Property sales	245,487,117.95	168,806,371.56	31.24	-10.46	-17.01	Increased by 5.42 percentage point (<i>note 4</i>)

By industries	Principal operating activities classified by industries					
	Operating revenue	Operating costs	Gross profit Margin (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating cost (%)	Year-on-year change in gross profit margin (%)
Electricity sales	351,427,537.00	171,257,113.09	51.27	9.61	8.02	Increased by 0.72 percentage point
Construction income/cost	1,003,842,165.73	1,003,842,165.73	-	-	-	-
Others	112,463,005.98	85,355,320.38	24.10	52.67	126.47	Decreased by 24.73 percentage Point (note 5)
Total	7,136,011,953.47	3,926,662,277.70	44.97	46.37	40.47	Increased by 2.31 percentage point

Note 1: The data in the above table do not include the amount of income and costs incurred in the provision of highway management services between the various divisions of the Group, as the activities between the groups are offset against the accounts at the time of consolidation.

Note 2: During the reporting period, the Group's toll road business was affected by the increase in traffic volume of the operating road network, the toll revenue increased, and the gross profit margin of the toll road business increased compared with the same period of the previous year. Affected by the overhaul of the Taihu Expressway during the reporting period, the road maintenance cost of the Taihu Expressway increased year-on-year, and the gross profit margin of the toll collection business decreased accordingly.

Note 3: The gross profit margin of the ancillary services business increased year-on-year due to the increase in oil sales volume and the increase in refined oil trading spreads during the reporting period.

Note 4: In the same period last year, the real estate of the subsidiary has delivered the project project settlement, and the cost is relatively high, which affects the gross profit margin of the real estate sales business in the reporting period increased year-on-year.

Note 5: The hotel project of Ninghu Real Estate Company, a subsidiary of Ninghu Real Estate Company, opened in January 2023, is currently in the early stage of operation, and its revenue has yet to be cultivated, which affected the gross profit margin of other businesses in the reporting period year-on-year.

6.2.2 Financial expenses

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
Item	Amount recognized in the current period	Amount recognized in the prior period
Interest expenses from loans and payables	568,214,512.98	552,961,807.62
Interest expenses from lease liabilities	636,434.48	800,566.87
Less : Borrowing costs capitalised	29,848,079.68	1,117,952.24
Interest income from deposits and receivables	10,631,711.74	7,164,447.09
Net exchange losses/gains	310,784.80	510,767.85
Bond issuance fee and commission charges for other loans	1,013,846.50	3,304,735.62
Other financial expenses	3,767,399.41	205,434.03
Total	<u>533,463,186.75</u>	<u>549,500,912.66</u>

6.2.3 Investment income

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
Item	Amount recognized in the current period	Amount recognized in the prior period
Investment income from long-term equity investments accounted for using the equity method	461,731,804.50	341,366,881.16
Investment income from financial assets held for trading during the holding period	-	2,316,473.94
Investment income from disposal of financial assets held for trading	37,916,950.92	84,746,566.29
Investment income from other non-current financial assets during the holding period	31,970,664.21	7,920,000.00
Investment income from other equity instruments during the holding period (Note : 6.2.7(2))	81,900,000.00	390,099,920.00
Total	<u>613,519,419.63</u>	<u>826,449,841.39</u>

6.2.4 Income tax expenses

Item	Unit: Yuan Currency: RMB	
	Amount recognized in the current period	Amount recognized in the prior period
Current tax expense for the period based on tax law and regulations	634,139,891.76	438,977,073.28
Changes in deferred tax	11,693,428.57	9,443,441.14
Tax filing differences for prior year	<u>-17,341,425.67</u>	<u>-965,973.30</u>
Total	<u>628,491,894.66</u>	<u>447,454,541.12</u>

Ninghu International Company, a Hong Kong subsidiary of the Group, has no taxable income for the six months ended 30 June 2023, therefore, there is no provision for Hong Kong Profits tax.

6.2.5 Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company's ordinary equity shareholders	7.47	0.4927	0.4927
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	7.08	0.4661	0.4661

Note1: Unit of basic earnings per share: yuan/share, currency: RMB

Note2: During the reporting period, the Company had no dilutive underlying common stock, and diluted earnings per share were the same as basic earnings per share.

6.2.6 Supplementary information on income statement

	<i>Unit: Yuan Currency: RMB</i>	
Item	Amount recognized in the current period	Amount recognized in the prior period
Operating income	7,136,011,953.47	4,875,399,621.13
Less: Employee benefits expenses	569,729,893.21	540,099,933.43
Depreciation and amortization expenses	1,200,846,345.43	997,139,501.42
Toll related expenses	81,445,797.62	69,282,647.97
Road maintenance expenses	174,640,422.72	243,723,517.25
System maintenance expenses	14,177,289.43	8,592,409.06
Cost of construction services	1,003,842,165.73	425,821,793.86
Real estate development land and construction cost	168,806,371.56	203,395,286.20
Petroleum in the service zone	730,324,404.31	362,414,086.84
Catering cost in the service zone	5,230,645.92	4,329,607.55
Taxes and surcharges	38,461,347.25	46,201,684.98
Finance costs	533,463,186.75	549,500,912.66
Credit impairment losses	8,941,646.00	5,820,267.59
Asset impairment losses	–	–
Others	93,049,466.53	49,682,391.46
Add: Other earnings	11,806,394.00	11,828,604.45
Investment income	613,519,419.63	826,449,841.39
Gain on changes in fair value	75,602,122.87	35,105,006.37
Proceeds from the disposal of assets	4,789,530.84	29,346,091.26
Operating profit	<u>3,218,770,438.35</u>	<u>2,272,125,124.33</u>

6.2.7 Investments in other equity instruments

(1) Investments in other equity instruments

Item	Unit: Yuan Currency: RMB	
	30 June 2022	31 December 2021
Bank of Jiangsu Co., Ltd.	5,754,100,380.00	5,707,128,132.00
Jiangsu Financial Leasing Co., Ltd.	<u>1,352,988,000.00</u>	<u>1,282,320,000.00</u>
Total	<u><u>7,107,088,380.00</u></u>	<u><u>6,989,448,132.00</u></u>

(2) Non-tradable investment in other equity instruments

Item	Reason for being designated at fair value through other comprehensive income	Dividend income recognised for the period	Accumulated gains recognised in other comprehensive income	Amount	Reason for
				transferred from other comprehensive income to retained earnings	transferring from other comprehensive income to retained earnings
Bank of Jiangsu Co., Ltd. (Note1)	Non-tradable investment in other equity instruments	-	1,124,569,552.56	-	Not applicable
Jiangsu Financial Leasing Co., Ltd.(Note2)	Non-tradable investment in other equity instruments	<u>81,900,000.00</u>	<u>1,082,089,543.11</u>	<u>-</u>	<u>Not applicable</u>
Total		<u><u>81,900,000.00</u></u>	<u><u>2,206,659,095.67</u></u>	<u><u>-</u></u>	

Note 1: This represents the ordinary shares of A-share listed company Bank of Jiangsu Co., Ltd. Held by the Group. Bank of Jiangsu was listed in 2016. The Group designated it as a financial asset measured at fair value through other comprehensive income (“FVTOCI”), and subsequent changes in fair values are included in other comprehensive income.

Note 2: This represents the ordinary shares of A-share listed company Jiangsu Financial Leasing Co., Ltd. held by the Group. Jiangsu Leasing was listed in 2018, the Group designated it as a financial asset measured at fair value through other comprehensive income (“FVTOCI”), and subsequent changes in fair values are included in other comprehensive income.

6.2.8 Analysis of Receivable and Payables

(1) Bills receivable

Item	<i>Unit: Yuan Currency: RMB</i>	
	30 June 2023	31 December 2022
Bank acceptance bills	1,550,000.00	950,000.00
Commercial acceptance bills	—	—
Total	<u>1,550,000.00</u>	<u>950,000.00</u>

All of the above bills are due within one year.

(2) Accounts receivable

1 Disclosure by ageing:

Ageing	<i>Unit: Yuan Currency: RMB</i>	
	30 June 2023	31 December 2022
Within 1 year	865,991,182.50	818,830,075.45
More than 1 year but not exceeding 2 years	341,896,696.03	263,703,609.37
More than 2 years but not exceeding 3 years	64,744,684.64	33,468,052.66
More than 3 years but not exceeding 4 years	41,514,881.54	25,410,558.81
More than 4 years	779,904.99	779,904.99
Total	<u>1,314,927,349.70</u>	<u>1,142,192,201.28</u>

2 Bad debt provision:

Unit: Yuan Currency: RMB

Category	Opening Balance	Changes for the period			Ending Balance
		Additions	Recoveries or reversals	Write-off Other	
Collective assessment	14,522,231.20	8,949,782.80	8,136.80	-	23,463,877.20
Total	<u>14,522,231.20</u>	<u>8,949,782.80</u>	<u>8,136.80</u>	<u>-</u>	<u>23,463,877.20</u>

(3) *Disclosure of prepayments by ageing*

Unit: Yuan Currency: RMB

Ageing	30 June 2023		31 December 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (inclusive)	20,027,338.21	98.23	7,096,853.21	91.73
Over 1 year but within 2 years (inclusive)	351,818.00	1.72	583,769.95	7.54
Over 2 years but within 3 years (inclusive)	9,434.00	0.05	56,723.04	0.73
Over 3 years	-	-	-	-
Total	<u>20,388,590.21</u>	<u>100.00</u>	<u>7,737,346.20</u>	<u>100.00</u>

The ageing is counted starting from the date when prepayments are recognised.

(4) *Other receivables*

1 Disclosure of other receivables by nature

Item	<i>Unit: Yuan Currency: RMB</i>	
	30 June 2023	31 December 2022
Dividends receivable	39,180,099.60	4,989,960.00
Others	50,865,337.52	57,768,942.02
Total	<u>90,045,437.12</u>	<u>62,758,902.02</u>

2 Dividends receivable

Investee	<i>Unit: Yuan Currency: RMB</i>	
	30 June 2023	31 December 2022
Yangtze Bridge Company	4,989,960.00	4,989,960.00
Kuailu Company	34,190,139.60	–
Total	<u>39,180,099.60</u>	<u>4,989,960.00</u>

3 Others categorised by nature

	<i>Unit: Yuan Currency: RMB</i>	
Nature of other receivables	30 June 2023	31 December 2022
Liquidated damages (<i>Note</i>)	11,000,000.00	11,000,000.00
Landlord maintenance funds	18,561,071.55	18,669,886.80
Amounts of investment clearance	15,812,140.02	15,812,140.02
Project funds borrowed in advance	6,651,121.50	6,651,121.50
Petty cash	3,640,812.00	4,018,786.60
Mortgage deposits for housing fund loan	2,000,000.00	2,864,000.00
Others	9,139,305.45	14,692,120.10
subtotal	66,804,450.52	73,708,055.02
Minus: Provision for bad debts	15,939,113.00	15,939,113.00
Total	<u>50,865,337.52</u>	<u>57,768,942.02</u>

(5) *Accounts payable*

1 Details of accounts payable are as follows

	<i>Unit: Yuan Currency: RMB</i>	
Item	30 June 2023	31 December 2022
Amounts due to related party	79,753,276.68	186,615,902.53
Amounts due to third party	<u>2,392,155,368.11</u>	<u>2,626,825,616.22</u>
Total	<u><u>2,471,908,644.79</u></u>	<u><u>2,813,441,518.75</u></u>

2 Significant accounts payable with ageing of more than one year

	<i>Unit: Yuan Currency: RMB</i>	
Item	Balance at the end of the period	Reasons why not settled
Construction payable	809,546,471.67	Long settlement procedure of the project
Construction payable for real estate project	<u>167,647,282.60</u>	Long settlement procedure of the real estate project
Total	<u><u>977,193,754.27</u></u>	

(6) *Receipts in advance*

Receipts in advance

Item	<i>Unit: Yuan Currency: RMB</i>	
	30 June 2023	31 December 2022
Related-party	80,332.00	2,879,190.33
Third-party	17,326,702.11	12,269,652.00
Total	<u>17,407,034.11</u>	<u>15,148,842.33</u>

Until 30 June 2023, the Group doesn't have any important receipts in advance of more than one year(31 December 2022: nil)

(7) *Contract liabilities*

Contract liabilities

Item	<i>Unit: Yuan Currency: RMB</i>	
	30 June 2023	31 December 2022
Advances from sales of property received	63,256,223.45	162,928,919.15
Total	<u>63,256,223.45</u>	<u>162,928,919.15</u>

Contract liabilities primarily relate to the Group's advances from real estate sales contracts of the Group's customers. The advanced payment is collected when the contract is signed. The revenue related to the contracts will be recognised until the Group satisfies its performance obligation.

(8) *Other payables*

1 Disclosure of other receivables by nature

Item	<i>Unit: Yuan Currency: RMB</i>	
	30 June 2023	31 December 2022
Dividends payable	2,419,619,432.18	104,557,522.67
Others	260,132,853.27	183,484,872.05
Total	<u>2,679,752,285.45</u>	<u>288,042,394.72</u>

2 Dividends payable

Item	<i>Unit: Yuan Currency: RMB</i>	
	30 June 2023	31 December 2022
Dividends for ordinary shares	<u>2,419,619,432.18</u>	<u>104,557,522.67</u>

During the Reporting Period, the Board of Directors of the Company recommended no payment of the half-year dividend for the six months ended 30 June 2023 (same period in 2022: nil).

3 Details of others by nature are as follows

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
Item	30 June 2023	31 December 2022
Lease deposit of service area	60,548,485.26	49,178,438.65
Performance and other security	34,471,921.65	35,977,215.85
Project quality deposit	36,287,796.94	30,458,222.82
House purchase bonus	12,630,000.07	3,232,935.28
Collection of project payments	56,226,040.00	–
Others	59,968,609.35	64,638,059.45
	<hr/>	<hr/>
Total	260,132,853.27	183,484,872.05
	<hr/> <hr/>	<hr/> <hr/>

6.2.9 Other Current assets

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
Item	30 June 2023	31 December 2022
Factoring receivable	891,833,730.22	973,773,182.66
Input VAT to be deducted	4,229,964.01	4,875,858.47
Prepaid enterprise income tax	75,969,628.07	101,375,057.01
Prepaid taxes and levies related to pre-sale of real estate	55,242,440.67	51,953,777.70
Others	97,009.25	141,037.42
	<hr/>	<hr/>
Total	1,027,372,772.22	1,132,118,913.26
	<hr/> <hr/>	<hr/> <hr/>

6.2.10 Other Current Liabilities

	<i>Unit: Yuan Currency: RMB</i>	
Item	30 June 2023	31 December 2022
Super short-term bonds payable	4,421,226,006.00	5,334,649,066.00
Output VAT to be transferred	18,433,059.80	25,079,026.37
Total	<u>4,439,659,065.80</u>	<u>5,359,728,092.37</u>

6.2.11 Credit Policy

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

6.2.12 Contingencies

As a common practice in the real estate industry, Ninghu Properties Company and Hanwei Company, subsidiaries of the Group, provide joint and several guarantees in connection with mortgage loans granted to buyers of commodity housing properties. The guarantee obligation shall begin from the effective date of a guarantee contract and cease when the registration of mortgage in respect of a purchased property is completed and the Building Right Encumbrances Certificate is submitted to the bank. As at 30 June 2023, the outstanding guarantees amounted to approximately RMB181,504,405.05(31 December 2022 : RMB131,898,198.22) °

6.2.13 Pledged Assets

(1) Explanation of bank deposit restrictions

At the end of the Reporting Period, the Group's other currency funds were a margin of RMB9,192,000 for bills, which was a proportional margin collected by financial institutions for commercial bills of exchange with Longtan Bridge Company as the drawer in accordance with regulatory regulations.

(2) Explanation of restrictions on intangible assets

Guangjing Xicheng Company, a holding subsidiary of the Group, signed a loan contract with Industrial and Commercial Bank of China Wuxi Branch totaling RMB1,200,000,000 with the right to operate tolls of Guangjing Expressway as a pledge. As at the end of the reporting period, the balance of borrowings was RMB330,000,000.

Wufengshan Bridge Company, a holding subsidiary of the Group, signed a contract with the Jiangsu Provincial Sub-branch of China Construction Bank, the Jiangsu Branch of China Development Bank, the Jiangsu Branch of Bank of Communications, the Nanjing Branch of the Postal Savings Bank of China, the Nanjing Branch of the Industrial and Commercial Bank of China and the Nanjing Branch of China Merchants Bank with a total amount of RMB2,000,000,000, RMB2,500,000,000 and RMB1,500,000,000 ,RMB1,200,000,000, RMB1,500,000,000 and RMB2,500,000,000 respectively. As at the end of the reporting period, the borrowing balances were RMB1,559,500,000, RMB366,500,000, RMB862,740,000, RMB975,546,000, RMB357,500,000 and RMB1,168,000,000 respectively.

Longtan Bridge Company, a holding subsidiary of the Group, signed loan contracts totaling RMB2,000,000,000, RMB1,000,000,000 and RMB1,200,000,000 respectively with Jiangsu Branch of China Development Bank, Jiangsu Branch of China Merchants Bank and Bank of China Jiangsu Branch. As of the end of the reporting period, the borrowing balances were RMB51,000,000, RMB200,000,000 and RMB100,000,000 respectively.

Longtan Bridge Company, a holding subsidiary of the Group, signed a loan contract with China Development Bank Jiangsu Branch totaling RMB1,000,000,000 with the Longtan North Wiring Tolling Operation Right as a pledge. As at the end of the reporting period, the balance of borrowings was RMB1,000,000.

Changyi Company, a holding subsidiary of the Group, signed loan contracts totaling RMB500,000,000, RMB382,900,000 and RMB2,000,000,000 with Postal Savings Bank Nanjing Branch, Agricultural Bank of China Wuxi Chengzhong Branch and Industrial and Commercial Bank of China Wuxi Branch as pledge. As at the end of the reporting period, the balance of borrowings was RMB48,310,000, RMB360,000,000 and RMB550,500,000.

Yichang Company, a holding subsidiary of the Group, signed loan contracts totaling RMB500,000,000, RMB2,400,000,000, RMB2,000,000,000 and RMB300,000,000 with the Nanjing Branch of Postal Savings Bank, Wuxi Branch of Industrial and Commercial Bank of China, Jiangsu Branch of China Development Bank and Bank of Communications respectively. As at the end of the reporting period, the borrowing balances were RMB377,660,000, RMB475,000,000, RMB378,000,000 and RMB93,340,000 respectively.

(3) *Description of accounts receivable restrictions*

Rudong Company, a holding subsidiary of the Group, signed a loan contract with China Development Bank Jiangsu Branch totalling RMB4,000,000,000 and signed a modification agreement in March 2023 to amend the total amount of borrowings to RMB2,663,000,000. In addition to the guarantee provided by the company, the loan contract also uses the right to charge the electricity fee of the project as a pledge. As at the end of the reporting period, the balance of borrowings was RMB2,497,000,000.

6.2.14 Segment Reporting

(1) The basis for determining the reporting segment and the accounting policy

The Group has 13 reporting divisions including Shanghai-Nanjing Expressway, Ningchang Expressway and Zhenli Expressway, Guangjing Expressway and Xicheng Expressway, Xiyi Expressway and Wuxi Huantaihu Highway, Zhendan Expressway, Wufengshan Bridge, Changyi Expressway, Yichang Expressway, Longtan Bridge, highway supporting services (including refueling, catering, retail business in expressway service areas), real estate development, electricity sales, advertising and others. The Group's management regularly reviews the financial information of different segments to decide on the allocation of resources to them and evaluate their performance.

In order to evaluate the performance of each segment and allocate resources to it, the Group's management regularly reviews the assets, liabilities, revenue, expenses and operating results attributable to each segment, which are compiled on the following basis:

Segment assets include all current assets such as tangible assets, intangible assets, other long-lived assets and receivables attributable to each segment, but exclude deferred tax assets and other unallocated headquarters assets.

Segment operating results refer to the revenue generated by each segment (including external transaction income and inter-segment transaction income), net of expenses incurred by each segment, depreciation and amortization of assets attributable to each segment and impairment losses. Transfer pricing of income between segments is calculated on terms similar to those for other external transactions. The Group does not allocate finance charges, investment income, gains and losses on changes in fair value, part of general and administrative expenses, part of non-operating income and income tax expense to the segments.

(2) Financial information of reporting segment

Unit: Yuan Currency: RMB

Items	Shanghai-Nanjing Expressway	Guangdong Expressway and Xicheng Expressway	Xiwi Expressway and Wuxi Huantaihu Expressway	Changyi Expressway	Yichang Expressway	Ningcheng Expressway and Zhenli Expressway	Zhendai Expressway	Wufengshan Bridge	Longgan Bridge	Auxiliary services	Real estate development	Electricity sales	Advertising and others	Unallocated items and Consolidation offset	Total
Segment operating income	2,587,561,515.16	428,290,778.80	293,529,522.24	62,422,260.18	64,826,188.79	662,912,930.57	44,766,021.04	378,076,286.10	-	900,406,623.93	245,487,117.95	351,427,537.00	112,463,005.98	-1,003,842,165.73	7,136,011,953.47
Operating costs	819,032,856.47	100,115,895.57	187,787,993.95	51,664,516.37	47,063,251.95	227,251,943.36	35,468,758.43	136,789,514.45	-	892,236,576.39	168,806,371.56	171,257,113.09	85,355,320.38	-1,003,842,165.73	3,926,662,277.70
Including: Amortization of toll roads operation rights	343,558,570.66	45,247,938.46	94,106,183.38	44,415,889.15	35,295,736.87	154,276,552.83	20,278,482.31	46,522,099.19	-	-	-	-	-	-	783,713,452.85
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	-	-	-	730,382,066.86	-	-	-	-	730,382,066.86
Segment operating profit/(loss)	1,768,528,658.69	328,174,883.23	105,741,528.29	10,757,743.81	17,772,936.84	435,660,987.21	9,297,262.61	241,286,771.65	-	8,170,047.54	76,680,746.39	180,170,423.91	27,107,685.60	-	3,209,349,675.77
Reconciling items:															
Less: Taxes and surcharges	9,315,221.45	1,541,846.80	1,056,706.28	224,720.14	233,374.28	2,386,486.55	161,157.68	1,361,074.63	-	2,528,128.44	18,399,544.68	570,881.89	682,204.43	-	38,461,347.25
Selling expense	31,473,447.42	-	-	-	-	-	-	-	-	-	5,803,128.77	-	-	-	5,803,128.77
Administrative expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-78,153,948.57	109,627,395.99
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-533,463,186.75	533,463,186.75
Add: Other income	8,507,890.11	-	-	-	-	2,104,878.01	-	-	-	-	65,202.49	-	-	-1,128,423.39	11,806,394.00
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	-	-613,519,419.63	613,519,419.63
Gains or losses from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-	-	-75,602,122.87	75,602,122.87
Credit impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-	8,941,646.00	-8,941,646.00
Asset impairment losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
Gains/(losses) from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-4,789,530.84	4,789,530.84
Operating profit/(loss)	1,736,247,879.93	326,633,036.43	104,684,822.01	10,533,023.67	17,539,562.56	435,379,378.67	9,136,104.93	239,925,697.02	-	5,641,919.10	52,543,275.43	179,599,542.02	26,425,481.17	-74,480,715.41	3,218,770,438.35
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-	-	-8,158,797.75	8,158,797.75
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-10,813,382.08	10,813,382.08
Total profit/(loss)	1,736,247,879.93	326,633,036.43	104,684,822.01	10,533,023.67	17,539,562.56	435,379,378.67	9,136,104.93	239,925,697.02	0.00	5,641,919.10	52,543,275.43	179,599,542.02	26,425,481.17	-71,826,131.08	3,216,115,854.02
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-628,491,894.66	628,491,894.66
Net profit/(loss)	1,736,247,879.93	326,633,036.43	104,684,822.01	10,533,023.67	17,539,562.56	435,379,378.67	9,136,104.93	239,925,697.02	-	5,641,919.10	52,543,275.43	179,599,542.02	26,425,481.17	556,665,763.58	2,587,623,959.36
Total segment assets	7,365,914,940.52	646,336,370.55	1,314,088,060.71	3,603,820,139.74	3,717,850,651.82	4,658,971,733.60	1,621,916,771.62	11,881,199,332.89	5,527,311,168.23	401,531,142.48	2,315,882,104.44	4,592,355,612.81	1,276,697,123.95	-31,465,810,317.98	79,787,685,491.34

6.2.15 Events after the Balance Sheet Date

1. Disposal of subsidiaries

According to the resolution of the board meeting on 17 February 2023, the Group agreed that its subsidiary Ninghu Investment Company would transfer 100% of its shares in the factoring company to Jiangsu Communications Control (80%) and YS Capital (20%). On 27 February 2023, our wholly owned subsidiaries, Ninghu Investment Company and Factoring Company, signed an Equity Transfer Agreement with Jiangsu Communications Holding and YS Capital. According to the evaluation results after filing with the state-owned asset management department, the transaction price is RMB346 million, of which the transfer consideration for 80% of the underlying equity of Jiangsu Communications Holding is RMB276.8 million; The transfer consideration for the 20% equity of YS Capital is RMB69.2 million. In July 2023, the Guangzhou Local Financial Supervision and Administration approved the change of shareholders of the Factoring Company. As of the reporting date, Ninghu Investment Company has received a total equity transfer payment of RMB346 million concerning the transfer of Factoring Company, and both parties have completed the delivery. Currently, they are handling the industrial and commercial change procedures. After the completion of this transfer, our company will no longer hold equity in the Factoring Company and will no longer include it in our consolidated financial statements.

6.3 Matters Relevant to the Financial Report

6.3.1 Changes in accounting policies, estimates and methods as compared with the previous period and their reasons and impacts

Changes in Significant Accounting Policies

1 Description and reasons of changes in accounting policies

In 2023, the Group has adopted “About single deferred income tax related to assets and liabilities arising from this transaction is not applicable accounting treatment for initial recognition exemption” in CAS Bulletin No. 16 (Caikuai [2022] No. 31), issued by the Ministry of Finance (“MOF”).

According to the provision, as for the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in a single transaction that is not a business combination, that neither affects accounting profits nor taxable income (or deductible losses) when the transaction occurs, and the initial recognition of assets and liabilities results in equal taxable temporary differences and deductible temporary differences, the Group recognizes the corresponding deferred income tax liabilities and deferred income tax assets at the time of the transaction, respectively, according to the relevant provisions of CAS No. 18 – Income Taxes, instead of recognizing the deferred income tax liabilities or deferred income tax assets on the basis of the net amount of taxable temporary differences and deductible temporary difference arising therein.

The above regulation will come into effect from 1 January 2023, and the adoption of these regulations does not affect significantly on the financial condition and operating results of the group.

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

Applicable Not applicable

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as follows:

Definitions of commonly used terms

Company	Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司)
Group	the Company and its subsidiaries
Controlling Shareholder, or Jiangsu Communications Holding	Jiangsu Communications Holding Company Limited (江蘇交通控股有限公司)
China Merchants Expressway	China Merchants Expressway Network & Technology Holdings Co., Ltd. (招商局公路網絡科技控股股份有限公司)
Ningchang Zhenli Company	Jiangsu Ningchang Zhenli Expressway Company Limited (江蘇寧常鎮溧高速公路有限公司)
Ninghu International Company	Jiangsu Expressway International (Hong Kong) Company Limited
Yangtze River Management Company	Jiangsu Yangtze River Expressway Management Co., Ltd. (江蘇揚子江高速通道管理有限公司)
Ninghu Investment Company	Jiangsu Ninghu Investment Development Co., Ltd. (江蘇寧滬投資發展有限責任公司)
Factoring Company	Ninghu Commercial Factoring (Guangzhou) Co., Ltd. (寧滬商業保理(廣州)有限公司)
Ninghu Properties Company	Jiangsu Ninghu Properties Co., Ltd. (江蘇寧滬置業有限責任公司)
Hanwei Company	Nanjing Hanwei Property Development Company Limited (南京瀚威房地產開發有限公司)
Yangtze Commerce and Energy Company	Jiangsu Yangtze Commerce and Energy Co., Ltd. (江蘇長江商業能源有限公司)

Guangjing Xicheng Company	Jiangsu Guangjing Xicheng Expressway Company Limited (江蘇廣靖錫澄高速公路有限責任公司)
YS Energy Company	Jiangsu Yunshan Green Energy Investment Holding Company Limited (江蘇雲杉清潔能源投資控股有限公司)
YS Energy Group	YS Energy Company, together with its 10 subsidiaries and 3 investee companies
YS Capital	Jiangsu Yunshan Capital Management Co., Ltd. (江蘇雲杉資本管理有限公司)
Nantong Tiandian Company	Nantong Tiandian Xinxing Energy Co., Ltd. (南通天電新興能源有限公司)
Jiangsu Communications Holding Renewable Energy Jiangsu Company	Jiangsu Communications Holding Renewable Energy Jiangsu Co., LTD. (江蘇交控清潔能源江蘇有限公司)
Three Gorges Nantong Company	Three Gorges New Energy Nantong Co., Ltd. (三峽新能源南通有限公司)
Rudong Company	Jiangsu Traffic Control Rudong Offshore Wind Power Co. Ltd. (蘇交控如東海上風力發電有限公司)
Tonghu Logistics Park	Jiangsu Tonghu Logistics Park Co., Ltd. (江蘇通湖物流園有限公司)
Suqian Company	Sujiaokong Clean Energy Suqian Co., Ltd. (蘇交控清潔能源宿遷有限公司)
Zhendan Company	Jiangsu Zhendan Expressway Company Limited (江蘇鎮丹高速公路有限公司)
Wufengshan Toll Bridge Company	Jiangsu Wufengshan Toll Bridge Company Limited (江蘇五峰山大橋有限公司)
Longtan Bridge Company	Jiangsu Longtan Bridge Co., Ltd. (江蘇龍潭大橋有限公司)
Yuexin Company	Jiangsu Yuexin Ninghu Gas Co., Ltd. (江蘇悅鑫寧滬天然氣有限公司) (formerly known as Jiangsu Xiexin Ninghu Gas Co., Ltd. (江蘇協鑫寧滬天然氣有限公司))

Kuailu Company	Jiangsu Kuailu Motor Transport Co., Ltd. (江蘇快鹿汽車運輸股份有限公司)
Suzhou Expressway Company	Suzhou Expressway Management Company Limited (蘇州市高速公路管理有限公司)
Yangtze Bridge Company	Jiangsu Yangtze Bridge Co., Ltd. (江蘇揚子大橋股份有限公司)
Hutong Bridge Company	Jiangsu Hutong Bridge Co., Ltd. (江蘇滬通大橋有限責任公司)
Finance Company	Jiangsu Communications Holding Group Finance Co., Ltd. (江蘇交通控股集團財務有限公司)
Communication and Media Company	Jiangsu Communications & Culture Media Company Limited (江蘇交通文化傳媒有限公司)
Digital Research Institute	Jiangsu Communications Holding Digital Transportation Research Institute Co., Ltd. (江蘇交控數字交通研究院有限公司)
Sundian or Xiandai R&B Company	Jiangsu Sundian Road & Bridge Co., Ltd. (江蘇現代路橋有限責任公司)
Network Operation Company	Jiangsu Expressway Network Operation and Management Co., Ltd. (江蘇高速公路聯網營運管理有限公司)
Bank of Jiangsu	Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司)
Zijin Trust Company	Zijin Trust Co., Ltd. (紫金信託有限責任公司)
Yichang Company	Jiangsu Yichang Expressway Co., Ltd. (江蘇宜長高速公路有限公司)
Changyi Company	Jiangsu Changyi Expressway Co., Ltd. (江蘇常宜高速公路有限公司)
Suxichang South Expressway Company	Jiangsu Suxichang South Expressway Co., Ltd. (江蘇蘇錫常南部高速公路有限公司)
Nanlin Hotel Company	Suzhou Jinling Nanlin Hotel Co., Ltd. (蘇州金陵南林飯店有限責任公司)

Yanjiang Company	Jiangsu Yanjiang Expressway Co., Ltd. (江蘇沿江高速公路有限公司)
Jiangsu Leasing Company or Jiangsu Financial Leasing Company	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司)
Railway Group Company	Jiangsu Railway Group Co., Ltd. (江蘇省鐵路集團有限公司)
Tongxingbao Company	Jiangsu Tongxingbao Smart Transport Technology Co., Ltd. (江蘇通行寶智慧交通科技股份有限公司)
Jinghu Company	Jiangsu Jinghu Expressway Company Limited (江蘇京滬高速公路有限公司)
Expressway Petroleum Company or Jiangsu Petroleum Company, Expressway Energy Company	Jiangsu Expressway Energy Development Co., Ltd. (江蘇高速公路能源發展有限公司) (formerly known as Jiangsu Expressway Petroleum Development Co., Ltd. (江蘇高速公路石油發展有限公司))
Taixing Oil Products Company	Taixing Hechang Oil Products Trading Co., Ltd. (泰興市和暢油品銷售有限公司)
Far East Shipping Company	Jiangsu Far East Shipping Co., Ltd. (江蘇遠東海運有限公司)
Information Company	Jiangsu Expressway Information Engineering Co., Ltd. (江蘇高速公路信息工程有限公司)
Maintenance Technology Company	Jiangsu Expressway Engineering Maintenance Technology Co., Ltd. (江蘇高速公路工程養護技術有限公司)
Engineering Maintenance Company	Jiangsu Expressway Engineering Maintenance Company Limited (江蘇高速公路工程養護有限公司)
Human Resources Company	Jiangsu Communications Holding Human Resources Development Co., Ltd. (江蘇交控人力資源發展有限公司) (formerly known as Jiangsu Communications Holding Training Co., Ltd. (前稱江蘇交控培訓有限公司))

East Road & Bridge Company	Jiangsu East Road & Bridge Construction Maintenance Co., Ltd. (江蘇東方路橋建設養護有限公司)
Communications Holding Commercial Operation Company	Jiangsu Communications Holding Commercial Operation Management Co., Ltd. (江蘇交控商業運營管理有限公司)
Xitai Company or Xitai Tunnel Company	Jiangsu Xitai Tunnel Company Limited (江蘇錫泰隧道有限責任公司)
Cuipingshan Hotel	Jiangsu Cuipingshan Hotel Management Co., Ltd. (江蘇翠屏山賓館管理有限公司)
Luode Fund Company	Jiangsu Luode Equity Investment Fund Management Company Limited (江蘇洛德股權投資基金管理有限公司)
Zhongbei Zhiyuan Fund	Nanjing Luode Zhongbei Zhiyuan Equity Investment Partnership (Limited Partnership) (南京洛德中北致遠股權投資合夥企業(有限合夥))
Luode Huizhi Fund	Nanjing Luode Huizhi Equity Investment Partnership (Limited Partnership) (南京洛德匯智股權投資合夥企業(有限合夥))
Ninghang Company	Jiangsu Ninghang Expressway Co., Ltd. (江蘇寧杭高速公路有限公司)
Ninghang Cultural Tourism Company	Jiangsu Ninghang Cultural Tourism Development Co., Ltd. (江蘇寧杭文化旅遊發展有限公司)
Husuzhe Company	Jiangsu Husuzhe Expressway Co., Ltd. (江蘇滬蘇浙高速公路有限公司)
Huatong Engineering Company	Jiangsu Huatong Engineering Testing Co., Ltd. (江蘇華通工程檢測有限公司)
Sutong Bridge Company	Jiangsu Sutong Bridge Co., Ltd. (江蘇蘇通大橋有限責任公司)
Sundian Testing Company	Jiangsu Sundian Engineering Testing Co., Ltd. (江蘇現代工程檢測有限責任公司)
Micro Video Company	Nanjing Micro Video Technology Company Limited (南京感動科技有限公司)

Tongchang Real Estate Company	Jiangsu Tongchang Real Estate Investment Co., Ltd. (江蘇通昌置業投資有限公司)
Zhangjinggao Company	Jiangsu Zhangjinggao Bridge Co., Ltd. (江蘇張靖皋大橋有限責任公司)
CDB Kai Yuan Phase II Fund	Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership) (蘇州工業園區國創開元二期投資中心(有限合夥))
PPP	Public – Private – Partnership, which is a mode of cooperation between the government and social capital
Shanghai-Nanjing Expressway	Jiangsu Section of Shanghai-Nanjing Expressway
Guangjing Expressway	Northern connection of Guangling-Jingjiang Section, Jiangyin Yangtze Bridge
Xicheng Expressway	Southern connection of Jiangyin-Wuxi Section, Jiangyin Yangtze Bridge
Jiangyin Bridge	Jiangyin Yangtze Bridge
Sujiahang Expressway	Jiangsu Section of Suzhou- Jiaxing- Hangzhou Expressway
Yanjiang Expressway	Changzhou-Taicang Expressway
Changjia Expressway	Kunshan-Wujiang Section of Changshu-Jiaxing Expressway
Zhendan Expressway	Zhenjiang-Danyang Expressway
Ningchang Expressway	Lishui Guizhuang Hub-Changzhou South Interchange Expressway
Zhenli Expressway	Dantu Hub-Liyang Qianma Hub Expressway
Xiyi Expressway	Wuxi North Hub-Yixing Xiwu Hub Expressway
Wuxi Huantaihu Expressway	Wuxi Shuofang Hub-Wuxi Nanquan Interchange Expressway
Sujiayong Expressway	Suzhou-Jiaxing-Ningbo Expressway

Wufengshan Toll Bridge	Wufengshan Toll Bridge and North-South Connection Project
Changyi Expressway	Changzhou-Yixing Expressway
Yichang Expressway	Jiangsu Section of Yixing-Changxing Expressway
Suxichang Expressway	Changzhou Qianhuang hub – Wuxi Nanquan hub
Longtan Bridge North Connection Project	the project of Shanghai-Shaanxi Expressway of Yizheng-Lukou Airport Expressway to the North Embankment Section of Yangtze River
Xiyi Expressway South Section Widening Project	the widening project of Xueyan Hub-Xiwu Hub section of Wuxi-Yixing Expressway
ROE	return on equity, calculated as $ROE = \text{net profit} / \text{net equity}$
Reporting Period	the period from 1 January 2023 to 30 June 2023
Year-on-year	as compared with the same period of 2022
CSRC	China Securities Regulatory Commission
SFC	the Securities and Futures Commission of Hong Kong
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
A Shares	RMB-denominated ordinary shares issued by the Company and listed on the SSE
H Shares	overseas-listed foreign shares issued by the Company and listed on the Stock Exchange
ADR	Level 1 depositary receipts of the Company listed and traded in the over-the-counter market in the United States
Listing Rules	Listing Rules of the SSE and/or Hong Kong Listing Rules

Listing Rules of SSE	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC Accounting Standards	Accounting Standards for Business Enterprises and Relevant Provisions promulgated by the Ministry of Finance of the People's Republic of China
KPMG or Auditors	KPMG Huazhen LLP
Corporate Governance Code	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules

By Order of the Board
Yao Yong Jia
Company Secretary

Nanjing, the PRC, 28 August 2023

As at the date of this announcement, the Directors of the Company are:

Chen Yunjiang, Xu Haibei, Wang Yingjian, Wang Feng, Yao Yongjia, Wu Xinhua, Li Xiaoyan, Ma Chung Lai, Lawrence, Zhou Shudong, Liu Xiaoxing*, Yu Mingyuan*, Xu Guanghua*, Ge Yang**

* *Independent Non-executive Directors*