



# 深圳高速公路集团股份有限公司 SHENZHEN EXPRESSWAY CORPORATION LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 600548 (SSE) 00548 (HKEx))



# 2024

Interim Report

***Cautionary Statement in relation to Forward-looking Statement:***

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





# Contents

2	<b>Definition and Cautionary Statement</b>	64	<b>Report of the Directors</b>
15	<b>Introduction of the Company</b>	80	<b>Share Capital and Shareholders</b>
17	<b>Financial Highlights/Summary</b>	85	<b>Directors, Supervisors and Senior Management</b>
	<b>Management Discussion and Analysis</b>		<b>2024 Interim Financial Statements</b>
22	<i>Main Businesses and Industry</i>	90	<i>Consolidated and Company's Statements of Financial Position</i>
27	<i>Analysis of Core Competitiveness</i>	95	<i>Consolidated and Company's Statements of Profit or Loss and Other Comprehensive Income</i>
28	<i>Discussion and Analysis on Operations</i>	98	<i>Consolidated and Company's Statements of Cash Flows</i>
41	<i>Financial Analysis</i>	102	<i>Consolidated and Company's Statements of Changes in Equity</i>
63	<i>Outlook and Plans</i>	105	<i>Notes to Financial Statements</i>
		266	<i>Supplementary Information</i>
		267	<b>Company Information</b>



# Definition and Cautionary Statement

## 1. Definitions

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

Reporting Period, 2024 Interim, Period	For the six months from 1 January 2024 to 30 June 2024.
Reporting date	The date on which this Interim Report 2024 of the Company is approved by the Board, being 23 August 2024.
YOY	Year-on-year change rate as compared to the same period of 2023.
The Company, Shenzhen Expressway	Shenzhen Expressway Corporation Limited.
The Group	The Company and its consolidated subsidiaries.
RMB/yuan	Renminbi yuan, the lawful currency of PRC.
CSRC	China Securities Regulatory Commission.
SFC	Securities and Futures Commission of Hong Kong.
SSE	The Shanghai Stock Exchange.
SZEX	The Shenzhen Stock Exchange.
HKEX	The Stock Exchange of Hong Kong Limited.
Listing Rules	The Rules Governing the Listing of Securities on HKEx and/or the Rules Governing the Listing of Stocks on SSE (as the case may be).
CASBE	The Accounting Standards for Business Enterprises (2006) of the PRC and the specific accounting standards as well as relevant provisions issued later.

State Council

State Council of the People's Republic of China (中華人民共和國國務院).



SASAC	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
NDRC	National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會).
MOT	Ministry of Transport of the People's Republic of China (中華人民共和國交通運輸部).
National Energy Administration	National Energy Administration of the People's Republic of China (中華人民共和國國家能源局).
Ministry of Finance	Ministry of Finance of the People's Republic of China (中華人民共和國財政部).
Ministry of Industry and Information Technology	Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部).
Ministry of Ecology and Environment	Ministry of Ecology and Environment of the People's Republic of China (中華人民共和國生態環境部).
Ministry of Housing and Urban-Rural Development	Ministry of Housing and Urban-Rural Development of the People's Republic of China (中華人民共和國住房和城鄉建設部).
Guangdong PDRC	Guangdong Provincial Development and Reform Commission (廣東省發展和改革委員會).
Shenzhen SASAC	State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government (深圳市人民政府國有資產監督管理委員會).
Shenzhen Transport Bureau	Transport Bureau of Shenzhen Municipality (深圳市交通運輸局).
SIHC	Shenzhen Investment Holdings Company Limited (深圳市投資控股有限公司).
Shenzhen International	Shenzhen International Holdings Limited (深圳國際控股有限公司).

## Definition and Cautionary Statement

XTC Company	Xin Tong Chan Development (Shenzhen) Company Limited (新通產實業開發(深圳)有限公司).
SGH Company	Shenzhen Shen Guang Hui Highway Development Company Limited (深圳市深廣惠公路開發有限公司).
Advance Great Company	Advance Great Limited (晉泰實業公司).
CMET	China Merchants Expressway Network & Technology Holdings Company Limited (招商局公路網絡科技控股股份有限公司).
GDRB Company	Guangdong Roads and Bridges Construction Development Company Limited (廣東省路橋建設發展有限公司).
Shenzhen International (Shenzhen)	Shenzhen International Holdings (SZ) Limited (深國際控股(深圳)有限公司).
SIICH	Shenzhen Investment International Capital Holdings Company Limited (深圳投控國際資本控股有限公司), a wholly-owned subsidiary of SIHC.
SIICHIC	Shenzhen Investment International Capital Holdings Infrastructure Company Limited (深圳投控國際資本控股基建有限公司).
Vanke Group	China Vanke Company Limited (萬科企業股份有限公司) and its consolidated subsidiaries.
Guangming Environment	Shenzhen Guangming Environment Technology Company Limited (深圳光明深高速環境科技有限公司).
Guishen Company	Guizhou Guishen Investment Development Company Limited (貴州貴深投資發展有限公司).
Bank of Guizhou	Bank of Guizhou Company Limited (貴州銀行股份有限公司).

Huayu Company

Shenzhen Huayu Expressway Investment Company Limited (深圳市華昱高速公路投資有限公司).





Environmental Company	Shenzhen Expressway Environmental Company Limited (深圳高速環境有限公司).
Infrastructure and Environmental Protection Company	Shenzhen Expressway Infrastructure and Environmental Protection Development Company Limited (深圳深高速基建環保開發有限公司).
Fund Company	Shenzhen Expressway Private Equity Industrial Investment Fund Management Company Limited (深圳高速私募產業投資基金管理有限公司).
Construction Company	Shenzhen Expressway Construction Development Company Limited (深圳高速建設發展有限公司).
Architecture Technology Company	Shenzhen Expressway Architecture Technology Development Company Limited (深圳高速建築科技發展有限公司).
Asphalt Technology Company	Shenzhen Expressway Asphalt Technology Development Company Limited (深圳高速瀝青科技發展有限公司).
Longda Company	Shenzhen Longda Expressway Company Limited (深圳龍大高速公路有限公司).
Meiguan Company	Shenzhen Meiguan Expressway Company Limited (深圳市梅觀高速公路有限公司).
Nanjing Third Bridge Company	Nanjing Yangtze River Third Bridge Company Limited (南京長江第三大橋有限責任公司).
Qinglian Company	Guangdong Qinglian Highway Development Company Limited (廣東清連公路發展有限公司).
Qinglong Company	Shenzhen Qinglong Expressway Company Limited (深圳清龍高速公路有限公司).
Financial Leasing Company	Shenzhen Expressway Financial Leasing Company Limited (深圳市深高速融資租賃有限公司).
Business Company	Shenzhen Expressway Business Company Limited (深圳深高速商務有限公司).

## Definition and Cautionary Statement

Shenchang Company	Changsha Shenchang High Speed Trunk Road Company Limited (長沙市深長快速幹道有限公司).
Digital Technology Company	Shenzhen Expressway Digital Technology Company Limited (深圳高速公路集團數字科技有限公司).
Shenshan Qiantai	Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Company Limited (深圳深汕特別合作區乾泰技術有限公司).
Investment Company	Shenzhen Expressway Investment Company Limited (深圳高速投資有限公司).
Outer Ring Company	Shenzhen Outer Ring Expressway Investment Company Limited (深圳市外環高速公路投資有限公司).
Property Company	Shenzhen Expressway Property Management Company Limited (深圳高速物業管理有限公司).
GZ W2 Company	Guangzhou Western Second Ring Expressway Company Limited (廣州西二環高速公路有限公司).
Coastal Company	Shenzhen Guangshen Coastal Expressway Investment Company Limited (深圳市廣深沿江高速公路投資有限公司).
Yangmao Company	Guangdong Yangmao Expressway Company Limited (廣東陽茂高速公路有限公司).
Yichang Company	Hunan Yichang Expressway Development Company Limited (湖南益常高速公路開發有限公司).
Yunji Intelligent (Former Consulting Company)	Yunji Intelligent Engineering Holding Company Limited (雲基智慧工程股份有限公司).
Operation Development Company	Shenzhen Expressway Operation Development Company Limited (深圳高速運營發展有限公司).





Engineering Development Company	Shenzhen Expressway Engineering Development Company Limited (深圳高速工程發展有限公司).
JEL	Jade Emperor Limited (捷德安派有限公司).
Fameluxe Investment	Fameluxe Investment Limited (豐立投資有限公司).
Maxprofit	Maxprofit Gain Limited.
Mei Wah Company	Mei Wah Industrial (Hong Kong) Limited (美華實業(香港)有限公司).
Logistics Financial Company	China Logistics Financial Services Limited (中國物流金融服務有限公司).
Yichang Operation Management Company	Hunan Yichang Expressway Operation Management Company Limited (湖南益常高速公路運營管理有限公司).
E Fund SZ Expressway REIT	E Fund Shenzhen Expressway Closed-End Infrastructure Securities Investment Fund, which is listed on the Shanghai Stock Exchange, stock code: 508033, whereas the on-site abbreviation is "SGS REIT" and the extended abbreviation has been determined as "E Fund SZ Expressway REIT".
Meiguan Expressway	The expressway from Meilin to Guanlan in Shenzhen City. The <b>Toll-Free Section of Meiguan Expressway</b> refers to the section from Meilin to Guanlan with a mileage of approximately 13.8 km, which has become toll-free from 24:00 on 31 March 2014. The <b>Toll Section of Meiguan Expressway</b> refers to the section from Shenzhen-Dongguan border to Guanlan with a mileage of approximately 5.4 km which remains toll collection.
Jihe Expressway	The expressway from Shenzhen International Airport to He'ao in Shenzhen City, comprising <b>Jihe East</b> (Qinghu to He'ao) and <b>Jihe West</b> (Airport to Qinghu).
Jihe Expressway R&E Project	The reconstruction and expansion project of the section from He'ao to Shenzhen Airport of Shenyang-Haikou National Expressway
Shuiguan Expressway	The expressway from Shuijingcun to Guanjintou in Shenzhen City.
Shuiguan Extension	An extension to Shuiguan Expressway, Phase I of <b>Qingping Expressway</b> (the expressway from Yulongkeng to Pinghu in Shenzhen City).

## Definition and Cautionary Statement

Outer Ring Project	The project of Shenzhen section of Outer Ring Expressway in Shenzhen City (referred to as <b>Outer Ring Expressway</b> ), among which, the section with the length of 35.67 km from Shajing to Guanlan and the section with the length of 15.06km from Longcheng to Pingdi, totalling approximately 51 km (referred to as <b>Outer Ring Phase I</b> ) has opened to traffic on 29 December 2020. The section with the length of 9.35 km from the end of Longgang Section of Outer Ring Phase I to Kengzi via Pingdi etc. (referred to as <b>Outer Ring Phase II</b> ) has opened to traffic on 1 January 2022. The section with the length of 16.8 km from Kengzi to Dapeng (referred to as <b>Outer Ring Phase III</b> ) has started construction in late 2023.
Coastal Project	The section from Nanshan, Shenzhen to Dongbao River (the boundary between Dongguan and Shenzhen) (referred to as <b>Coastal Expressway (Shenzhen Section)</b> ) of the coastal expressway from Guangzhou to Shenzhen (referred to as <b>Coastal Expressway</b> ). Among which, the project of the main line of Coastal Expressway (Shenzhen Section) and related facilities are referred to as <b>Coastal Phase I</b> , and the project of the ramp bridge of airport interchange of Coastal Expressway (Shenzhen Section) and related facilities are referred to as <b>Coastal Phase II</b> .
Longda Expressway	The expressway from Longhua, Shenzhen to Dalingshan, Dongguan. Starting from 0:00 on 7 February 2016, a total of 23.8 km of the Shenzhen section of Longda Expressway (i.e. the section from Longhua Shenzhen to Nanguang expressway ramp access) has been operated by toll-free with card access method, and had been transferred to Shenzhen Transport Bureau from 0:00 on 1 January 2019. The <b>Toll Section of Longda Expressway</b> refers to the section of about 4.426 km starting from north of Songgang to Guanfo expressway, which still retains toll collection.
Qinglian Expressway	The expressway from Qingyuan to Lianzhou.
Yangmao Expressway	The expressway from Yangjiang to Maoming.
GZ W2 Expressway	The section from Xiaotang to Maoshan of Guangzhou Ring Expressway, also referred to as Guangzhou Western Second Ring Expressway.
Changsha Ring Road	Changsha Ring Expressway (North-Western Section).
Nanjing Third Bridge	Nanjing Yangtze River Third Bridge.
Yichang Project	The expressway from Yiyang to Changde in Hunan (referred to as <b>Yichang Expressway</b> ) and Changde connection line.



Four Expressways	Nanguang Expressway, Yanpai Expressway, Yanba Expressway and the Shenzhen section of Longda Expressway, all of which have been transferred to Shenzhen Transport Bureau from 0:00 on 1 January 2019.
Bay Area Development	Shenzhen Investment Holdings Bay Area Development Company Limited (深圳投控灣區發展有限公司), a red chip company listed on the HKEx, stock code: 00737.
Shenwan Infrastructure	Shenwan Bay Area Infrastructure (Shenzhen) Company Limited (深灣基建(深圳)有限公司).
Xintang JV	Guangzhou Zhentong Development Company Limited (廣州臻通實業發展有限公司).
Guangshenzhu Company	Guangshenzhu Expressway Co., Ltd, which is mainly engaged in the investment, construction, operation and management of Guangzhou-Shenzhen Expressway. Bay Area Development is indirectly entitled a 45% profit-sharing interest in Guangshenzhu Company.
GS Expressway, the Guangzhou-Shenzhen section of G4	The Guangzhou-Shenzhen section of Beijing-Hong Kong & Macao Expressway (G4), starting from Huangcun interchange in Tianhe District, Guangzhou in the north, ends at Huanggang Checkpoint in Futian District, Shenzhen in the south, with a total length of approximately 122.8 km.
GZ West Expressway	Guangzhou-Zhuhai West Expressway, comprising Phase I, Phase II and Phase III, starts from Hainan interchange of Liwan District, Guangzhou in the north and to Yuehuan Interchange of Tanzhou Town, Zhongshan in the south, with a total length of approximately 98 km.
Shenzhen-Zhongshan Link	A cross-sea passage connecting Shenzhen with Zhongshan and Guangzhou in Guangdong Province.
Shenshan Environmental Park Project	The entrusted construction and management project for the whole process in relation to the infrastructure and ancillary projects for Shenshan Eco-Environmental Science and Technology Industrial Park which is undertaken by the Group.
Guilong Project	The construction project of phase I of Guilong Road in Longli, Guizhou under BT model and the primary development project of relevant land which is undertaken by the Group.

## Definition and Cautionary Statement

Longli River Bridge Project (Former Duohua Bridge Project)	A road construction project from Jichang Village to Duohua Village in Longli County undertaken by Guishen Company under BT model. The major part of the project is Longli River Bridge.
Bimeng Project	The Bimeng Garden community resettlement project in Longli, Guizhou is undertaken by the Group with BT model.
Guizhou Property	Guizhou Shenzhen Expressway Property Company Limited (貴州深高速置地有限公司).
Guizhou Hengtongli	Guizhou Hengtongli Property Company Limited (貴州恒通利置業有限公司).
Land of Longli Project	The peripheral land of Guilong Project and the Duohua Bridge Project which were successfully bid by the Group. As at the end of the Reporting Period, the Group has cumulatively won the bids for the land of Longli Project with an area of approximately 3,038 mu, including 2,770 mu for Guilong Project and 269 mu for the Duohua Bridge Project.
Guilong Development Project	The proprietary secondary development project of the land with an area of over 1,000 mu in Guilong Project, which is conducted by the Group with approval from the Board.
Meilin Checkpoint Renewal Project	The Urban Renewal Project of Meilin Checkpoint of Minzhi Office in Longhua District, the entity which carried out the project is United Land Company and the area of the land is approximately 96,000 square meters.
Shenzhen Water Planning	Shenzhen Water Planning & Design Institute Company Limited (深圳市水務規劃設計院股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 301038.
Derun Environment	Chongqing Derun Environment Company Limited (重慶德潤環境有限公司).
Chongqing Water	Chongqing Water Group Company Limited (重慶水務集團股份有限公司), a company listed on the SSE, stock code: 601158.
Sanfeng Environment	Chongqing San Feng Environmental Industrial Group Company Limited (重慶三峰環境集團股份有限公司), a company listed on the SSE, stock code: 601827.





Nanjing Wind Power	Nanjing Wind Power Technology Company Limited (南京風電科技有限公司).
Baotou Nanfeng	Baotou Nanfeng Wind Power Technology Company Limited (包頭市南風風電科技有限公司).
Damao Ningyuan	Damao Ningyuan Wind Power Company Limited (達茂旗寧源風力發電有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
Damao Ningxiang	Damao Ningxiang Wind Power Company Limited (達茂旗寧翔風力發電有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
Damao Ningfeng	Damao Ningfeng Wind Power Company Limited (達茂旗寧風風力發電有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
Damao Nanchuan	Damao Nanchuan Wind Power Company Limited (達茂旗南傳風力發電有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
Lingxiang Company	Baotou Lingxiang New Energy Company Limited (包頭市陵翔新能源有限公司), a wholly-owned subsidiary of Baotou Nanfeng.
New Energy Company	Shenzhen Expressway New Energy Holdings Company Limited (深圳高速新能源控股有限公司).
Shengneng Technology	Shenzhen Expressway Shengneng Technology Company Limited (深圳深高速晟能科技有限公司).
Weining Energy	State Power Investment Corporation Guizhou Jinyuan Weining Energy Company Limited (國家電投集團貴州金元威寧能源股份有限公司).
Jinshen New Energy	Shenzhen Jinshen New Energy Company Limited (深圳金深新能源有限公司).
Ziyun Jinshen	Guizhou Ziyun Jinshen New Energy Company Limited (貴州紫雲金深新能源有限公司).
Yuansheng New Energy	Xingren Yuansheng New Energy Company Limited (興仁市元盛新能源有限公司).

## Definition and Cautionary Statement

Jinxin New Energy	Duyun Jinxin New Energy Company Limited (都勻市金鑫新能源有限公司).
Guangdong New Energy	Shenzhen Expressway (Guangdong) New Energy Investment Company Limited (深高速(廣東)新能源投資有限公司).
Huai'an Zhongheng	Huai'an Zhongheng New Energy Company Limited (淮安中恒新能源有限公司).
SPIC Fujian Company	State Power Investment Corporation Fujian Electric Power Company Limited (國家電投集團福建電力有限公司).
Nanjing Avis	Nanjing Avis Transmission Technology Company Limited (南京安維士傳動技術股份公司).
Fenghe Energy	Shenzhen Fenghe Energy Investment Limited (深圳峰和能源投資有限公司).
Yongcheng Zhuneng	The 32 MW wind power project in Yongcheng City, Shangqiu City, Henan Province.
Zhongwei Gantang	The 49.5 MW wind power project in Gantang, Zhongwei City, Ningxia Province.
Xinjiang Mulei	The wind power project of Changji Mulei Laojunmiao Wind Farm in Xinjiang Zhundong New Energy Base, including Qianzhi, Qianhui and QianXin projects.
Qianzhi	Xinjiang Mulei County Qianzhi New Energy Development Company Limited (新疆木壘縣乾智能源開發有限公司).
Qianhui	Xinjiang Mulei County Qianhui New Energy Development Company Limited (新疆木壘縣乾慧能源開發有限公司).
Qianxin	Xinjiang Mulei County Qianxin New Energy Development Company Limited (新疆木壘縣乾新能源開發有限公司).
Zhangshu Gaochuan	About 20MW wind power generation project in Zhangshu City, Jiangxi Province



Guangming Environmental Park Project	The Shenzhen Guangming Environmental Park Project, invested in and constructed by the Company under the BOT model.
Bioland	Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd (深高藍德環保科技集團股份有限公司).
Lisai Environmental	Shenzhen Lisai Environmental Technology Limited (深圳市利賽環保科技有限公司).
Shaoyang Project	The concession project of kitchen waste collection and disposal in Shaoyang, Hunan Province.
Ya'an Project	The concession project of harmless and resource recovery of kitchen waste treatment in Ya'an, Sichuan Province.
Unitoll Services	Guangdong Unitoll Services Incorporated (廣東聯合電子服務股份有限公司).
United Land	Shenzhen International United Land Company Limited (深圳市深國際聯合置地有限公司).
Gaoleyi	Shenzhen Expressway Gaoleyi Health and Elderly Care Services Limited (深圳高速高樂亦健康養老有限公司).
Fengrunjiu	Shenzhen Guangming Fengrunjiu Health Services Limited (深圳光明鳳潤玖健康服務有限公司).
BOT (model)	Build-Operate-Transfer model, refer to the infrastructure model of investment, construction and operation. Premised on an agreement between the government and the private sector, the government issues a franchise to the private sector to allow it to raise funds for a certain period of time to build infrastructure, manage and operate the facility and its corresponding products and services.
EPC (model)	Engineering Procurement Construction model means the company is entrusted by the owner to carry out the whole process or several stages of contracting for the design, procurement, construction, and trial operation of a construction project in accordance with the contract. Usually, the company is responsible for the quality, safety, cost and schedule of the contracted project under the conditions of the total price contract.

## Definition and Cautionary Statement

BIM	Building Information Modelling, which is a model equipped with a complete and realistic construction database by building a virtual three-dimensional construction model and using digitisation technology. It is a digitised tool applied to engineering design, construction and management. Meanwhile, the model plays a key role in enhancing productivity, saving costs and shortening construction periods.
ETC	Electronic Toll Collection, a system used to electronically collect tolls on highways.
Coastal Freight Compensation Scheme	Shenzhen Transport Bureau and the Company entered into the freight compensation agreement, wherein it is agreed that during the period from 1 January 2021 to 31 December 2024, the vehicles passing the Coastal Project should be charged at 50% of the standard rate of the toll, and such toll waived by the Company and Coastal Company shall be compensated by the government in a one-off manner in March of the following year.

Note:

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

## II. Cautionary Statement on Risk

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





## Introduction of the Company

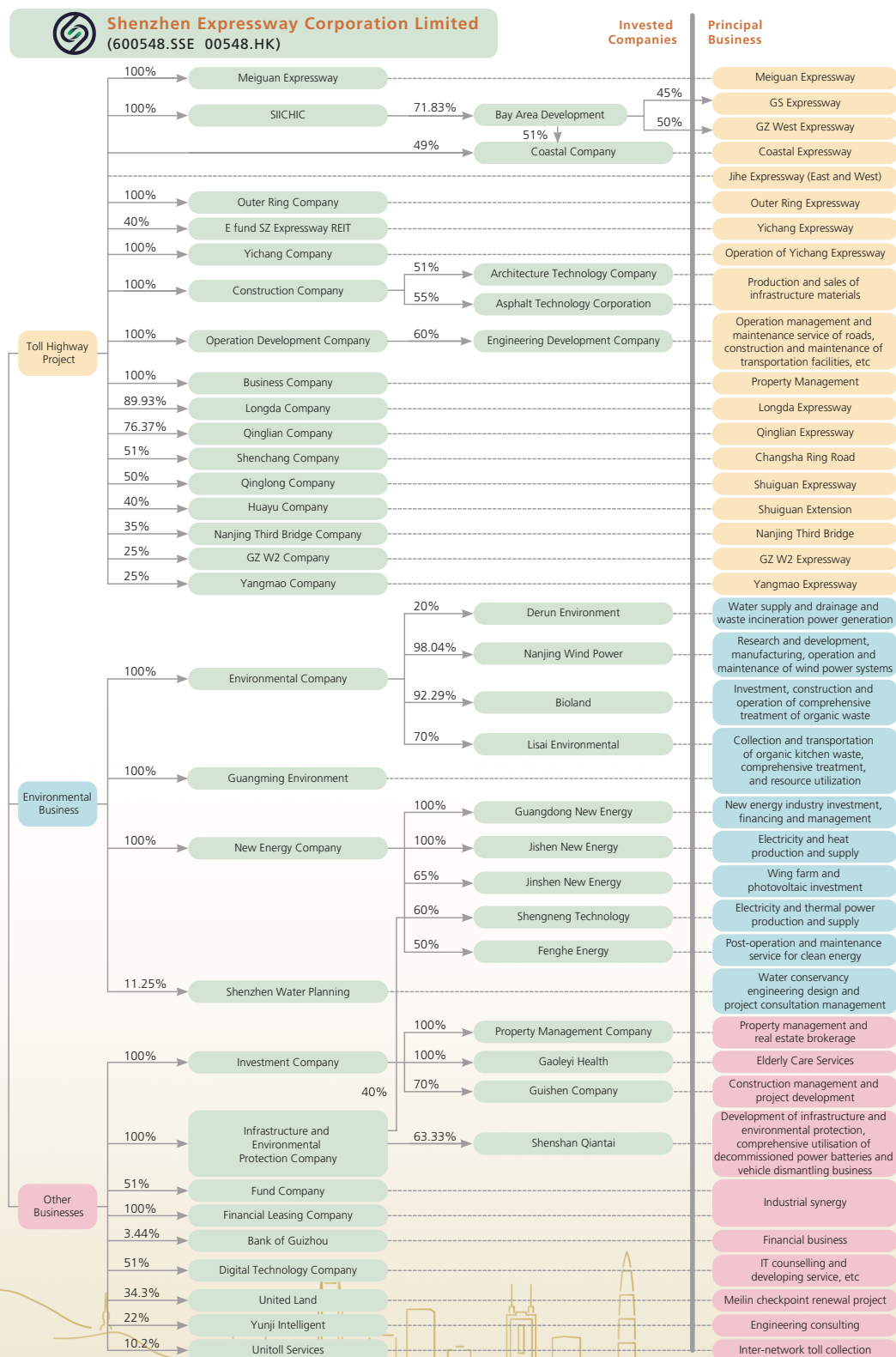
Incorporated in Shenzhen on 30 December 1996, the Company principally engages in the investment, construction, operation and management of toll highways and roads, as well as the general-environmental protection business. At present, the general-environmental protection business includes recovery and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

As of the date of this Report, the Company operated and invested in a total of 16 toll highway projects. The total mileage of the high-grade highways invested in or operated by the Company (on equity basis) is approximately 613km. The Company has also actively participated in various regional urban infrastructure development projects while investing in the field of environmental protection, clean energy and industrial finance, and set up multiple platform companies: the Investment Company, the Construction Company, the Operation Development Company, the Environmental Company, the Infrastructure and Environmental Protection Company and the New Energy Company, etc.

A total of 2,180,770,326 ordinary shares are issued by the Company, of which 1,433,270,326 A Shares are listed on SSE and 747,500,000 H Shares are listed on HKEx, representing approximately 65.72% and 34.28% of the total share capital of the Company, respectively. The largest shareholder of the Company is XTC Company, one of the promoters of the Company, which currently holds approximately 30.03% of the Company's shares. XTC Company is a wholly-owned subsidiary of Shenzhen International (stock code: 00152) which is listed on HKEx. Shenzhen International is the indirect controlling shareholder of the Company, indirectly holds a total of 51.561% of the Company's shares.

# Introduction of the Company

At the end of the Reporting Period, the Group's investee companies (including abbreviations of the investee companies) and equity structure are as follows:



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

# Financial Highlights/Summary

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

Item (Unit: RMB)	2024 Interim (Unaudited)	2023 Interim (Unaudited)	Change (%)
Revenue	<b>3,756,892,301.30</b>	4,124,879,965.28	-8.92
Net profit/Loss attributable to owners of the Company (loss shown with“-”)	<b>773,857,169.47</b>	929,275,101.01	-16.72
Net profit/Loss attributable to owners of the Company – excluding non-recurring items (loss shown with“-”)	<b>673,242,747.10</b>	804,593,226.35	-16.33
Net cash flows from operating activities	<b>1,760,822,084.42</b>	1,903,351,786.08	-7.49

Item (Unit: RMB)	As at 30 Jun 2024 (Unaudited)	As at 31 Dec 2023 (Audited)	Change (%)
Owners' equity attributable to owners of the Company	<b>21,677,428,177.53</b>	22,357,997,457.11	-3.04
Total assets	<b>65,869,267,280.47</b>	67,507,469,090.77	-2.43

Item	2024 Interim (Unaudited)	2023 Interim (Unaudited)	Change (%)
Earnings/Loss per share – basic (RMB/share) (loss shown with“-”)	<b>0.312</b>	0.384	-18.75
Earnings/Loss per share – diluted (RMB/share) (loss shown with“-”)	<b>0.312</b>	0.384	-18.75
Earnings/Loss per share excluding non-recurring items – basic (RMB/share) (loss shown with“-”)	<b>0.266</b>	0.327	-18.65
Return on equity – weighted average (%)	<b>3.68</b>	4.85	Decrease 1.17 pct.pt
Return on equity excluding non-recurring items – weighted average (%)	<b>3.15</b>	4.12	Decrease 0.97 pct.pt

## Financial Highlights/Summary

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

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

### Non-recurring Profit/Loss Items and Amounts

		Unit: Yuan Currency: RMB
Non-recurring Item	2024 Interim	Notes
Gains or losses from disposal of non-current assets, including the offsetting portion of the provision for impairment of assets that has been provisioned for	149,241,054.97	Gains and losses arising from the disposal of equity in Yichang Company.
Government grants recognised in the profit or loss for the period, except for those which are closely related to the Company's normal business operation, qualified with the requirements under national policies and according to established standards, and continuously impact on the company's profit and loss	1,542,133.68	
Except for the effective hedging business in relation to the normal operation of the Company, profit and loss from fair value changes arising from the financial assets and the financial liabilities held by non-financial enterprises, and the profit and loss from the disposal of the financial assets and financial liabilities	-29,341,842.39	Mainly due to gains and losses arising from the change of the fair value of holding equity in participating companies.
Other non-operating income and expenditure excluding above items	4,965,340.93	
Less: Income tax effects	24,866,218.05	
Minority shareholder's interest effects(after taxes)	926,046.77	
<b>Total</b>	<b>100,614,422.37</b>	





## II. Financial Summary for Five Years

Financial Summary (Unit: RMB million, unless otherwise stated)					
Item	2023	2022 (Restated)	2021 (Restated)	2020 (Restated)	2019 (Restated)
Revenue	9,295	9,373	10,890	8,027	6,390
<i>Of which: Toll revenue</i>	5,375	4,978	5,893	4,387	4,722
Profit before interests and tax	4,105	3,597	4,419	3,463	3,400
Net profit	2,327	2,016	2,618	1,771	2,451
Net cash inflows from operating activities	4,095	3,369	3,757	1,059	1,658
Interest covered multiple (Times)	3.42	3.16	4.05	3.16	3.51
Earnings per share (RMB Yuan)	0.982	0.839	1.115	0.805	1.124
Cash dividends per share (RMB Yuan)	0.55	0.462	0.62	0.43	0.52

Item	As at 31 Dec 2023	As at 31 Dec 2022 (Restated)	As at 31 Dec 2021 (Restated)	As at 31 Dec 2020 (Restated)	As at 31 Dec 2019 (Restated)
Total assets	67,507	69,205	72,312	67,073	57,037
Total liabilities	39,509	41,841	40,772	36,837	33,995
Total equity	27,999	27,364	31,539	30,236	23,042
Debt-to-asset ratio (%)	58.53	60.46	56.38	54.92	59.60
Gross liabilities-to-equity ratio (%)	141.11	152.90	129.28	121.83	147.53
Net borrowings-to-equity ratio (%)	106.18	110.12	79.12	74.05	87.56
Net assets per share (RMB Yuan)	8.42	7.96	9.89	9.22	8.00

Note 1: The acquisition of controlling interests in Financial Leasing Company, Logistics Financial Company, and Longda Company was completed in 2020. The acquisition of 100% equity in SIICHIC (holding 71.83% equity in Bay Area Development and consolidating its financial statements) was completed in 2022. These companies were consolidated into the Group as entities under the same control in the year of acquisition, and retrospective adjustments were made to the consolidated financial statements for previous years.

### Description of Key Financial Ratios

Profit before interests and tax	=	Net profit + Income tax expenses + Interest expenses
Interest covered multiple	=	Profit before interests and tax/Interest expenses
Debt-to-asset ratio	=	Total liabilities/Total assets
Gross liabilities-to-equity ratio	=	Total liabilities/Total equity
Net borrowings-to-equity ratio	=	(Total amount of borrowings – Cash and cash equivalents)/Total equity



## **MANAGEMENT DISCUSSION AND ANALYSIS**

- 22 Main Businesses and Industry
- 27 Analysis of Core Competitiveness
- 28 Discussion and Analysis on Operations
- 41 Financial Analysis
- 63 Outlook and Plans





# Management Discussion and Analysis

## I. Main Businesses and Industry

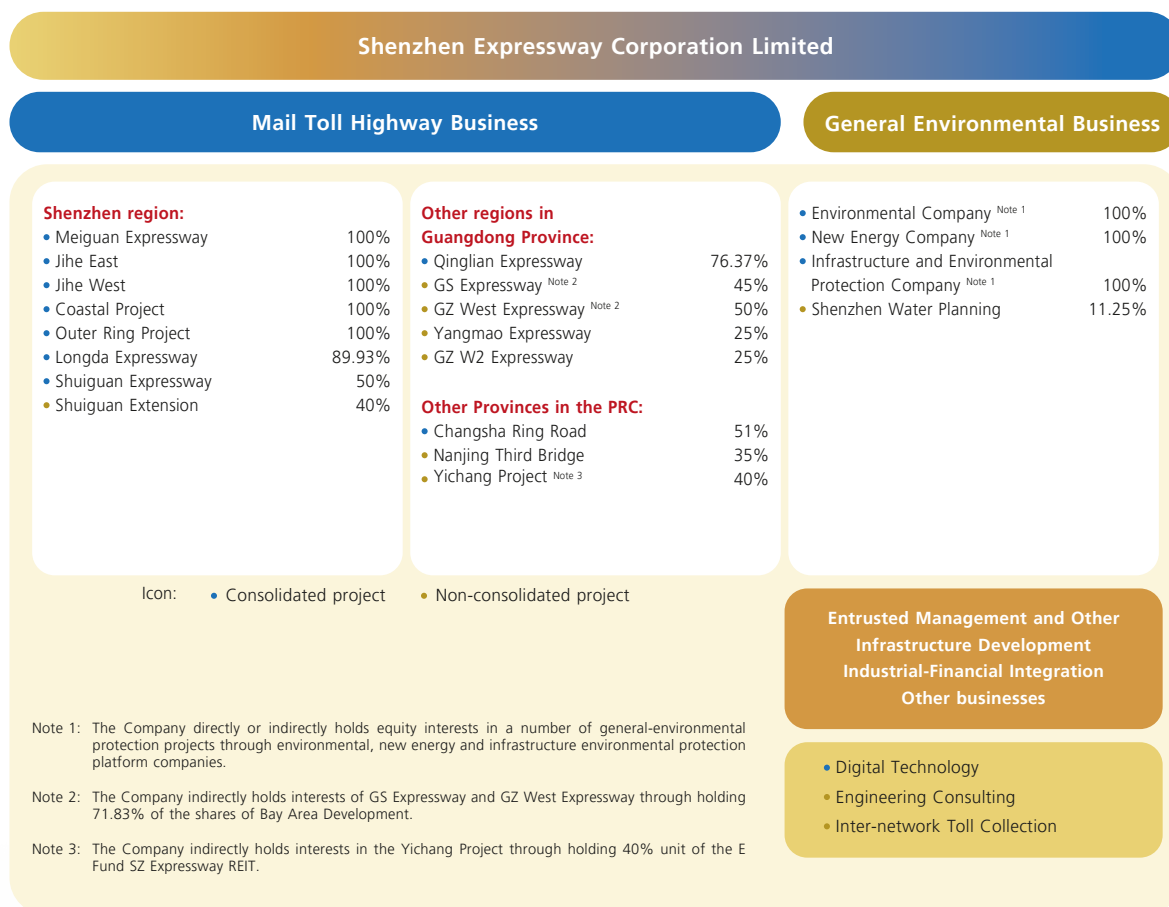
### (I) Overview of Main Businesses

The Company principally engages in the investment, construction, operation and management of toll highways, as well as the general environmental protection business. Currently, the general environmental protection business of the Group mainly includes recovery and solid waste management and clean energy power generation. The Group adheres to a market-oriented, specialised and industrialised approach, and has gradually established various business platforms for urban infrastructure, environmental protection, operation, construction and new energy which include Operation Development Company, a company principally engaging in highway operation and maintenance management services; the New Energy Company, a company principally engaging in the expansion of businesses relating to wind energy, photovoltaics and other new energy power generation; Environmental Company, a company principally engaging in the environmental protection business such as recovery and solid waste management; the Infrastructure and Environmental Protection Company, a company located in Shenshan Special Cooperation Zone, and providing large-scale infrastructure construction management services for the cooperation zone and environmental project investment within the cooperation zone; the Construction Company, a company principally engaging in the provision of project construction management services; the Investment Company, a company principally engaging in the business of infrastructure construction and joint comprehensive development of land; and the Industry Financial Management Department, which coordinates and manages the industrial-financial integration business of the Group. Through the aforesaid business platforms, the Group will give full play to its own competitive advantages in infrastructure investment and financing, construction, operation and integrated management. The Group will also actively extend its business scope upstream and downstream the industry chain of its dual core businesses of “toll highways + general environmental protection”, and develop other service-oriented businesses, such as operation maintenance, engineering management, industry finance and digital technology, striving for greater room for the development of the Group’s operations. Currently, the largest revenue and profit source for the Group is the toll highway business.





As at the end of the Reporting Period, the core businesses of the Group are set out as follows:





# Management Discussion and Analysis

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

In the first half of 2024, with the continuous release of the effects of national macroeconomic regulation policies, China's national economy continued to rebound and operated steadily overall. In the first half of 2024, China's GDP reached RMB61.68 trillion, a YOY increase of 5.0%, and total value of foreign trade imports and exports reached RMB21.17 trillion, a YOY increase of 6.1%. The long-term trend of steady economic development is conducive to the stability of overall demand for road transportation and logistics, and increases the demand for environmental protection businesses such as recovery and solid waste management and clean energy power generation to some extent. Source of data: government statistics information website

### 1. Toll Highway Business

Expressways are an important component of the national comprehensive transportation system, and play a crucial role in promoting industry restructuring, improving the quality of economic development, and the transportation efficiency of urban agglomerations and metropolitan areas, and establishing a fast and convenient urban-rural passenger and cargo transportation service system. As an important fundamental industry in national economic development, the expressway industry is characterised by being affected by macroeconomic fluctuations to a lesser extent, relatively rigid transportation demand, stable cash flows, etc.; compared to transportation modes such as railway and aviation, expressways have characteristics such as large capacity, fast travel, low travel costs, high flexibility, etc. They are particularly advantageous for short-distance or small-scale passenger and cargo transportation.

During the Reporting Period, there was no significant change in toll highway management policies. On 29 April 2024, the Ministry of Finance and the MOT issued the Notice on Supporting the Digital Transformation and Upgrading of Highway and Water Transportation Infrastructure (《關於支持公路水路交通基礎設施數字化轉型升級的通知》) jointly, proposing implementation goals for the digital transformation and upgrading of expressways, etc., and requiring that the deep integration between transportation infrastructure and digital technology be promoted to further improve the efficiency, safety, carrying capacity and service quality of transportation infrastructure.

Currently, the Group has invested in or operated 16 toll highway projects in total, with the total mileage of approximately 613 kilometres (on equity basis), mainly located in Shenzhen, the Guangdong-Hong Kong-Macao Greater Bay Area, and other economically developed regions. With its favourable geographical advantages, the Group is leading in terms of the scale and profitability of road assets among the listed domestic expressway companies. Currently, the Group is actively promoting the investment and implementation of major construction, reconstruction and expansion projects represented by Outer Ring Phase III and Jihe Expressway in order to keep enriching the Group's high-quality road assets. In addition, the Group actively promotes the research and application of intelligent transportation in response to the requirements of high-quality development. In recent years, the successfully developed road network monitoring and command scheduling system platform has been put into operation, providing an information application platform for realising road network operation monitoring and management, business collaboration, joint emergency response, and other operations; the integrated pavement information control platform for the Outer Ring Project self-developed by the Group has obtained a national computer software copyright and two national practical innovation patents; the development of the main functions of the BIM-based expressway construction management platform has been largely completed, and the BIM-based management platform for highway reconstruction and expansion projects, and waste treatment plants has been completed and is being optimised. To promote digitalisation, the Group has also established the Digital Technology Company together with Yunji Intelligent as the Group's digital transformation platform. The Group has expanded upstream and downstream industry chains moderately to deeply empower the development of its core businesses. For details of the industry position of the Group, please refer to "Analysis of Core Competitiveness" below.



## 2. **General Environmental Protection Business**

During the last strategic period, the Group set the goal of entering the general environmental protection industry for strategic transformation, the Group entered the environmental protection and clean energy business sector through cooperation with environmental protection enterprises while consolidating and improving the core business of toll highways. Moreover, it gradually focused on recovery and solid waste treatment and clean energy power generation industries through investment and M&A over the past few years, thereby gaining a preliminary presence in the general environmental protection industry. Being supported by national policies, the recovery and solid waste treatment and clean energy power generation industries are relatively more aligned with the resource advantages, and management and operation models of the Group in view of their heavy assets and stable business operations.

### ◆ **Recovery and solid waste treatment industry:**

In the first half of 2024, the national ministries and commissions concerned continued to promulgate a series of policies on ecological environment building, the recycling of renewable resources and solid waste, energy conservation, and carbon reduction, the construction of “zero-waste cities”, household waste disposal, etc. In February 2024, the State Council issued the Opinions of the CPC Central Committee and the State Council on Drawing on and Applying Experience in the Thousand Village Demonstration and Ten Thousand Village Regulation Project to Effectively Promote Comprehensive Countryside Revitalisation (《中共中央 國務院關於學習運用「千村示範、萬村整治」工程經驗有力有效推進鄉村全面振興的意見》), requiring the in-depth implementation of the action to improve the rural living environment to improve the sorted, collection, transfer and disposal system of rural household waste, and promote the coordinated recycling of rural organic household waste, agricultural organic waste and other materials; in the same month, the General Office of the State Council issued the Opinions on Accelerating the Establishment of a Waste Recycling System (《關於加快構建廢棄物循環利用體系的意見》), putting forward a series of requirements and supporting policies to promote the sorted recovery and recycling of social waste; in April 2024, the General Office of the Ministry of Ecology and Environment issued the Guidelines on the Disclosure of Information on the Prevention and Control of Solid Waste Pollution (《固體廢物污染環境防治信息發佈指南》), specifying the requirements for intervals, times and forms of information disclosure, and the specific scope of disclosed information on the main types of solid waste, which will help local governments better disclose information on the prevention and control of solid waste pollution. A series of industry policies implemented by the state will guide solid waste management towards a path of refinement and specialisation.

On the other hand, the state has issued systematic normative documents on cooperation mechanisms between the government and social capital recently. In November 2023, the General Office of the State Council forwarded the Guiding Opinions on Standardising the Implementation of New Cooperation Mechanisms between the Government and Social Capital (《關於規範實施政府和社會資本合作新機制的指導意見》) (the “Guiding Opinions”) issued by the NDRC and the Ministry of Finance, and attached the List of Franchised Construction (including Reconstruction and Expansion) Projects that Support the Participation of Private Enterprises (2023 Edition) (《支援民營企業參與的特許經營新建(含改擴建)項目清單(2023年版)》) (the “List”); in April 2024, and six other ministries and commissions including the NDRC issued the Administrative Measures for Infrastructure and Utility Franchised Operations (《基礎設施和公用事業特許經營管理辦法》) ([2024] Order No.17), which provided institutional design for franchised operations by reference to the Guiding Opinions. The Guiding Opinions encourage private enterprises to participate in cooperative construction (including reconstruction and expansion) projects between the government and social capital to the greatest extent possible, and propose some opinions, e.g., “Projects with a high marketisation level and a weak public nature should be solely owned or controlled by private enterprises; for projects concerning the national interests and the people’s livelihoods, and with a strong public nature, the equity stake of private enterprises should not be less than 35% in principle.” The List further stipulates that “waste solid waste treatment and waste incineration power generation projects” are projects that should be solely owned or controlled by private enterprises.

## Management Discussion and Analysis

In the field of recovery and solid waste management business, Bioland, a subsidiary of Environmental Company under the Group, is currently a major enterprise in the field of integrated organic waste treatment in China. As of the date of this report, Bioland had a total of 20 BOT concession projects of organic waste treatment. In addition, Environmental Company has invested in and manages two organic waste treatment projects in Shenzhen, namely Lisai Environmental and Guangming Environmental Park, and one in Shaoyang City, Hunan Province, in which the Shaoyang Project was put into trial operation in February 2023, and the Guangming Environmental Park Project in Shenzhen was put into trial operation in May 2024. As of the date of this report, the Group had a design organic waste treatment capacity of over 6,900 tons/day, ranking top in the domestic industry. As a new entrant in the recovery and solid waste management industry, the Group will further integrate management and build a professional talent team, strive to improve technological processes, and continually enhance core competitiveness and profitability with focus on improving the quality and efficiency of the existing projects.

### ◆ **Clean energy industry:**

The 14th Five-Year Plan for the Modern Energy System (《「十四五」現代能源體系規劃》) issued by the NDRC and the National Energy Administration proposes that the proportion of consumption of non-fossil energy sources should rise to 20% by 2025, and calls for the large-scale exploitation and high-quality development of wind and photovoltaic power generation. In March 2024, the NDRC issued Order No.15, stating that the Measures for the Regulation over the Fully Guaranteed Purchase of Electricity Generated from Renewable Energy Sources (《全額保障性收購可再生能源電量監管辦法》) would take effect from 1 April 2024, stipulating that on-grid electricity of renewable energy power generation projects includes electricity subject to guaranteed purchase and market trading, and further defining the responsibilities of relevant players in the electricity market, effectively regulating the guaranteed purchase of electricity generated from renewable energy sources and providing a supporting mechanism for promoting the large-scale healthy development of renewable energy. In March 2024, the National Energy Administration issued the Guidance Opinions on Energy Work in 2024 (《2024年能源工作指導意見》), requiring that the green and low-carbon transformation of energy should be implemented actively and effectively, and clearly proposing to “increase the proportion of power generation installed capacity of non-fossil energy sources to about 55% by 2024, and that of wind and solar power generation capacity to over 17% of the national total”. In May 2024, the State Council issued the 2024-2025 Action Plan for Energy Conservation and Carbon Reduction (《2024—2025年節能降碳行動方案》), proposing a specific action plan and quantitative indicators for strengthening the development of non-fossil energy sources, increasing the absorption capacity of renewable energy sources, and promoting the consumption of non-fossil energy sources. Specifically, it explicitly requires that the proportion of consumption of non-fossil energy sources should reach about 18.9% by 2024 and about 20% by 2025. In addition, authorities such as the National Energy Administration and the NDRC have also issued relevant policies and documents on wind power development and green electricity trading management. The relevant state policies to deepen the green and low-carbon transformation of energy will bring room for the sustained and stable development to the clean energy industry.

As at the end of the Reporting Period, the Group had wind power projects with an aggregate installation capacity of 668MW through investment and M&A, and had acquired a certain approved quota for wind power and photovoltaic development projects. The Company and a holding subsidiary of State Power Investment Corporation (SPIC) established a project company jointly to invest in and develop wind and photovoltaic power projects in the new energy field jointly; in addition, the Group holds 51% equity interests in Nanjing AVIS, which focuses on aftersales wind power operation and maintenance through a joint venture established together with SPIC Fujian Company; the Group also holds a financial leasing business license. Through early-stage layout planning, the Group has developed integrated business capabilities in the investment, operation, aftersales operation and maintenance, and financing of wind farm and photovoltaic projects. As a new entrant in the industry, the Group will strengthen the management and integration of merged and acquired enterprises, and continue to promote the stable development of the clean energy business.



## II. Analysis of Core Competitiveness

The major toll highway projects operated and funded by the Group possess outstanding location advantages and maintain a good condition of assets. Over the years, the Group has been dedicated to the sector of transportation infrastructure, built a good reputation in the industry, and gained extensive experience in the investment, construction, operation and management of large-scale infrastructure. Currently, the Group has identified its strategic development direction of the dual core businesses of toll highways and general environmental protection. In the meanwhile, it has been expanding its businesses in various fields such as infrastructure construction, project development and management, and financial services related to its core businesses. By giving full play to its professional management experience and innovation capability, and leveraging its good financing capability, the Group will gradually realise industry upgrading and transformation, and the synergistic development of its two core businesses, thus keeping improving its competitive advantages.

**State-owned infrastructure platform advantage in the Greater Bay Area:** Located in Shenzhen, the Company is a platform for the investment, construction, management and maintenance of highway and environmental infrastructure under the Shenzhen SASAC. The majority of the highway projects and certain environmental infrastructure projects funded and operated by the Company are located in the Guangdong-Hong Kong-Macao Greater Bay Area, providing the Company with a geographic advantage. The Company actively seizes major strategic opportunities arising from the development of the “two regions”, namely the Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen, as the Pioneering Demonstration Zone of Socialism with Chinese Characteristics. The Company focuses on the local plan for new urban construction and integrated infrastructure services, leverages the advantages as a state-owned platform to meet government demand, and actively acquires opportunities of participating in local high-quality highway and environmental infrastructure projects to further improve the room for the Company’s business development. The development of the “two regions” not only creates new project opportunities, but also continues to boost the demand for transportation and solid waste treatment, which invigorates the operating performance of the Company’s two core businesses; in addition, the Company actively explores the land development business along the highway projects in the Greater Bay Area based on the local urban agglomeration development plan, and leverages synergies to unleash the development value of land along these projects and increase the overall profitability of these projects.

**Comprehensive integrated management capability:** Since its establishment, the Company has been dedicated to the transportation infrastructure industry. Through the investment, construction, operation and management of large-scale infrastructure projects over these years, the Company has gained extensive experience in the investment, construction, operation and management of the heavy assets and franchise businesses, established a sophisticated investment decision-making system, and a construction and operation management system, and developed comprehensive integrated management capabilities from investment and construction to operation and maintenance. During the Reporting Period, based on this core competency, the Company, on one hand, carried out the construction, operation, maintenance and management of a number of public projects actively through participation in government bidding. On the other hand, upon entering the recovery and solid waste management and clean energy power generation business sectors with business models similar to those of toll highways, the Company continued to leverage its comprehensive integrated management capabilities in the heavy assets business, and preliminarily established its presence in related industries. In the future, the Company will further ramp up its professional and comprehensive integrated management capabilities in the business sector of general environmental protection to enhance its market competitiveness.



## Management Discussion and Analysis

**Innovation capability:** The Company has been focusing on innovation and development. In terms of business development strategy, by carefully studying the market environment and industry development trends, and leveraging its own characteristics, the Company has taken the innovative move of defining the general environmental protection industry as its second largest core business after its transformation and upgrading, and continued to deepen its implementation, laying a foundation for the Group's future sustainable development. In the field of transportation infrastructure, based on changes in the industry environment and target needs of stakeholders, the Group applies innovative business models such as the acquisition of toll highway services by the government, and joint investment in construction and expansion projects, which not only meet government needs for transportation planning, and economic and social development, but also bring reasonable business return to the Group, thereby realising the development and breakthrough of the Group's core business of toll highways. In addition, the Company has been focusing on innovation in professional fields, and studied and applied new technologies, materials, processes and models through innovative design and management concepts in key construction projects in collaboration with suppliers. It has overcome a large number of technical difficulties and made multiple scientific research achievements in the industry. Currently, in response to the current trend of rapid development in digital information technology, the Group actively promotes the research and application of intelligent transportation/environmental protection technologies. Actively utilising its innovation capability in various sectors, the Company strives for innovation and transformation to continually improve its operation and development performance.

**Good financing platform:** Listed in both Shanghai and Hong Kong, the Company has a good financing platform for the capital markets in both places. In the meanwhile, the Company has been maintaining high domestic and overseas credit ratings, and good long-term cooperative relationships with banks and other financial institutions, and establishing smooth financing channels, enabling it to raise funds for corporate development and control financial costs effectively. For details of the Company's financial strategies, capital management and financing arrangements, please refer to "Financial Analysis" below.

### III. Discussion and Analysis of Operations

During the Reporting Period, guided by the goals of the 14th Five-Year Strategy, the Group actively took measures to promote production and operation, improved production efficiency by multiple means, including tapping potential, improving quality and efficiency, and reducing costs, and carried out work related to the toll highway, environmental protection, and other related businesses effectively. During the Reporting Period, the Group achieved a revenue of RMB3.757 billion, a YOY decrease of 8.92%. Among them, toll revenue was approximately RMB2.434 billion, revenue from environmental protection businesses such as clean energy and recovery and solid waste management was approximately RMB735 million, and other revenue was approximately RMB588 million, accounting for 64.78%, 19.56% and 15.66% of the total revenue of the Group, respectively.





**(I) Toll Highway Business****1. Business Performance and Analysis**

The average daily traffic volumes and toll revenues of all toll highway projects operated and funded by the Group in the first half of 2024 are as follows:

Toll highways	Average daily mixed traffic volume (number of vehicles in thousands) <sup>(1)</sup>	YOY	Average daily toll revenue (RMB'000)	YOY
<b>Guangdong Province – Shenzhen Region:</b>				
Meiguan Expressway	158	-1.2%	410	0.4%
Jihe East	297	-5.0%	1,750	-3.9%
Jihe West	209	-1.9%	1,419	-2.7%
Coastal Project <sup>(2)</sup>	180	-1.2%	1,674	2.3%
Outer Ring Project	297	0.2%	3,072	-2.2%
Longda Expressway	165	1.5%	426	3.6%
Shuiguan Expressway	253	-4.0%	1,653	-2.1%
Shuiguan Extension	59	-6.6%	188	-10.4%
<b>Guangdong Province – Other Regions:</b>				
Qinglian Expressway	48	-4.9%	1,798	-5.6%
Guangshen Expressway <sup>(3)</sup>	604	-3.7%	7,709	0.3%
GZ West Expressway <sup>(3)</sup>	253	-3.2%	3,425	0.6%
Yangmao Expressway	55	1.4%	2,103	1.1%
GZ W2 Expressway	91	5.5%	1,323	3.4%
<b>Other Provinces in the PRC:</b>				
Changsha Ring Road	93	0.8%	700	-0.4%
Nanjing Third Bridge	38	-3.3%	1,481	0.8%
Yichang Project <sup>(4)</sup>	54	-13.4%	1,031	-13.0%

Note:

- (1) Traffic volume which is toll free during holidays is not included in the data of average daily mixed traffic volume. The income in the above table is tax-excluded.
- (2) According the freight compensation agreement entered by the Shenzhen Transportation Bureau, the Company and Coastal Company, during the period from 1 January 2021 to 31 December 2024, trucks passing through Coastal Expressway would be charged at 50% of the standard toll rates, and tolls waived by Coastal Company would be reimbursed by the government in March of the following year at a time.
- (3) The Group indirectly holds approximately 71.83% shares in Bay Area Development, which is indirectly entitled to 50% and 45% profit-sharing interests in GZ West and GS Expressways, respectively.
- (4) From 21 March 2024, the equity held by the Group in the Yichang Project has declined from 100% to 40%.

## Management Discussion and Analysis

In the first half of 2024, due to factors such as prolonged cold, rainy, snowy, freezing and other disastrous weather in central and eastern China, frequent typhoons and heavy rains in Guangdong Province, and an increase of 3 days in the number of toll-free days for small passenger cars on holidays compared to the same period last year, the Group's toll revenue underwent a slight YOY decline. Moreover, the operating performance of toll highways is also affected positively or negatively by such factors as industry policies, changes in surrounding competitive or coordinated road networks, the construction or maintenance of these projects themselves, the repair of connected or parallel roads, the implementation of urban traffic organisation plans, and other transportation modes. During the Reporting Period, the performance of the toll highway projects of the Group in different regions is summarised as follows:

(1) *Guangdong Province – Shenzhen Region:*

During the Reporting Period, the unusually heavy rain weather in Shenzhen had a negative impact on project construction, cargo transportation and public travel, affecting the operational performance of the Group's toll highway projects in Shenzhen greatly; Shenzhen is implementing the “east in east out and west in west out” strategy for transit cargo transportation between Shenzhen and Hong Kong at a faster pace, and further adjusting the functions of ports such as Man Kam To and Liantang, which has a certain diversion effect on the truck traffic of the Group's expressway projects in Shenzhen.

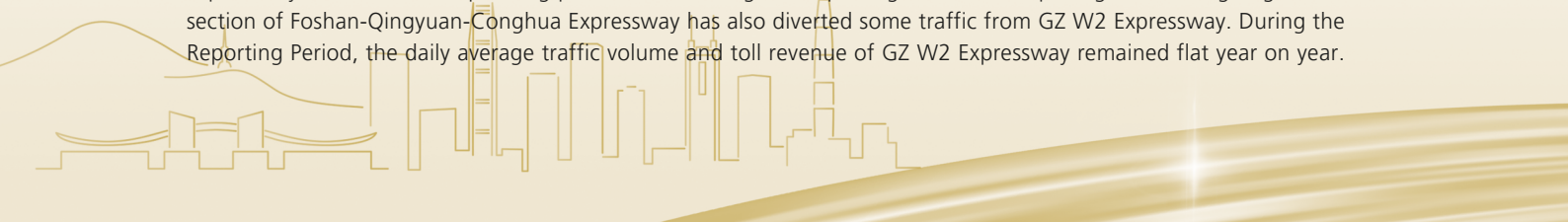
On 30 June 2024, the Group opened the Shenzhen side connecting line between Coastal Phase II and the Shenzhen-Zhongshan Link to traffic in synchronisation with the Shenzhen-Zhongshan Link. The Shenzhen-Zhongshan Link is a core transportation hub in the Guangdong-Hong Kong-Macao Greater Bay Area, connecting the three major parts of China (Guangdong) Pilot Free Trade Zone. As the only direct highway connecting two urban agglomerations (Shenzhen-Dongguan-Huizhou and Zhuhai-Zhongshan-Jiangmen) directly, the Shenzhen-Zhongshan Link shortens the drive between the east and west sides of the Pearl River Estuary to half an hour. The successful connection of the Shenzhen side connecting line to the Shenzhen-Zhongshan Link will realise direct interconnection among the Shenzhen-Zhongshan Link, Coastal Expressway, GS Expressway, Shenzhen Bao'an Airport and Jihe Expressway, further promote the deep integration between Shenzhen and both sides of the Pearl River Estuary, make it more convenient to go from Shenzhen to Zhongshan, Zhuhai and other places, and promote the operational performance of Jihe Expressway positively, but have a certain diversion effect of the Outer Ring Project.

(2) *Guangdong Province – Other Regions*

During the Reporting Period, the rainfall during the flood season in Guangdong Province was significantly higher than in previous years, which had a negative impact on the operational performance of the Group's toll highway projects in Guangdong Province.

At the year beginning, Qingyuan City and adjacent areas in Hunan Province also underwent multiple rounds of rainy, snowy and freezing weather, when traffic authorities imposed traffic control on expressways, which affected the toll revenue of Qinglian Expressway to some extent, with traffic diverted constantly to Guanglian Expressway (Guangzhou-Lianzhou). In addition, the Longtang-Aotou section of Foshan-Qingyuan-Conghua Expressway opened to traffic in early 2024. Since it is toll-free for the time being, it also diverts traffic from Qinglian Expressway. With the combined effect of the above factors, the daily traffic volume and toll revenue of Qinglian Expressway dropped during the Reporting Period.

GS Expressway is an important fast passage between Guangzhou and Shenzhen, and GZ West Expressway is a component of the ring expressway network of the Pearl River Delta. During the Reporting Period, these two expressways operated stably. However, the Shenzhen-Zhongshan Link will divert some traffic from GS Expressway after its opening. Benefiting from the interconnection of neighbouring highways that have opened to traffic successively, and the policies of promoting the tourism economy, etc. implemented by government agencies at all levels, Yangmao Expressway showed stable operating performance during the Reporting Period. The opening of the Longtang-Aotou section of Foshan-Qingyuan-Conghua Expressway has also diverted some traffic from GZ W2 Expressway. During the Reporting Period, the daily average traffic volume and toll revenue of GZ W2 Expressway remained flat year on year.



(3) *Other Provinces*

During the Reporting Period, Hunan and Jiangsu Provinces suffered sustained disastrous snowy, rainy and stormy weather successively, when traffic authorities imposed traffic control on expressways, which affected the operational performance of Yichang Expressway, Changsha Ring Road and Nanjing Third Bridge negatively; in addition, the issuance of the E Fund Shenzhen Expressway REIT was completed on 7 March 2024, the Group entered into an agreement to transfer its equity interests in Yichang Project Company, with 21 March 2024 set as the value date, where the Group's equity stake in Yichang Project Company would drop from 100% to 40% from 21 March 2024, and Yichang Project Company's financial statements would no longer be consolidated. During the Reporting Period, the closure of the connected roads for construction had a certain negative impact on the traffic volume of Nanjing Third Bridge.

**2. Business Development**

Shenzhen Outer Ring Expressway runs from east to west, and is mostly located in northern Shenzhen, with some sections located in Dongguan City, with a total length of approximately 93 kilometres. Among them, the Shenzhen section of Outer Ring Expressway (the "Outer Ring Project") funded and constructed by the Company has a total length of approximately 77 kilometres. The Outer Ring Project is implemented in three phases. The Shajing-Guanlan and Longcheng-Pingdi sections in Outer Ring Phase I with a total length of approximately 51 kilometres were completed and opened to traffic on 29 December 2020. The Pingdi-Kengzi section in Outer Ring Phase II that is approximately 9.35 kilometres long was completed and opened to traffic on 1 January 2022. On 14 July 2023, the Board approved the Company to continue investing approximately RMB8.447 billion in the construction of Outer Ring Phase III. During the Reporting Period, several contract sections of Outer Ring Phase III have commenced construction. As at the end of the Reporting Period, approximately 4.9% of the physical work progress has been completed. Outer Ring Project is important transportation infrastructure in the Guangdong-Hong Kong-Macao Greater Bay Area. Upon full completion, it will be connected to ten expressways and eight Class 1 highways in the Shenzhen region, serving as a crucial backbone line for east-west transportation connectivity in the northern part of Shenzhen. Upon completion of Outer Ring Phase III, on one hand, it can enrich the core highway assets of the Company and achieve the overall optimal economic and social benefits of the Outer Ring project. On the other hand, it can also bring traffic flow to other toll highways of the Group by improving the road network layout. For details about the Outer Ring Project, please refer to the relevant contents in the Company's announcements dated 14 July and 17 November 2023, and 16 January and 25 January 2024.

Coastal Phase II consists of the interchange of the International Convention and Exhibition Centre, and the Shenzhen side connecting line of the Shenzhong Link. The interchange of the International Convention and Exhibition Centre was completed and opened to traffic in 2019. The Shenzhen side connecting line of the Shenzhong Link has a total length of approximately 5.7 kilometres, with two interchanges at Airport Interchange and Hezhou Interchange. Running from east to west, it begins with the Huanghe toll station of Jihe Expressway, connecting with Jihe Expressway, and ends at the eastern artificial island of the Shenzhong Link, connecting with the Shenzhong Link. The Shenzhen side connecting line of the Shenzhong Link spans and connects a number of urban trunk roads, and involves complex pipelines and great construction difficulties. During the Reporting Period, the Group overcame the adverse impact of sustained thunderstorms on its construction, took multiple measures to strengthen construction management, and finally fulfilled the major task of synchronising the opening of the Shenzhen side connecting line of Shenzhong Link with Shenzhong Link on 30 June 2024. Upon full-line completion, Coastal Phase II will further enhance the interconnectivity of the main east-west trunk roads in Shenzhen, and the overall traffic capacity of the network of the "8 horizontal and 13 vertical" trunk roads in Shenzhen, which is significant for promoting the economic development of the Guangdong-Hong Kong-Macao Greater Bay Area.

## Management Discussion and Analysis

On 22 May 2024, the Board of the Company considered and passed the proposal on investing in the reconstruction and expansion project of the He'ao-Shenzhen Airport section of Shenyang-Haikou National Expressway. The Board approved the Company to invest approximately RMB19.23 billion in the Jihe Expressway reconstruction and expansion project. The proposal was passed at the extraordinary general meeting of the Company held on 11 June 2024. The Jihe Expressway reconstruction and expansion project will adopt the three-dimensional composite channel model, and consist of a ground-level layer and a three-dimensional layer, both constructed according to the standard for two-way eight-lane expressways. Upon completion, it will enhance the traffic capacity of the existing traffic lines of Jihe Expressway effectively, meet the integrated traffic demand of the Guangdong-Hong Kong-Macao Greater Bay Area and the Pearl River Delta, expand the scale of the Group's highway assets, and further strengthen the Group's core advantages in toll highway investment, construction and operation. For details, please refer to the Company's announcements dated 22 May and 11 June 2024, and the circular dated 27 May 2024.

Bay Area Development, in which the Company holds 71.83% equity interests, is entitled indirectly to 45% profit-sharing interests in GS Expressway. Since the traffic volume of GS Expressway is close to saturation, the Development and Reform Commission of Guangdong Province approved the reconstruction and expansion project of the Huocun, Guangzhou-Chang'an, Dongguan section of the Beijing-Hong Kong & Macao Expressway and the Huangcun-Huocun section in Guangzhou of Guangzhou-Foshan Expressway (the "Guangzhou-Dongguan Section Project") in August 2023. For details, please refer to the announcements of the Company and Bay Area Development dated 30 October 2023. During the Reporting Period, the construction of bridge pile foundations and other works was underway in the Guangzhou-Dongguan Section Project. For the business status of Bay Area Development during the Reporting Period, please refer to its interim report 2024.

The Company plans to issue no more than 654 million A-shares ("this issuance") to no more than 35 (inclusive) specific targets that comply with the regulations of the CSRC based on the Company's financial status and investment plan. The total amount of funds raised in this issuance is expected to be no more than RMB4.9 billion, and will be used for the investment and construction of the Outer Ring Project, and the repayment of interest-bearing liabilities after the deduction of issuing expenses. The application for this issuance was accepted by the SSE on 22 May 2024. Since the validity period of the resolution of the shareholders' meeting for this issuance and the authorisation approved by the Company's First Extraordinary General Meeting 2023 will expire on 20 September 2024, the Company held a Board meeting on 26 July 2024 to consider and approve 'the resolution in relation to the extension of the validity period of the resolutions and mandate in relation to the Issuance of A Shares to Specific Target'. This proposal still needs to be submitted to the Company's Shareholders' Meeting, Class Meetings, and the Shenzhen International Shareholders' Meeting for consideration and approval. This issuance has to be considered and approved by the SSE, and approved for registration by the CSRC before implementation. For details, please refer to the Company's relevant announcements and disclosure documents of the Company dated 14 July and 20 September 2023, and 25 January and 26 July 2024, the circulars dated 24 August 2023 and 23 August 2024, as well as the meeting materials of the First Extraordinary General Meeting 2023 and the First Class Meeting 2023 of holders of A shares, and the meeting materials of the Third Extraordinary General Meeting 2024 and the First Class Meeting 2024 of holders of A shares.

The issuance of the E Fund Shenzhen Expressway REIT was completed on 7 March 2024, with 300 million fund shares with a total amount of RMB2.0475 billion finally raised at an issuing price of RMB6.825 per share. Among them, the Company, as the original equity holder, participated in the strategic placement and subscribed for 120,000,000 shares, accounting for 40% of the total issued shares. The E Fund Shenzhen Expressway REIT was listed on the SSE on 29 March 2024 under the transaction code "508033" and the full abbreviation "E Fund Shenzhen Expressway REIT". The fund is a real estate investment trust established with Yichang Expressway and its ancillary facilities as underlying assets. For details, please refer to the Company's announcements dated 18 August and 17 November 2023, and 2 January, 31 January and 13 March 2024.

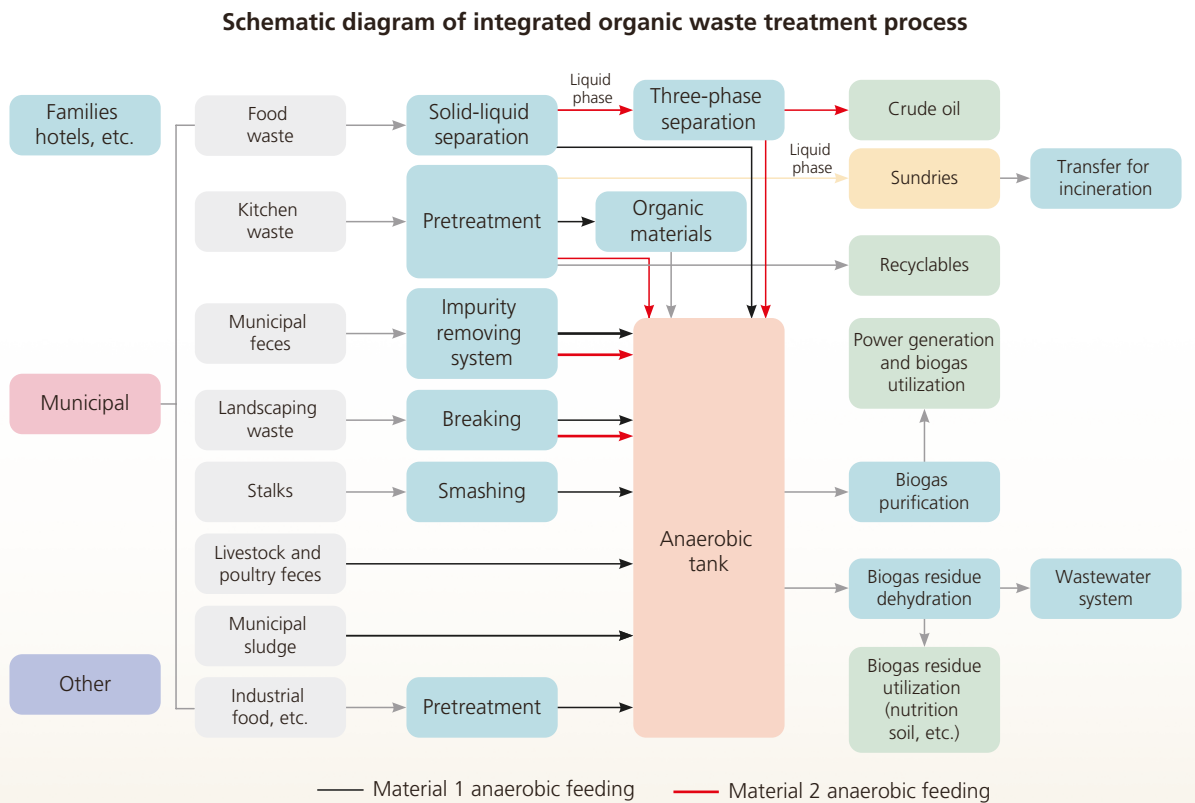


**(II) General Environmental Protection Business**

While consolidating and enhancing the core business of toll highways, the Group also take the general environmental protection industries such as recovery and solid waste management and clean energy power generation as its second main business, striving to explore a broader space for the Group’s long-term development. The Group has established Environmental Company and the New Energy Company as the main investment management platforms for expanding the general-environmental protection industry.

**1. Recovery and Solid Waste Management**

The national environmental protection policies support the organic waste treatment industry. The Group defines organic waste treatment as a key segment prioritised for development in the general-environmental protection industry in its 14th Five-Year Strategy, and strives to become a segment leader with industry-leading technology and scale advantages. As of the date of this report, the Group had a design organic waste treatment capacity of over 6,900 tons/day, operating in BOT and other models, providing harmless treatment of organic solid and domestic waste (including food, kitchen and landscaping waste, etc.) to government customers, and selling recycled products to downstream customers. The schematic diagram of the integrated organic waste treatment process of the Group is as follows:





## Management Discussion and Analysis

Bioland, a subsidiary in which the Company indirectly holds 92.29% equity interests, provides customers with systematic integrated solutions in municipal organic waste treatment based mainly on the efficient anaerobic reaction process, MBR membrane bioreactors and derivative processes. Its main business scope includes the investment and operation of organic waste treatment projects, environmental project contracting (EPC), equipment manufacturing and marketing, etc. As of the date of this report, Bioland had 20 organic waste treatment projects in total, with a total design kitchen waste treatment capacity of over 4,800 tons/day, in which 13 (with a total design capacity of 3,020.5 tons/day) have entered commercial operation, while some projects are in the trial operation or commissioning stage. In 2023, the Group adjusted the business structure of Bioland, clarifying a business strategy focused on operating activities, and gradually scaled back and terminated severely loss-making EPC engineering and equipment manufacturing businesses. During the Reporting Period, Bioland's operating revenue grew to some extent, mainly due to stabilisation of trial operations and commissioning projects as well as an increase in grease sales volume. However, due to factors such as low oil and grease sales prices, insufficient waste collection and transfer in some projects leading to lower production rates, high project preparation costs, and the slower-than-expected progress of construction projects still under contract affected the results, Bioland has not yet achieved profitability in the first half of 2024. Next, Bioland will focus on improving the quality and efficiency of the existing projects, promoting technological process improvements, increasing the output of recycled products, strengthening cost and expense control, and standardising management in order to improve profitability.

The Guangming Environmental Park Project which is wholly-owned by the Company and located in Guangming District, Shenzhen, is currently the largest single kitchen waste treatment project in Shenzhen, with a treatment capacity of 1,000 tons/day for organic waste, 100 tons/day for bulk waste (waste furniture) and 100 tons/day for landscaping waste. It can simultaneously carry out harmless treatment and resource utilisation of catering waste and kitchen waste. The initial concession period is set for 10 years and can be extended for 5 years upon passing assessment and approval by the district government. The Guangming Environmental Park Project applies the treatment process of "pre-treatment + anaerobic fermentation + biogas power generation", which can solve the problem of secondary pollution to the environment by by-products arising from kitchen waste treatment, and realise the recycling and harmless treatment of organic waste. Guangming Environmental Park entered the trial operation stage in May 2024.

Lisai Environmental, which is indirectly controlled as to 70% by the Company, has the concession for the urban biomass waste treatment BOT project in Shenzhen (the "Biomass Project"), and its concession service area is Longhua District, Shenzhen. The Biomass Project is located in Yunan Environmental Park, Longgang District, Shenzhen, and is a key project under the 863 Program during the 11th Five-Year Plan period, with an original design treatment capacity of 500 tons of biomass waste per day. The concession period for kitchen waste treatment is "10+5" years, and that for municipal sludge treatment is 25 years. Lisai Environmental was officially put into commercial operation in December 2017, and has been entrusted by competent authorities to assist in treating some kitchen waste in Futian District. After its acquisition by the Group, the production lines of Lisai Environmental have undergone technological transformation. After the transformation, its kitchen waste treatment capacity will be increased to 650 tons/day, and its oil and grease treatment capacity will be increased by 30 tons/day.

The Shaoyang Project, which is indirectly controlled as to 100% by the Company and located in Daxiang District, Shaoyang City, Hunan Province, has a design treatment capacity of 200 tons/day and a concession period of 30 years, and operates in the "TOT" (Transfer-Operate-Transfer) model. The trial operation of the Shaoyang Project began on 28 February 2023.



During January-June 2024, the key operating data of the Group's organic waste treatment projects is as follows:

Organic waste			Organic waste treatment capacity (thousand tons)	Operating income (RMB'000) <sup>(1)</sup>
Project	Shareholding ratio of the Group	Revenue consolidation ratio	January-June 2024	January-June 2024
<b>I. Bioland</b>				
<b>(I) Projects put into commercial operation</b>				
Guiyang Project	100%	100%	83.99	46,261.12
Nanning Project	100%	100%	91.90	48,805.68
Dezhou Project	100%	100%	57.52	16,342.40
Taizhou Project	100%	100%	46.46	15,527.30
Zigong Project	84.57%	100%	28.57	22,225.89
Zhuji Project	90%	100%	38.23	12,601.60
Longyou Project	100%	100%	30.98	1,915.54
Handan Project	90%	100%	22.51	8,274.76
Other projects	70~100%	100%	73.15	41,331.02
<b>(II) Projects at the trial operation or commissioning stage <sup>(2)</sup></b>				
Inner Mongolia Project	51%	100%	40.33	20,478.04
Other projects	89~90%	100%	14.88	5,156.21
<b>Subtotal of projects of Bioland</b>			<b>528.52</b>	<b>238,919.55</b>
<b>II. Lisai Environmental</b>			<b>70%</b>	<b>100%</b>
			<b>101.63</b>	<b>68,100.74</b>
<b>III. Shaoyang Project (trial operation)</b>			<b>100%</b>	<b>100%</b>
			<b>23.90</b>	<b>19,267.62</b>
<b>IV. Guangming Environmental Park (trial operation)</b>			<b>100%</b>	<b>100%</b>
			<b>7.13</b>	<b>4,275.83</b>
<b>Total</b>			<b>661.17</b>	<b>330,563.74</b>

Notes:

- (1) In the above table, operating income includes the estimated subsidy income calculated based on waste treatment volume. Such data is compiled based on the Group's internal information and has not been audited, so it may differ from the actual data and is for reference only. Investors are advised to use such data prudently.
- (2) The Inner Mongolia Project and Beihai Project under Bioland entered the trial operation stage in August 2022 and July 2023, respectively, while the Chuzhou Project entered the commissioning stage in July 2023.

## Management Discussion and Analysis

Shenshan Qiantai in which the Company indirectly holds 63.33% equity interests is qualified for dismantling scrapped motor vehicles, and can provide scrapping, recycling and disposal services for gasoline-powered vehicles, and integrated resource utilisation services for new energy vehicles and retired power batteries. During the Reporting Period, Shenshan Qiantai focused on the development and application of standard low-power and construction machinery batteries, obtained six new licensed patents, and received a certificate of conformity for tiered power battery products of new energy vehicles successfully. In terms of power battery recovery and marketing, Shenshan Qiantai did not perform as well as expected due to the sustained decline of prices of lithium battery materials and the slowdown of demand growth of the power battery market. In the scrapped vehicle business, costs of scrapped vehicle recovery kept rising in the first half year, but the decline in market prices of scrap metals coupled with the decline in power battery prices further drove down the profit margin of vehicle dismantling. Affected by the above factors, the performance of Shenshan Qiantai during the Reporting Period did not meet expectations.

### 2. Clean Energy

As at the end of the Reporting Period, the cumulative installed capacity of the wind power projects invested and operated by the Group that have been connected to the power grid amounted to approximately 668MW. During the Reporting Period, due to factors such as reduced wind resources and an increased wind curtailment rate, the on-grid power supply and wind power generation revenue of the Baotou Nanfeng Project dropped year on year. Since wind resources were better compared to the same period last year in general, the on-grid power supply and wind power generation revenue of the Xinjiang Mulei Project increased year on year. The main operating data of the Group's wind power generation projects during January-June 2024 is as follows:

Wind power generation			On-grid power supply (MWh) <sup>(1)</sup>	Wind power generation revenue (RMB'000) <sup>(1)</sup>
Project	Proportion of the Group's equity interests	Revenue consolidation ratio	January-June 2024	January-June 2024
Baotou Nanfeng Project	100%	100%	305,515.09	94,490.08
Xinjiang Mulei Project	100%	100%	378,454.02	171,371.80
Yongcheng Zhuneng Project	100%	100%	40,323.15	13,485.06
Zhongwei Gantang Project	100%	100%	57,362.09	14,626.63
Zhangshu Gaochuan Project	100%	100%	21,392.45	7,602.20
Huai'an Zhongheng Project	20%	–	92,554.70	41,404.79

Note:

- (1) On-grid power supply is calculated based on the settlement cycle of the power grid, and the operating revenue of some projects includes the electricity price subsidy income calculated based on on-grid power supply. Such data is compiled based on the Group's internal information and has not been audited, so it may differ from the actual data and is for reference only. Investors are advised to use such data prudently.



During the Reporting Period, the New Energy Company conducted an investment feasibility study and other tasks for the wind power and photovoltaic projects that obtained an approved quota. In addition, the New Energy Company, and the Infrastructure and Environmental Protection Company established Shengneng Technology in 2023 jointly to develop and construct the “integrated photovoltaic, storage and charging” project in Qiantai Industrial Park of Shenzhen Expressway. This project had entered the power grid inspection stage as at the end of the Reporting Period, and is expected to be connected to the power grid for operation in the second half of the year.

During the Reporting Period, Nanjing Wind Power mainly provided aftersales operation and maintenance services for the wind farms invested by the Group, and also supported the New Energy Company’s market expansion efforts for wind power and photovoltaic projects. Due to factors such as the suspension of the original wind turbine manufacturing and sales business, provision for asset impairment, and expected liabilities, Nanjing Wind Power’s operating performance was unsatisfactory. Currently, Nanjing Wind Power is focusing on asset revitalisation and fund recovery, and also adjusting its business structure to focus on wind farm operation and maintenance services striving to improve its operational capabilities.

### **3. *Water Environment Governance and Others***

Environmental Company, a wholly-owned subsidiary of the Group, holds 20% equity interests in Derun Environment. Derun Environment is a comprehensive environmental investment enterprise, with holding subsidiaries such as Chongqing Water (stock code: 601158) and Sanfeng Environment (stock code: 601827) which are listed on the domestic main board. The major business segments include water supply and wastewater treatment, waste incineration power generation, environmental restoration, etc. For the main businesses and operation of Chongqing Water and Sanfeng Environment, please refer to their interim reports 2024.

The Group holds 11.25% equity interests in Shenzhen Water Planning. Shenzhen Water Planning was listed on the Growth Enterprise Market of the Shenzhen Stock Exchange in August 2021 (stock code: 301038). For the business development of Shenzhen Water Planning, please refer to its interim report 2024.

For the profitability of the general environmental protection projects during the Reporting Period, please refer to the relevant contents in “Financial Analysis” below and Notes V46 and V49 to the Financial Statements in this report.

## **(III) *Entrusted Management and the Development of Other Infrastructure***

The Group has continually launched or participated in the construction, operation and maintenance management business (also known as the entrusted construction and management business) with the expertise and experience gained in the field of highway construction and operation over these years. In addition, the Group has also participated in the construction and development of local infrastructure and land along highways prudently so as to obtain reasonable return.

### **1. *Entrusted Construction Business***

During the Reporting Period, the Group’s main construction project was the Shenshan Environmental Park Project. Tonggang Avenue has been completed and opened to traffic on 1 June 2024. The public supporting facilities and waste transfer station in the park have been approved for construction, and active preparations are underway. The Longli River Bridge (formerly known as the Duohua Bridge) in Longli County, Guizhou Province, an entrusted construction project of the Group, was completed and handed over to the local government on 27 April 2024. The Bimeng Project was completed and subject to the final inspection during the Reporting Period.

## Management Discussion and Analysis

### 2. *Entrusted Management Business*

Operation Development Company, a wholly-owned subsidiary of the Group, mainly engages in such operations as highway operation, maintenance and management. The Engineering Development Company controlled by Operation Development Company mainly engages in operations related to upstream and downstream industry chains, such as highway and municipal road maintenance and construction. It has the Class I general contracting qualification for highway project construction, and is the implementing entity that provides professional and market-oriented maintenance technologies and services for the Group.

During the Reporting Period, Operation Development Company won the bid for the 2024 property operation and maintenance project of the Baguang Toll Station of Yanba Expressway again, with a contract amount of RMB17.93 million, and the bid for the integrated management and maintenance project of the south section of Qingping Expressway Phase II, with a contract amount of RMB17.24 million per year under the “annual renewal in three years” model. The Engineering Development Company won the bid for two sections of the routine road facility maintenance project in Longgang District at the end of 2023. The project’s contract is effective from 1 January 2024 to 31 December 2026, and will be renewed annually, with a total estimated contract amount of approximately RMB507 million for three years.

Operation Development Company carried out all operation and maintenance work in strict conformity with the contractual requirements and was rated excellence by the transportation management authority of Shenzhen City in the 2032-2024 contract year performance evaluation.

By actively expanding upstream and downstream management, operation and maintenance markets, the Group has not only expanded its sources of income, but also developed the ability to provide professional highway management and maintenance services to society, laying a solid foundation for the Group’s future market expansion. For details of the profits, revenues and expenses of all entrusted management projects during the Reporting Period, please refer to the relevant contents in “Financial Analysis” below and Note V46 to the Financial Statements in this report.

### 3. *Development and Management of Land Projects*

Since 2012, the Group has been attempting land development linked with the highway main business and urban renewal brought by the land planning adjustments along the highways, in order to activate land assets and enhance the value of asset utilisation, serving as a beneficial supplement to highway project investments and the Group’s business.

#### (1) *Guilong Regional Development Project*

The project under independent secondary development by Guishen Company is known as “Youshan Villa”. As at the end of the Reporting Period, the de-stocking rate of the supporting commercial properties in Block B of Youshan Villa Phase II and the residential units in Block A of Phase III were approximately 85% and 99%, respectively. Block C of Phase III had been completed, in which all supporting commercial properties had been sold out and the low-rise apartment house is currently on sale. The supporting commercial properties in Block B of Phase III were under construction. In addition, the approximately 350 mu of land still held by Guishen Company in the Longli Project is under planning.

#### (2) *Meilin Checkpoint Renewal Project*

United Land, in which the Company holds 34.3% equity interests, principally engages in the investment, development and operation of the Meilin Checkpoint Renewal Project. The Meilin Checkpoint Renewal Project is developed in three phases. The residential units in Phase I Hefengxuan, Phase II Heyaxuan and Phase III Hesongxuan have been sold out. The project also includes a complex building of offices, commercial properties and business apartments with an area of approximately 190,000 square meters. As at the end of the Reporting Period, the project had been completed except for the offices, and the sell-through rate of the business apartments was approximately 41%. The commercial units are mainly self-operated, with a small part offered for sale; the offices are not offered for sale yet.





(3) *Xintang Project*

Before its acquisition by the Company, Bay Area Development had actively explored opportunities of land development along toll highways. In October 2019, Bay Area Development signed an agreement with its partner shareholder Guangdong Highway Construction Co., Ltd. on the development of land along GS Expressway, specifying that Bay Area Development held 37.5% of land development rights in Guangzhou and 57.5% in Shenzhen, while land development rights in Dongguan would depend on the dominating party.

The Xintang Project is the first land development project in which Bay Area Development participates, in which Bay Area Development indirectly holds 15% equity interests after the introduction of the partner shareholder. The project involves the comprehensive development of approximately 196,000 square meters of traffic land in Xintang Town, Zengcheng District, Guangzhou formerly used for GZ expressway. Its residential and supporting facilities are to be constructed in three phases. As at the end of the Reporting Period, Phase I of the Xintang Project had been completed, and was at the inspection and handover stage, and the image progress of Phase II reached approximately 95%. For details of the Xintang Project, please refer to the Company's announcement dated 10 August 2021 and the interim report 2024 of Bay Area Development.

**4. Development and Management of Other Infrastructure**

The Guangming Wellness Project comprises the Guangming Xincun Community Integrated Service Centre Pilot Project (光明新村社區綜合服務中心試點項目) and the Fenghuang Jiulongtai Community Integrated Service Centre Pilot Project (鳳凰玖龍台社區綜合服務中心試點項目) (collectively referred to as the "Two Guangming Community Projects"), as well as the Guangming District Social Welfare Home Project (光明區社會福利院項目), with a concession cooperation period of 20.5 years (including a construction period of 0.5 year). Among them, the Guangming Two Communities Projects are positioned as community embedded elderly care service complexes, and were officially put into operation in July 2022, providing comprehensive convenience services such as community canteens, childcare, elderly activities and public welfare services; the Guangming District Social Welfare Home Project was put into operation in April 2023.

**(IV) Industry and Finance Integration**

The Company holds approximately 3.44% of the shares of Bank of Guizhou (stock code: 06199.HK). For the business development of Bank of Guizhou, please refer to its interim report 2024.

Providing financial leasing services to the core businesses, and upstream and downstream businesses of the Group through the Financial Leasing Company is an important way for the Group to realise "industry and finance integration", and the business collaboration strategy. During the Reporting Period, the Financial Leasing Company signed a new contract for a financing leasing project of RMB185 million. As at the end of the Reporting Period, the total amount of the signed contracts still performed by the Financial Leasing Company was RMB2.4 billion, in which approximately RMB2.278 billion had been disbursed.

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

## Management Discussion and Analysis

The Company holds approximately 7.48% equity interests in Shenzhen State-owned Assets Collaborative Development Private Fund Partnership (Limited Partnership) (深圳國資協同發展私募基金合夥企業(有限合夥)) (“State-owned Assets Collaborative Development Fund”). The overall size of the fund is RMB4.01 billion, in which the Company’s contribution is RMB300 million. The fund is managed by Shenzhen Kungpeng Zhanyi Equity Investment Management Co., Ltd. (深圳市鯤鵬展翼股權投資管理有限公司), and invested mainly in utilities including environmental protection, new energy and infrastructure, as well as financial and strategic emerging industries.

### (V) Other Businesses

As at the end of the Reporting Period, the Company held 22% equity interests in Yunji Intelligent (formerly known as the “Consulting Company”), which has the qualification and capability of providing consulting services throughout the process of project investment and construction.

The Group holds 51% equity interests in the Digital Technology Company, which mainly engages in information and digital operations, such as transportation infrastructure, environmental protection and clean energy. During the Reporting Period, this company was implementing 11 information system construction projects within the Group and two external market projects.

As at the end of the Reporting Period, the Group held 10.2% equity interests in Unitoll Services in aggregate. Unitoll Services principally engages in the electronic clearing business for toll highways in Guangdong Province, including the investment and management of electronic toll collection and clearing systems, services, and the marketing of relevant products.

During the Reporting Period, the above businesses progressed steadily in general. Due to limitations in scale or investment model, the revenue and profit contribution of these businesses currently account for a small proportion in the Group. For details of other businesses during the Reporting Period, please refer to the relevant contents of Notes V12, 13, 46, 49 and 50 to the Financial Statements in this report.



## IV. Financial Analysis

In the first half of 2024, the Group recorded a net profit attributable to shareholders of the parent company (“net profit”) of RMB773,857,000 (2023 interim: RMB929,275,000), representing a YOY decrease of 16.72%, mainly due to the increase in fair value changes of equity interests held in associated companies and the provision for asset impairment losses.

### (I) Analysis of Main Businesses

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

Unit: '000 Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year	Change (%)
Revenue	<b>3,756,892</b>	4,124,880	-8.92
Cost of services	<b>2,315,667</b>	2,480,614	-6.65
Selling expenses	<b>6,695</b>	11,826	-43.39
General and administrative expenses	<b>170,719</b>	182,666	-6.54
Financial expenses	<b>559,049</b>	664,489	-15.87
Research and development expenses	<b>13,799</b>	13,910	-0.80
Investment income	<b>579,660</b>	364,156	59.18
Income tax expenses	<b>248,547</b>	270,245	-8.03
Net cash flows from operating activities	<b>1,760,822</b>	1,903,352	-7.49
Net cash flows from investing activities	<b>365,153</b>	461,869	-20.94
Net cash flows from financing activities	<b>-1,878,358</b>	-2,005,187	-6.33

## Management Discussion and Analysis

**Reasons for change in revenue:** mainly due to the YOY decrease in toll revenue, construction service revenue under concession arrangements, and revenue from entrusted construction services.

**Reasons for change in cost of services:** mainly due to delayed project progress, resulting in the decrease in construction service costs.

**Reasons for change in selling expenses:** mainly due to the streamlining of personnel and expenses in the environmental protection sector, leading to a decrease of relevant fee.

**Reasons for change in management expenses:** mainly due to the offsetting of part of the bonuses based on the actually paid amounts in the previous years and the control of management expenses.

**Reasons for change in financial expenses:** mainly due to the decrease in exchange losses arising from the YOY lower RMB depreciation, and the YOY decrease in interest expenses arising from the decrease in the borrowing scale.

**Reasons for change in research and development expenses:** mainly due to the decreased number of research and development projects, resulting in the decrease in research and development expenses.

**Reasons for change in investment income:** mainly due to the recognition of the gain on the disposal of equity interests in Yichang Company, and the increase in the return on investment of Bay Area Development attributable to joint ventures arising from the adjustment of the unit amortisation amount of highway assets.

**Reasons for Change in Income Tax Expenses:** mainly due to the YOY decrease in total profits, resulting in a corresponding YOY decrease in income tax expenses.

**Reasons for change in net cash flows from operating activities:** mainly due to the fact that the Group's net cash flows from operating activities of Yichang Company are no longer consolidated after it completed the disposal of its controlling interests in Yichang Company at the end of March 2024, and the YOY decrease in tariff subsidies received by the wind farm projects in the current period compared with the same period last year.

**Reasons for change in net cash flows from investing activities:** mainly due to the receipt of matured structured deposits from previous years in the same period last year.

**Reasons for change in net cash flows from financing activities:** mainly due to the combined effect of the YOY increase in the scale of interest-bearing liabilities repaid in the current period and the payment of dividends later than the same period last year.

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





## 2. Analysis of Revenue and Cost

### (1) Reasons for Change in Revenue:

During the Reporting Period, the Group recorded revenue of RMB3,756,892,000 (2023 interim: RMB4,124,880,000), representing a YOY decrease of 8.92%, mainly due to the YOY decrease in toll revenue, construction service revenue under concession arrangements, and revenue from entrusted construction services. The detailed analysis is as follows:

Unit: '000 Currency: RMB

Revenue item	Amount for the current period	Proportion (%)	Amount for the corresponding period of last year	Proportion (%)	YOY change (%)	Description
Revenue from main business – toll highways	2,433,893	64.78	2,598,948	63.01	-6.35	(1)
Revenue from main business – clean energy power generation	301,576	8.03	347,536	8.43	-13.22	(2)
Revenue from main business – solid waste recycling – kitchen waste treatment	309,146	8.23	282,309	6.84	9.51	(3)
Revenue from main business – solid waste recycling – vehicle dismantling and comprehensive battery utilisation	119,513	3.18	112,383	2.72	6.34	(4)
Revenue from main business – other environmental protection businesses	4,446	0.12	10,180	0.25	-56.33	(5)
Revenue from other businesses – entrusted construction and management	116,716	3.11	184,806	4.48	-36.84	(6)
Revenue from other businesses – real estate development	7,807	0.21	14,103	0.34	-44.64	(7)
Revenue from other businesses – revenue from construction services under concession arrangements	287,491	7.65	403,765	9.79	-28.80	(8)
Revenue from other businesses – other businesses	176,286	4.69	170,849	4.14	3.18	(9)
<b>Total revenue</b>	<b>3,756,892</b>	<b>100.00</b>	<b>4,124,880</b>	<b>100.00</b>	<b>-8.92</b>	

## Management Discussion and Analysis

### Description:

- (1) The revenue from toll highways decreased by 6.35%, mainly due to the impact of the rainy and freezing weather at the year beginning, an increase of three days in the toll-free period for small passenger cars on expressways during statutory holidays compared to the same period last year, and Yichang Company no longer being consolidated into the Group's financial statements starting from 21 March 2024, resulting in a decrease in the Group's toll revenue for the current period compared to the same period last year.

For a detailed analysis of the operational performance of various projects during the Reporting Period, please refer to in "Discussion and Analysis of the Operations" above. A breakdown of revenue by specific items is set out in "Breakdown of Main Businesses by Industry, Product and Region" below.

- (2) The revenue from clean energy power generation decreased by 13.22%, mainly due to the decrease in power generation revenue from some wind power projects resulting from the increase in wind abandonment rate and the decrease in wind resources.
- (3) Revenue from kitchen waste treatment increased by 9.51%, mainly due to the increase in revenue from the operation of the kitchen waste treatment projects of Bioland and Shaoyang Project.
- (4) The revenue from vehicle dismantling and comprehensive battery utilisation increased by 6.34%, mainly due to the increase in the business volume of Shenshan Qiantai, resulting in higher revenue.
- (5) The revenue from other environmental protection businesses decreased by 56.33%, mainly due to the decrease in the waste classification consulting business of Lisai Environmental, resulting in a decline in revenue.
- (6) The revenue from entrusted construction and management decreased by 36.84%, mainly due to the sustained rainy weather in Guangdong Province in the second quarter, which delayed project progress and reduced construction projects, resulting in a YOY decrease in the recognised revenue from entrusted construction and management.
- (7) The revenue from real estate development recorded a YOY decrease of 44.64%, mainly due to the decrease in the number of delivered units in the current period of Guilong Real Estate Development Project ("Guilong Development Project").
- (8) The Group recognised the revenue from construction services provided under concession arrangements in projects such as kitchen waste treatment, Coastal Phase II, Jihe Expressway reconstruction and expansion, and Outer Ring project, etc., pursuant to the Interpretation of Accounting Standards for Business Enterprises (No.14). The volume of works of the projects implemented during the current period was lower than that of the same period of the previous year, and the construction service revenues recognised on a progress basis declined YOY.
- (9) The revenue from other businesses recorded a YOY increase of 5.69%, mainly due to the business growth of Asphalt Technology Company.



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

Unit: '000 Currency: RMB

Main business by industry						
Industry	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in cost of services (%)	YOY change in gross profit margin (%)
Toll highways	2,433,893	1,205,699	50.46	-6.35	-1.15	Decrease by 2.61 pct. pt
Clean energy businesses	301,576	134,585	55.37	-13.36	-1.63	Decrease by 5.32 pct. pt
Solid waste recycling	428,677	449,288	-4.81	8.61	5.09	Increase by 3.51 pct. pt
Breakdown of main business by product						
Product	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in cost of services (%)	YOY change in gross profit margin (%)
Outer Ring Expressway	559,052	185,605	66.80	-1.65	6.96	Decrease by 2.67 pct. pt
Jihe East	318,420	134,166	57.87	-3.34	-0.99	Decrease by 1.00 pct. pt
Jihe West	258,327	47,303	81.69	-2.19	-17.15	Increase by 3.31 pct. pt
Coastal Expressway	304,672	162,504	46.66	2.83	5.12	Decrease by 1.16 pct. pt
Breakdown of main business by region						
Region	Revenue	Cost of services	Gross profit margin (%)	YOY change in revenue (%)	YOY change in cost of services (%)	YOY change in gross profit margin (%)
Guangdong Province	2,416,130	1,302,085	46.11	-1.01	1.27	Decrease by 1.21 pct. pt

Note: The breakdown of main businesses by industry, product and region only lists the projects that account for 10% or more of the Company's revenue or operating profits.

## Description:

During the Reporting Period, the overall gross profit margin of the Group's toll highways was 50.46%, representing a YOY decrease of 2.61 percentage points, mainly due to unfavourable factors such as the rainy and freezing weather at the beginning of the year, continuous widespread rainfall in Guangdong Province in the second quarter, and an increase of three days in the toll-free period for small passenger cars on expressways in the first half of the year compared to the same period last year, resulting in a slight decrease in toll revenue and a corresponding slight decline in gross profit margin. Among them, the gross profit margin of Jihe West rose to some extent during this period due to a YOY decrease in special maintenance expenses.

## Management Discussion and Analysis

### (3) Analysis of Cost of Services:

During the Reporting Period, the Group's business costs amounted to RMB2,315,667,000 (2023 interim: RMB2,480,614,000), representing a YOY decrease of 6.65%, mainly due to the decrease in the volume of project works, resulting in the decrease in the cost of entrusted construction and management as well as the cost of construction service under concession arrangements. The detailed analysis of cost of services is as follows:

Unit: '000 Currency: RMB

Industry	Cost item	Breakdown by industry					Description
		Amount for the current period	Amount for the current period as a percentage of total costs (%)	Amount for the corresponding period of last year	Amount for the corresponding period of last year as a percentage of total costs (%)	YOY change (%)	
Costs of main business – toll highways	Employee expenses	215,605	9.31	215,548	8.69	0.03	
	Road maintenance expenses	109,573	4.73	97,658	3.94	12.20	(1)
	Depreciation and amortisation	822,290	35.51	863,510	34.81	-4.77	
	Other business costs	58,231	2.51	42,959	1.73	35.55	(2)
	<b>Subtotal</b>	<b>1,205,699</b>	<b>52.06</b>	<b>1,219,675</b>	<b>49.17</b>	<b>-1.15</b>	
Costs of main business – clean energy power generation		134,585	5.81	128,623	5.19	4.64	(3)
Costs of main business – solid waste recycling – kitchen waste treatment		320,010	13.82	305,826	12.33	4.64	(4)
Costs of main business – solid waste recycling – vehicle dismantling and comprehensive battery utilisation		129,278	5.58	121,704	4.91	6.22	(5)
Costs of main business – other environmental protection businesses		7,182	0.31	14,692	0.59	-51.12	(6)
Cost of other businesses – entrusted construction and management		104,846	4.53	172,438	6.95	-39.20	(7)
Costs of other businesses – real estate development		7,005	0.30	12,146	0.49	-42.33	(8)
Cost of other businesses – cost of construction services under concession arrangements		287,491	12.42	403,765	16.28	-28.80	(9)
Costs of other businesses – other businesses		119,571	5.16	101,745	4.10	17.52	(10)
<b>Total business costs</b>		<b>2,315,667</b>	<b>100.00</b>	<b>2,480,614</b>	<b>100.00</b>	<b>-6.65</b>	





Description:

- (1) Mainly due to the increase in special maintenance costs of some ancillary toll highways.
- (2) Mainly due to the decrease in related costs of Yichang Company in the same period last year.
- (3) Mainly due to the consolidation of Zhangshu Gaochuan in early December last year, resulting in a YOY increase in the cost of clean energy generation in the current period.
- (4) Mainly due to the increase in the cost of Bioland's organic waste disposal business in line with the increase in revenue.
- (5) Mainly due to the increase in the business volume of Shenshan Qiantai.
- (6) Mainly due to the decrease in business costs of Nanjing Wind Power.
- (7) Mainly due to the YOY decrease in the volume of works of the entrusted construction management projects implemented during the current period.
- (8) Mainly due to the YOY decrease in the number of delivered units of Guilong Development Project resulting in a corresponding decrease in real estate development costs carried forward.
- (9) The volume of works of the projects implemented during the current period was lower than that of the same period of the previous year, and the construction service costs recognised on a progress basis declined YOY.
- (10) Mainly due to the increase in business volume of Asphalt Technology Company in the current period.

(4) *Main Sales Customers and Main Suppliers*

A. Main sales customers of the Company

In view of the business nature of the Group, sales customers of toll highways are non-specific targets. Except for toll revenue, the total operating revenue of the top 5 customers of the Group amounted to RMB444.72 million accounting for 11.84% of the total operating revenue of the Group; no related party sales are involved.

B. Main suppliers of the Company

The Group's total amount of purchase from the top 5 suppliers was RMB678.94 million, accounting for 28.94% of the Group's total purchase amount during the Period, no related party purchase are involved.

## Management Discussion and Analysis

### 3. Expenses

#### Reasons for Change in Selling Expenses:

During the Reporting Period, the Group's selling expenses amounted to RMB6,695,000 (2023 interim: RMB11,826,000), representing a YOY decrease of 43.39%, mainly due to the streamlining of personnel and expenses in the environmental protection segment, resulting in a YOY decrease in related expenses.

#### Reasons for Change in General and Administrative Expenses:

During the Reporting Period, the Group's general and administrative expenses amounted to RMB170,719,000 (2023 interim: RMB182,666,000), representing a YOY decrease of 6.54%, mainly due to the offsetting of partial amount of the bonuses from the previous years based on the actually paid amounts and the control of management expenses.

#### Reasons for Change in Financial Expenses:

During the Reporting Period, the Group's financial expenses amounted to RMB559,049,000 (2023 interim: RMB664,489,000), representing a YOY decrease of 15.87%, mainly due to the decrease in interest expenses arising from the decrease in the borrowing scale, and the decrease in exchange losses arising from the YOY lower RMB depreciation, etc. The detailed analysis of financial expenses is as follows:

Unit: '000 Currency: RMB

Financial expenses item	Amount for the current period	Amount for the corresponding period of last year	Change (%)
Interest expenses	581,844	592,157	-1.74
Less: Interest capitalised	9,487	3,680	157.83
Interest income	43,167	34,123	26.50
Add: Exchange loss	24,825	104,086	-76.15
Others	5,035	6,049	-16.77
<b>Total financial expenses</b>	<b>559,049</b>	<b>664,489</b>	<b>-15.87</b>

#### Reasons for Change in Research and Development Expenses:

During the Reporting Period, the Group's research and development expenses amounted to RMB13,799,000 (2023 interim: RMB13,910,000), representing a YOY decrease of 0.80%, mainly due to the decrease in R&D projects.



#### 4. *Reasons for Change in Income Tax Expenses:*

During the Reporting Period, the Group's income tax expenses amounted to RMB248,547,000 (2023 interim: RMB270,245,000), representing a YOY decrease of 8.03%, mainly due to the YOY decrease in total profits, resulting in a corresponding decrease in income tax expenses.

#### 5. *Investment Income*

During the Reporting Period, the Group's return on investment amounted to RMB579,660,000 (2023 interim: RMB364,156,000), representing a YOY increase of 59.18%, mainly due to the recognition of the gain on the disposal of equity interests in Yichang Company, the reduction of the unit amortisation amount of highway assets by some joint ventures starting from November last year, and the YOY decrease of exchange losses, resulting in an increase in the investment income attributable to the Group. The detailed analysis is as follows:

Unit: '000 Currency: RMB

Project	Amount for the current period	Amount for the corresponding period of last year	Change (%)
1. Investment income attributable to associate/joint venture:			
Associated/joint toll highway enterprises in total	273,785	149,833	82.73
United Land	-302	-235	-28.71
Derun Environment	81,834	111,405	-26.54
Others <sup>Note</sup>	64,830	80,365	-19.33
<b>Subtotal</b>	<b>420,147</b>	<b>341,368</b>	<b>23.08</b>
2. Investment income from disposal of equity interests in subsidiaries/associated enterprises	149,336	1,160	12,771.43
3. Investment income from other non-current financial assets	5,347	9,555	-44.04
4. Investment income from wealth management products	4,337	11,868	-63.46
5. Others	493	206	139.52
<b>Total</b>	<b>579,660</b>	<b>364,156</b>	<b>59.18</b>

Note: Others are attributable to the investment income from Yunji Intelligent, Bank of Guizhou, Shengchuang Fund, Guizhou Hengtongli, Huaian Zhongheng, Fengrunjiu, Fenghe Energy, etc.

## Management Discussion and Analysis

### 6. Cash Flows

**Reasons for change in net cash flows from operating activities:** During the Reporting Period, the Group's net cash inflows from operating activities amounted to RMB1,760,822,000 (2023 interim: RMB1,903,352,000), representing a YOY decrease of RMB142,530,000, mainly due to the rainy and freezing weather at the year beginning, an increase of three days in the toll-free period for small passenger cars on expressways, the fact that the Group's net cash flows of Yichang Company is no longer consolidated after it completed the disposal of its controlling interests in Yichang Company at the end of March 2024, and the YOY decrease in tariff subsidies received by the wind farm projects in the current period compared with the same period last year., etc. In addition, the recurring cash returnNote on investment from toll highway invested by associates/joint ventures during the Reporting Period amounted to RMB107,154,000 (2023 interim: RMB258,801,000), representing a YOY decrease of RMB151,647,000, mainly due to the deferral of dividend distribution from the enterprises invested by Bay Area Development.

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

**Reasons for change in net cash flows from investing activities:** During the Reporting Period, the Group's net cash inflows from investing activities was RMB365,153,000 (2023 interim: RMB461,869,000), representing a YOY decrease of RMB96,717,000, mainly due to the receipt of matured structured deposits from previous years in the same period last year.

**Reasons for change in net cash flows from financing activities:** During the Reporting Period, the Group's net cash outflows from financing activities recorded a YOY decrease of approximately RMB126,829,000, mainly due to the combined effect of the YOY increase in the scale of interest-bearing liabilities repaid in the current period and the payment of dividends later than the same period last year.

### 7. Amortisation Policies of Concession Intangible Assets for Toll Highways and Difference of Different Amortisation Methods

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

During the preliminary stages of toll highways' operation, the amortised amount calculated by the units-of-usage method is generally lower than that calculated by the straight-line method. During the Reporting Period, the difference in amortisation attributable to the Company calculated using the two amortisation methods based on its share of equity interests was RMB120 million (2023 interim: RMB119 million). The adoption of different amortisation methods had no impact on the cash flows from toll highway projects, and thus had no impact on the valuation level of each project.





**(II) Analysis of Assets and Liabilities****1. Assets and Liabilities**

As at 30 June 2024, the Group's total assets amounted to RMB65,869,267,000 (31 December 2023: RMB67,507,469,000), representing a decrease of 2.43% compared to the end of 2023. As at 30 June 2024, the Group's total outstanding interest-bearing liabilities amounted to RMB30,743,984,000 (31 December 2023: RMB31,684,662,000), representing a decrease of approximately 2.97% compared to the end of 2023, mainly due to the repayment of some debts during the Reporting Period. In the first half of 2024, the Group's average borrowing scale was RMB31.8 billion (2023 interim: RMB33.1 billion), representing a YOY decrease of 3.93%.

The detailed analysis of assets and liabilities is as follows:

Unit: '000 Currency: RMB

Name of item	Amount as at the end of the current period	Amount as at the end of the current period as a percentage of total assets (%)	Amount as at the end of last year	Amount as at the end of last year as a percentage of total assets (%)	Change in amount as at the end of the current period as compared to the end of last year (%)	Description
Transactional financial assets	<b>248,870</b>	0.38%	468,792	0.69%	-46.91%	(1)
Other receivables	<b>953,548</b>	1.45%	602,215	0.89%	58.34%	(2)
Non-current assets due within one year	<b>430,959</b>	0.65%	264,775	0.39%	62.76%	(3)
Long-term prepayments	<b>478,749</b>	0.73%	356,733	0.53%	34.20%	(4)
Long-term receivables	<b>3,200,220</b>	4.86%	2,334,936	3.46%	37.06%	(3)
Construction in progress	<b>123,653</b>	0.19%	289,690	0.43%	-57.32%	(5)
Other non-current assets	<b>2,245,154</b>	3.41%	3,216,612	4.76%	-30.20%	(3)
Short-term borrowings	<b>6,799,772</b>	10.32%	11,105,626	16.45%	-38.77%	(6)
Employee benefits payable	<b>239,846</b>	0.36%	378,691	0.56%	-36.66%	(7)
Other payables	<b>2,075,238</b>	3.15%	1,059,445	1.57%	95.88%	(8)
Non-current liabilities due within one year	<b>1,486,002</b>	2.26%	2,392,023	3.54%	-37.88%	(9)

## Management Discussion and Analysis

Notes on assets and liabilities:

- (1) Redemption of structured deposits at maturity.
- (2) Increase in receivables from joint venture dividends and construction advances for Outer Ring Project progress.
- (3) The Longli River Bridge Project, constructed by Guishen Company, was completed and opened to traffic in this period. According to the relevant investment cooperation agreement, the corresponding receivables of this project will be transferred from “other non-current assets” to “non-current assets due within one year” and “long-term receivables” in this period.
- (4) The construction of the Outer Ring Phase III has commenced, and prepayments for construction have been made according to the contract.
- (5) Conversion of factory buildings under construction into fixed assets upon completion.
- (6) Repayment of some short-term foreign currency loans.
- (7) Payment of performance bonus for 2023 to employees and reversal of over-accrued bonuses from previous years.
- (8) Accrual of dividends payable for 2023.
- (9) Repayment of bonds at maturity.

### 2. Overseas Assets

#### (1) Size of assets

Where: Overseas assets are equivalent to RMB340,252,000, accounting for 0.52% of the total assets. Overseas assets mainly consist of part of the H shares of Bank of Guizhou held by Mei Wah Company, a wholly-owned overseas subsidiary of the Company, and the overseas bank deposits of Mei Wah Company and its subsidiaries, which account for a small proportion of the Company's total assets.



### 3. Restrictions on main assets as at the end of the Reporting Period

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

Restrictions on assets involved with a balance of secured loans as at the end of the Reporting Period					
Assets	Type	Beneficiary of security	Scope of security	Balance of secured loans as at the end of the Reporting Period (RMB100 million)	Term
Toll collection rights of Qinglian Expressway	Pledge	Industrial and Commercial Bank of China Limited Qingyuan Branch	Principals and interests of fixed asset loans with an aggregate amount of RMB2.889 billion	22.70	Until repayment of all liabilities under the loan agreement
Toll collection rights of Coastal Expressway	Pledge	China Development Bank Shenzhen Branch	Principals and interests of fixed asset loans with an aggregate amount of RMB1 billion	0.3	Until repayment of all liabilities under the loan agreement
Toll collection rights of Shuiguang Expressway	Pledge	Guangdong Huaxing Bank Co., Ltd. Shenzhen Branch	Principals and interests of fixed asset loans with an aggregate amount of RMB600 million	2.15	Until repayment of all liabilities under the loan agreement
Equity interests, franchise rights, accounts receivable and production equipment, among other assets, of various subsidiaries of Bioland	Pledges and mortgages	Various banks and financial leasing companies	The scope of security covers principals and interests of bank loans and finance leases for various projects with an aggregate amount of RMB1.095 billion	5.95	A certain period of time from the date of debt repayment
100% equity interests in Qianzhi, Qianhui and Qianxin Companies	Pledge	Industrial and Commercial Bank of China Shenzhen Futian Sub-branch	Principals and interests of M&A loans with an aggregate amount of not more than RMB609 million	2.07	Until repayment of all liabilities under the loan agreement
Accounts receivable accruing under franchise rights of Guangming Environment and Lisai Environmental	Pledge	Bank of China Shenzhen CBD Sub-branch	Principals and interests of fixed asset loans with an aggregate amount of RMB820 million	2.11	Until repayment of all liabilities under the loan agreement
Rentals receivable under 9 projects (Shanxi Nuohui, etc.) of the Financial Leasing Company	Pledge	Bank of China Shenzhen CBD Sub-branch, CMB Wing Lung Bank	Principals and interests of working capital loans with an aggregate amount of RMB239 million	2.21	Until repayment of all liabilities under the loan agreement
45% equity interests in JEL Company	Pledge	The Hong Kong and Shanghai Banking Corporation Limited	Principals and interests of working capital loans with an aggregate amount of HKD120 million	(HKD) 1.2	Until repayment of all liabilities under the loan agreement

## Management Discussion and Analysis

Restrictions on assets involved with a balance of secured loans as at the end of the Reporting Period					
Assets	Type	Beneficiary of security	Scope of security	Balance of secured loans as at the end of the Reporting Period (RMB100 million)	Term
Tariff collection rights of the Yongcheng Zhuneng Project	Pledge	Agricultural Bank of China Shenzhen Branch	Principals and interests of fixed asset loans with an aggregate amount of RMB185 million	1.52	Until repayment of all liabilities under the loan agreement
Pledge on tariff collection rights of the Mulei Project	Pledge	China Construction Bank Urumqi Sub-branch	Principals and interests of project loans with an amount of RMB1.843 billion	12.93	Until repayment of all liabilities under the loan agreement
Pledge on tariff collection rights of the Baotou Lingxiang, Ningyuan, Ningxiang, Ningfeng, and Nanchuan Projects	Pledge	Agricultural Bank of China Shenzhen Branch, China Merchants Bank Baotou Branch	Principals and interests of project loans with an amount of RMB1.181 billion	8.21	Until repayment of all liabilities under the loan agreement
Pledge of equity interests in SIICHIC	Pledge	3 banks, including Ping An Bank, and China Merchants Bank, etc	Principals and interests of term loans with an aggregate amount of HKD10.513 billion	(HKD) 51.74	Until repayment of all liabilities under the loan agreement

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

Type of restricted capital	Amount subject to restrictions (RMB100 million)
Funds in special deposit accounts for entrusted construction and management projects	0.03
Consideration for acquisition of equity interests under supervision	–
Deposits	0.36
Funds frozen due to litigations	1.44
<b>Total</b>	<b>1.83</b>

Details of restrictions on assets:

(1) Details of the restrictions on the Group's major assets at the end of the Reporting Period are set out in note V22 to the Financial Statements in this report.





#### 4. *Capital Structure and Debt Repayment Capability*

The Company is always committed to maintaining a rational capital structure and enhancing its profitability to maintain its good credit ratings and solid financial position. As at the end of the Reporting Period, due to the combined impact of the reduced borrowing scale, provision of dividends for 2024, and accumulated operating profits, the Group's asset liability ratio, net loan equity ratio, and net loan/EBITDA indicators remained largely unchanged from the end of last year. Given the Group's stable and robust operating cash flows, and strong capabilities in financing and capital management, the Board is of the view that the financial leverage ratios remained at a safe level at the end of the Reporting Period.

Key indicators	Amount as at the end of the current period	Amount at the end of last year (restated)
Debt-to-asset ratio (total liabilities/total assets)	<b>58.63%</b>	58.53%
Net borrowings-to-equity ratio ((total borrowings – cash and cash equivalents)/total equity)	<b>105.03%</b>	106.18%

	Amount for the current period	Amount for the corresponding period of last year (restated)
Net borrowing/EBITDA ((total borrowings – cash and cash equivalents)/earnings before interests, tax, depreciation and amortisation)	<b>10.33</b>	10.21
Interest covered multiple ((Profit before tax + interest expenses)/Interest expenses)	<b>2.93</b>	3.07
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortisation/Interest expenses)	<b>4.91</b>	5.02

## Management Discussion and Analysis

### 5. Liquidity and Cash Management

As at the end of the Reporting Period, the Group's net current assets recorded a YOY increase due to the impact of short-term bridge loans increased for the acquisition of SIICHIC through its own funds and medium to long-term loans. The Group will further enhance project profitability, strengthen the overall fund arrangements for subsidiaries and key projects, continue to optimise the capital structure, and maintain appropriate cash on hand and sufficient bank credit and debt financing lines to prevent liquidity risks.

Unit: million Currency: RMB

	Amount as at the end of the current period	Amount at the end of last year	Change in amount
Net current assets	<b>-7,691</b>	-12,875	5,184
Cash and cash equivalents	<b>2,124</b>	1,955	168
Banking facilities available	<b>42,730</b>	43,740	-1,010
Unused bond registration amount	<b>11,000</b>	9,550	1,450

### 6. Capital Expenditure Plan

As of the date of approval of this report, the capital expenditures approved by the Board of the Group mainly include the construction expenditures for the Outer Ring Project, Jihe Expressway Reconstruction and Expansion Project, Guangming Environmental Park Project and other projects, as well as preliminary expenses of the Pingshan County Photovoltaic Project. It is estimated that by the end of 2026, the total capital expenditure approved by the Board of the Group will be approximately RMB10.752 billion. The Group plans to use its own funds and bank loans to meet its funding needs. The Group's financial resources and financing capacity are currently adequate to meet the various capital expenditure needs.



The Group's capital expenditure plans approved by the Board from the second half of 2024 to 2026 are as follows:

Unit: '000 Currency: RMB

Name of item	Second half of 2024	2025	2026	Total
<b>I. Investment in Intangible Assets and Fixed Assets</b>				
Outer Ring Project (Phases I, II and III)	574,910	1,889,893	1,983,599	4,448,402
Coastal Phase II	25,073	–	–	25,073
Jihe Expressway Reconstruction and Expansion Project	1,555,272	1,830,000	2,110,000	5,495,272
Kitchen Waste Projects of Bioland	244,161	170,516	21,679	436,356
Guangming Environmental Park Project	207,065	64,915	22,450	294,430
Shaoyang Kitchen Waste Treatment Project	15,188	353	–	15,540
Lisai Environmental technology Renovation Project	17,135	–	–	17,135
Others	13,646	–	–	13,646
<b>II. Equity Investment</b>				
Balances of investments and M&As	6,475	–	–	6,475
<b>Total</b>	<b>2,658,924</b>	<b>3,955,677</b>	<b>4,137,728</b>	<b>10,752,329</b>

Note 1: Others include the reinforcement of the pavement structure of Changsha Ring Road, the preliminary expenses of the Pingshan County Photovoltaic Project, and the Shengneng Technology Project.

Note 2: The final payment amounts and times of the balances of investments and M&As depend on the fulfilment of the conditions precedent specified in the relevant agreements.

## Management Discussion and Analysis

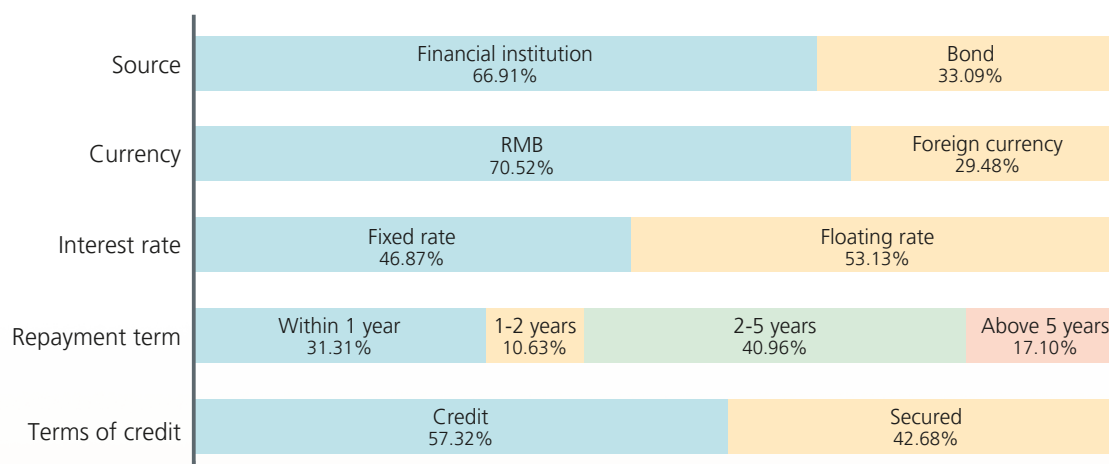
### 7. Financial Strategies and Financing Arrangements

During the Reporting Period, the Group used its own funds, bank loans, bond funds and other measures to meet operational and investment expenses, debt repayment, and other funding needs based on operating expenses and project investment progress; took advantage of favourable market opportunities to issue bond financing instruments such as ultra-short-term financing bonds, corporate bonds to replace debts and supplement its working capital; utilised the opportunity of interest rate decline to strive for bank loans with more favourable terms through communication, and raised medium-to-long-term RMB funds in exchange for some short-term overseas foreign currency debts to further reduce exchange rate and debt repayment risks. In view of its internal and external liquidity conditions, the Company's operation, financial position and capital expenditure plan, the Company will adjust its financial strategies in a timely manner to optimise the debt structure.

As at the end of the Reporting Period, the Group did not have any overdue principal and interests for bank loans and bonds.

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

#### Borrowing Structure (as at 30 Jun 2024)



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

As of 30 June 2024, the Group had obtained banking facilities totaling approximately RMB69.902 billion. At the end of the Reporting Period, the unused bank credit limit was approximately RMB42.73 billion; and the bond limit was RMB16 billion, in which RMB11 billion was unused.

### 8. Contingencies

Details of the Group's contingencies during the Reporting Period are set out in Note XII to the Financial Statements in this report.



**(III) Analysis of Investments****1. External Equity Investments****(1) Material Equity Investments**

Applicable Not applicable

**(2) Material Non-equity Investments**

During the Reporting Period, the Group's expenditures on material non-equity investments mainly comprised the expenditures for projects such as Jihe Expressway Reconstruction and Expansion, Outer Ring Expressway, a number of kitchen waste projects of Bioland, Coastal Phase II, totalling approximately RMB1.001 billion. The Company met the relevant investment expenses through a combination of its own funds and debt financing. The investments in major projects are as follows:

Unit: '000 Currency: RMB

Name of item	Project amount	Project progress	Amount invested during the Reporting Period	Accumulated amount invested	Project gain
Outer Ring Project (Phases I, II and III)	14,947,036	66.2%	<b>339,955</b>	6,688,683	For the operation of the Outer Ring Project (Phases I and II), please refer to the analysis of the main business for Outer Ring Expressway above. Coastal Phase II officially opened to traffic at the end of the Reporting Period, the Guangming Environmental Park Project is at the trial operation stage, and the other construction projects are under construction.
Coastal Phase II	1,000,000	99.0%	<b>269,766</b>	974,927	
Jihe Expressway Reconstruction and Expansion Project	19,233,090	6.83%	<b>90,475</b>	1,670,605	
A number of kitchen waste projects of Bioland	–	–	<b>183,217</b>	1,481,130	
Guangming Environmental Park Project	958,100	99.0%	<b>36,142</b>	653,085	
<b>Total</b>	–	–	<b>919,554</b>	11,468,430	–

Note: The project progress refers to the physical progress of the project.



## Management Discussion and Analysis

### (3) Financial Assets Measured at Fair Value

Unit: '000 Currency: RMB

Asset category	Opening balance	Gains and losses from changes in fair value in the current period	Changes in cumulative fair value included in equity	Provision for impairment in the current period	Purchase amount in the current period	Sales/redemption amount in the current period	Other changes	Closing balance	Note
Others	895,069	-53,329	-	-	-	-	-	841,740	(1)
Others	320,372	-	-	-	-	-219,922	-	100,450	(2)
Others	148,420	-	-	-	-	-	-	148,420	(3)
<b>Total</b>	<b>1,363,861</b>	<b>-53,329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-219,922</b>	<b>-</b>	<b>1,090,610</b>	

Notes:

- (1) Mainly due to changes in fair value of equity interests in Shenzhen Water Planning, Unitoll Services, and State-owned Assets Collaborative Development Fund.
- (2) Mainly being structured deposits.
- (3) Mainly being VAM compensation receivable for performance.
- (4) For details of the financial assets/liabilities measured at fair value, please refer to Note X11 to the Financial Statements in this report.

### (IV) Disposal of Material Assets and Equity Interests

Applicable Not applicable

On 7 March 2024, the issuance of the public placement REIT with Yichang Expressway and its ancillary facilities being the underlying infrastructure, in which the Company's wholly-owned subsidiary Yichang Company holds 100% toll collection rights, was completed. On 13 March 2024, the Company entered into an equity transfer agreement and a creditor's rights transfer agreement with Changde Yichang Enterprise Operation Management Co., Ltd. and Yichang Company, where the Company would transfer 100% of equity interests in Yichang Company held by it for a consideration of RMB1,397,449,000, and two creditor's rights to Yichang Company for a fair consideration of RMB648,471,000. On 21 March 2024, the equity transfer procedure of Yichang Company was completed, and the Company recognised the equity transfer income of RMB149,336,000 (before tax) accordingly.



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

Unit: '000 Currency: RMB

Company name	Percentage of interests held by the Group	Registered capital	30 June 2024		2024 interim		Main business
			Total assets	Net assets	Revenue	Net profits	
Outer Ring Company	100%	6,500,000	8,376,501	6,683,855	582,870	329,366	Investment in the construction and operation of the Shenzhen section of Outer Ring Expressway
Qinglian Company	76.37%	3,361,000	5,532,344	2,935,073	331,217	42,899	Construction, operation and management of Qinglian Expressway and related auxiliary facilities
Qinglong Company	50%	324,000	1,334,903	837,822	302,881	27,247	Development, construction, toll collection and management of Shuiguan Expressway
Shenchang Company	51%	200,000	496,635	413,015	132,497	67,302	Development, construction, toll collection and management of the northwest section of Changsha Ring Expressway
Investment Company	100%	1,000,000	3,175,803	1,666,396	19,797	-29,535	Investment in industry and engineering construction
Environmental Company	100%	5,650,000	11,201,231	6,399,359	335,385	-117,625	Investment and operation of the kitchen waste project
New Energy Company	100%	2,619,441	5,838,650	3,067,771	293,974	91,957	Investment and operation of wind power projects
SIICHIC	100%	USD641,076	16,857,361	4,002,809	447,960	-43,611	SIICHIC directly holds 71.83% equity interests in Bay Area Development, and Bay Area Development mainly holds equity interests in GZ West Expressway, GS Expressway and Xintang JV.

## Management Discussion and Analysis

Company name	Percentage of interests held by the Group	Registered capital	30 June 2024		2024 interim		Main business
			Total assets	Net assets	Revenue	Net profits	
Derun Environment	20%	1,000,000	66,896,273	18,537,075	6,495,296	409,168	Derun Environment is a comprehensive environmental enterprise with two subsidiaries with A-shares listed on the main board including Chongqing Water (50.04% equity interests) and Sanfeng Environment (43.86% equity interests). The main businesses of these companies include water supply and wastewater treatment, and investment, construction, integrated equipment and operation management of waste incineration power generation projects, as well as environmental remediation.

Note 1: The net profits listed in the above table are those of such companies attributable to shareholders of the parent company, and the net assets are those of such companies attributable to shareholders of the parent company.

Note 2: For details of the operational and financial performance of the above major controlling companies and participating companies and their businesses during the Reporting Period, please refer to related contents in this section.

### 2. Acquisition and Disposal of Subsidiaries during the Reporting Period

Details of changes in the scope of consolidation are set out in Note VI to the Financial Statements in this report.

#### (VI) Exchange Rate Risks

The Group's main business operations are currently within the territory of China. Except for the payment of dividends on H-shares, the Group's operating revenue and major expenses are settled in the RMB. As at the end of the Reporting Period, the Group held borrowings totalling USD300 million and HKD7.594 billion, and did not make any foreign currency hedging arrangement in this regard. The amount included in financial expenses due to exchange rate fluctuations during the Reporting Period was RMB24,825,000, which had little impact on the Group.

#### (VII) Proposal for Profit Distribution or Conversion of Capital Reserve into Share Capital

##### 1. Profit Distribution Proposal for 2024 Interim

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (2023 interim: nil), nor does it recommend the conversion of any capital reserve into the share capital.

##### 2. Implementation of the Annual Profit Distribution Proposal for 2023

As considered and approved at the 2023 annual general meeting, the Company has distributed a final dividend of RMB0.55 per share (tax inclusive) in cash to all shareholders for 2023 based on the total share capital of 2,180,770,326 shares at the end of 2023, with an aggregate amount of RMB1,199,423,679.30. The profit distribution proposal had been completed by 23 August 2024.



## V. Outlook and Plans

In the first half of 2024, there was no significant change in the Group's external policies and operating environment, industry competitive landscape and development trend, and major risk factors.

2024 is a year for the Group to further implement the strategic goals of the 14th Five-Year Plan, forge ahead and overcome difficulties. The Group will anchor these goals, seize the opportunity of the times of the Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen to build a pilot demonstration area of socialism with Chinese characteristics, contribute to the realisation of the national "dual carbon" goal and the centennial ambition of building a beautiful China, focus on the two core businesses of "toll highways + general environmental protection" with high-quality development as the guide, and make every effort to promote operation management, major project construction, digital transformation and upgrading, and other key tasks steadily, thereby laying a solid foundation for the healthy and sustainable development of the Company.

In the second half of 2024, the key tasks of the Group include:

**Toll highway business:** Further improve the level of lean operation management, promote the deep integration of digital technology with production and operations vigorously, keep improving the development quality of the core business of toll highways, and enriching means of smart operation and maintenance, and explore market-oriented business opportunities actively. With focus on the construction, reconstruction and expansion of toll highways, pool resources to fully promote the construction of major projects, implement the construction of Outer Ring Phase III, and the Jihe Expressway reconstruction and expansion project steadily, and do well in the operational management of other toll highway projects. Promote the development of smart innovation, strengthen the integration of digital technology with the toll highway business, accelerate the innovative application of new toll technologies, and keep improving the coverage of digital technology in the construction of major projects, and highway operation and maintenance to help improve the standardisation level of construction, operation and maintenance management.

**General environmental protection business:** With focus on the segments of solid waste recycling and clean energy power generation, draw on advanced technologies and management experience through cooperation with industry-leading enterprises; construct newly acquired environmental protection projects and enhance the capability to develop high-quality projects independently. Keep improving the lean operation and control system for clean energy power generation projects, and seize policy opportunities to maintain and expand the scale of high-quality assets. Prioritise the establishment of a scientific management system for kitchen waste treatment, keep optimising the business and organizational structures, drive the technological upgrading and transformation of some projects orderly, and improve the quality and efficiency of the existing projects. Optimise cost control, and establish a business model of industrial-financial integration and internal collaboration actively to fully promote the coordinated development of all business segments.

**Financial management and corporate governance:** Further deepen the financial digital transformation, pay close attention to changes in the external policy environment, keep making proper holistic financing planning and funding arrangements, and adjust funding strategies timely to reduce financial risks. Optimise the financing mix and reduce financial costs by exploring diversified financing channels. Promote capital market financing such as the private placement of A-shares and bond issuance to provide financial support for the construction of major projects during this strategic period. Improve and optimise the Company's governance systems and rules at all levels in accordance with the Company Law of the People's Republic of China that came into effect on 1 July 2024, establish a compliance management system comprehensively, and adhere to high-level information disclosure and investor relations maintenance to lay a solid foundation for the high-quality development and management of the Company.

# Report of the Directors

## Information on General Meetings

In the first half of 2024, three general meetings were held by the Company at the conference room of the Company, as detailed below:

Name of the meeting	Convening date	Query index on designated websites for the resolutions	Disclosing date of resolutions
The First Extraordinary General Meeting 2024	20 February 2024	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	21 February 2024
The Second Extraordinary General Meeting 2024	11 June 2024	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	12 June 2024
2023 Annual General Meeting	25 June 2024	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	26 June 2024

## Progress of Issuance of Super Short-term Commercial Papers

The Company issued the 2024 Phase I and Phase II super short-term commercial paper on 25 April and 22 July 2024, respectively, with an issuance size of RMB1.5 billion each, a term of 180 days and 270 days, respectively, and a interest rate of 1.79% and 1.75%, respectively. For details, please refer to the Company's announcements dated 19 January 2023, and 26 April and 23 July 2024, respectively.

## Progress of Issuance of Corporate Bonds

The Company publicly issued 2024 Phase 1 corporate bonds during 24-27 May 2024 available in two types, where Type I (bond code: 241018) had an issuance size of RMB550 million, a term of 3 years and a coupon rate of 2.25%, and Type II (bond code: 241019) had an issuance size of RMB950 million, a term of 10 years and a coupon rate of 2.7%. For details, please refer to the Company's announcements dated 18 April and 27 May 2024, respectively.

## Proposed Issuance of A-shares to Specific Targets

The Company plans to issue no more than 654 million A-shares ("the Issuance") to not more than 35 (inclusive) specific targets that comply with the regulations of the CSRC based on the Company's financial status and investment plan. The total amount of funds raised in the Issuance is expected to be not exceeding RMB4.9 billion (inclusive), and will be used for the investment and construction of the Outer Ring Project, and the repayment of interest-bearing liabilities after the deduction of issuance expenses. On 22 May 2024, the application for the Issuance was accepted by the SSE. On 3 July 2024, the Company replied to the first round of enquiry from the SSE. The Issuance has to be considered and approved by the SSE, and approved for registration by the CSRC before implementation. For details, please refer to of the relevant announcements and disclosure documents of the Company dated 14 July and 20 September 2023, and 25 January, 22 May, 3 July and 26 July 2024, the circulars dated 24 August 2023 and 23 August 2024, as well as the meeting materials of the first extraordinary general meeting 2023, the first A-share class meeting 2023, the third extraordinary general meeting 2024 and the first A-share class meeting 2024.





## Issuance of the E Fund Shenzhen Expressway REIT

The issuance of E Fund SZ Expressway REIT was completed on 7 March 2024, with 300 million fund shares with a total amount of RMB2.0475 billion finally raised at an offer price of RMB6.825 per share. In particular, as an original equity holder, the Company subscribed for 120 million shares in the strategic allotment, accounting for 40% of all shares issued. E Fund SZ Expressway REIT was listed on the SSE at the end of March 2024 under the transaction code “508033”. E Fund SZ Expressway REIT is a real estate investment trust fund with Yichang Expressway and its ancillary facilities being the underlying infrastructure assets. For details, please refer to the relevant announcements of the Company dated 18 August and 17 November 2023, and 2 January, 31 January and 13 March 2024.

## Related/Connected Transactions

With the approval of the Board, the Company, Mei Wah Company, SIHC, SIICH and CMF Global Quantitative Stable Segregated Portfolio (the “CMF Fund”) entered into package renewal agreements regarding the package arrangements for the extended withdrawal of the CMF Fund (the “Package Renewal Agreements”) on 16 January 2024, respectively. SIHC holds approximately 44.25% equity interests in Shenzhen International, the controlling shareholder of the Company, indirectly, and is the controlling shareholder of Shenzhen International. According to the listing rules and relevant guidelines of the SSE and the HKEx, the execution of the Package Renewal Agreements constitute a related/connected transaction of the Company. For details, please refer to the Company’s announcement dated 16 January 2024.

The resolution of the issuance of A Shares to specific targets and the validity period of the authorisation by the shareholders’ meeting will be valid for 12 months from the date of approval of the relevant resolutions by the shareholders’ meeting (20 September, 2023). In order to ensure the continuity of relevant work, the Company plans to extend the effective period of the above resolution and its authorisation for 12 months from 20 September 2024 (the “Extension”). XTC Company, a wholly-owned subsidiary of Shenzhen International, the controlling shareholder of the Company, plans to subscribe for some A-shares under the Issuance. According to the listing rules and relevant guidelines of the SSE and the HKEx, XTC Company is a connected person of the Company, and the Extension constitutes a related/connected transaction of the Company. On 26 July 2024, the Board of the Company approved the proposal to extend the validity period of the resolutions and its specific mandate of the general meeting on the Issuance. The Extension is still subject to the approval of the Company’s general meeting and/or class general meeting, and the general meeting of Shenzhen International. For details, please refer to the relevant announcement and disclosure documents of the Company dated 26 July 2024, the circular dated 23 August 2024, as well as the meeting materials of the third extraordinary general meeting in 2024 and the first A-share class meeting in 2024.

## Non-operating occupation of funds by the Company’s controlling shareholder and other related parties (as defined in the relevant PRC regulations)

As of the Reporting Date, there was no non-operating occupation of funds by the Company’s controlling shareholder or its related parties.

## Report of the Directors

### Major Investment and Transaction Matters

On 22 May 2024, with the approval of the Board, the Company considered and passed the investment plan for the reconstruction and expansion project of the He'ao-Shenzhen Airport section of Shenyang-Haikou National Expressway ("Jihe Expressway"). The Jihe Expressway reconstruction and expansion project has a construction period of 5 years, a total length of approximately 41.4 kilometres and a design speed of 100 kilometres per hour, and will adopt the three-dimensional composite channel model. The project will consist of a ground-level layer and a three-dimensional layer, both constructed according to the standard for two-way eight-lane expressways. The Company plans to invest approximately RMB19.23 billion in this project and be responsible for its construction management as the project company. All highway assets formed by the construction of this project will be owned by the government. The above investment plan was approved by the general meeting of the Company held on 11 June 2024. As of the Reporting Date, the construction contracts for contract sections 1-6 of this project had been signed through public bidding on 26 July 2024, with contract amounts of RMB3.019 billion, RMB2.969 billion, RMB2.759 billion, RMB2.76 billion, RMB3.178 billion and RMB3.472 billion (including government funding), respectively. The construction contracts for contract sections 1, 5 and 6 will not take effect until they are approved by the general meetings of the Company and Shenzhen International. For details, please refer to the announcements and disclosure documents of the Company dated 22 May, 27 May, 12 June and 26 July 2024, and the circulars dated 27 May and 23 August 2024.

On 26 April 2024, with the approval of the Board, the Company considered and passed the proposal to increase the capital of its wholly-owned subsidiary in exchange for M&A financing. The Company plans to increase the capital of Mei Wah Company with self-owned funds and RMB loans by not more than HK\$10.479 billion (or the equivalent in another currency), and then Mei Wah Company will increase the capital of its wholly-owned subsidiary SIICHIC by not more than HK\$7.661 billion (or the equivalent in another currency) (the "Capital Increase"). All capital increase funds received by SIICHIC will be used to repay the principal of and interests on the shareholder loans payable to Mei Wah Company. After paying the capital increase in SIICHIC, and recovering the principal of and interests on the shareholder loans of SIICHIC, Mei Wah Company will use the capital increase funds to repay its existing foreign currency bank loans mainly. For details, please refer to the Company's announcement dated 26 April 2024.



## External Guarantees

Unit: RMB million, unless otherwise specified

External guarantees of the Company (excluding guarantees for subsidiaries)										
Name of the guarantor	Name of the guaranteed	Amount of guarantee	Date of occurrence (date of the agreement)	Commencement of guarantee	Expiry of guarantee	Type of guarantee	Completed or not	Overdue or not	Counter guarantee provided or not	Guarantee for related party or not
Guizhou Property <sup>(1)</sup>	Customers of Shenzhen Expressway – Interlaken Town	369.57	2016-01 to 2024-06	Effective date of the mortgage loan contract	Effective date of the mortgage under the contract	Joint and several liability guarantee	No	No	No	No
Total amount of guarantees incurred during the Reporting Period										-22.77
Total balance of guarantees as at the end of the Reporting Period (A)										369.57
Guarantees for subsidiaries of the Company										
Total amount of guarantees for subsidiaries incurred during the Reporting Period										-64.49
Total balance of guarantees for subsidiaries as at the end of the Reporting Period (B)										4,440.23
Total amount of guarantees of the Company (including guarantees for subsidiaries)										
Total amount of guarantees (A + B)										4,809.81
Proportion of total amount of guarantees to the net assets of the Company (%)										22.19
Including:										
Amount of guarantees for shareholders, de-facto controller and their related parties (C)										-
Amount of the debt guarantees directly or indirectly provided for those whose gearing ratio exceeded 70% (D)										2,516.90
Amount of the guarantees that exceed 50% of net assets in aggregate (E)										-
Total amount of the above three guarantees (C+D+E)										2,516.90
Description on unexpired guarantees that may be confronted with joint and several liability								Please refer to the description below.		

## Report of the Directors

Description on guarantees:

- (1) At the 4th meeting of the 7th session of the Board held on 30 June 2015, the 27th meeting of the 7th session of the Board held on 18 August 2017, and the 2017 annual general meeting held on 31 May 2018, the Company considered and approved the phased joint liability guarantees provided by Guizhou Property, a controlling subsidiary of the Company, for qualified mortgage customers who purchased the “Shenzhen Expressway – Interlaken Town (now renamed as Shenzhen Expressway – Youshan Villa)” project in accordance with the commercial practice in the real estate industry, with a total guarantee amount not exceed RMB1 billion. During the Reporting Period, Guizhou Property provided phased guarantees for four customers with an aggregate amount of RMB2.59 million, the stage guarantees of RMB25.36 million provided in the previous has been released. As at the end of the Reporting Period, the balance of the guarantees actually provided by Guizhou Property was RMB369.57 million.
- (2) The Company has not provided any external guarantee in violation of the stipulated decision-making procedures.

### Guarantee Authorisation and Guarantees for Subsidiaries of the Company

#### (1) Guarantee authorisation

The authorisation of guarantees approved by the general meeting of the Company is as follows:

At the 2022 annual general meeting held on 16 May 2023, the Company considered and passed the proposal on the authorisation of guarantees. The Board or any executive director authorised by it may provide guarantees of not more than RMB2.5 billion in aggregate for wholly-owned subsidiaries (including not more than RMB600 million for wholly-owned subsidiaries whose gearing ratio exceeds 70%), and not more than RMB7 billion for non-wholly-owned subsidiaries (including RMB4.8 billion for controlling subsidiaries whose gearing ratio exceeds 70%). These guarantees include financing guarantees and guarantee letters. The guarantee authorisation will be effective from the date of approval by the general meeting to the date when the 2023 annual general meeting is held.

At the 2023 annual general meeting held on 25 June 2024, the Company considered and passed the proposal on the authorisation of guarantees. The Board or any executive director authorised by it may provide guarantees of not more than RMB1.7 billion in aggregate for wholly-owned subsidiaries (including not more than RMB500 million for wholly-owned subsidiaries whose gearing ratio exceeds 70%), and not more than RMB5.5 billion for non-wholly-owned subsidiaries (including RMB4.1 billion for controlling subsidiaries whose gearing ratio exceeds 70%). These guarantees include financing guarantees and guarantee letters. The guarantee authorisation will be effective from the date of approval by the general meeting to the date when the 2024 annual general meeting is held.



**(2) Guarantees for Subsidiaries of the Company**

As at the end of the Reporting Period, the guarantees for subsidiaries of the Group were as follows:

Unit: RMB million

External guarantees of the Company (guarantees for subsidiaries)										
Name of the guarantor	Name of the guaranteed	Maximum amount of guarantees	Actual balance of guarantees	Date of occurrence (date of the agreement)	Commencement of guarantee	Expiry of guarantee	Type of guarantee	Completed or not	Overdue or not	Counter guarantee provided or not
Environmental Company	Guangxi Bioland	149.92	106.04	2021/8/3	2021/8/3	2 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	Yes
Bioland	Fuzhou Bioland	60	54	2021/9/15	2021/9/15	2 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Guilin Bioland	100	83.70	2021/12/24	2021/12/24	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Beihai Zhonglan <sup>Note 1</sup>	66.8	58.90	2021/12/29	2021/12/29	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Zhuji Bioland <sup>Note 1</sup>	130	30.44	2021/12/29	2021/12/29	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bay Area Development	Shenzhen Bay Infrastructure	1,798	1,650	2022/11/8	2022/11/8	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Guilin Bioland	40	33.87	2023/1/6	2023/1/6	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Investment Company	Shengao Lekang	36.26	24.40	2023/5/11	2023/5/11	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Handan Bioland	98	92	2023/5/12	2023/5/12	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Huangshi Bioland	42	40.43	2023/6/29	2023/6/29	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Sichuan Lansheng <sup>Note 2</sup>	101.48	89.05	2023/8/25	2023/8/25	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Guangxi Bioland	40	0	2024/6/7	2024/6/7	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bioland	Guangxi Bioland	380	27.39	2024/6/7	2024/6/7	3 years after the expiry date of the debt performance period	Joint and several liability guarantee	No	No	No
Bay Area Development	SIHC Bay Area Finance Limited	1,095.22	821.41	2024/6/24	2024/6/24	Upon expiration of the debt performance period, as required in the agreement	Joint and several liability guarantee	No	No	No



## Report of the Directors

External guarantees of the Company (guarantees for subsidiaries)										
Name of the guarantor	Name of the guaranteed	Maximum amount of guarantees	Actual balance of guarantees	Date of occurrence (date of the agreement)	Commencement of guarantee	Expiry of guarantee	Type of guarantee	Completed or not	Overdue or not	Counter guarantee provided or not
Bioland	Various project subsidiaries in which the Company invested prior to its acquisition of Bioland <sup>Note 3</sup>	51.35	51.35	2015/11/24 – 2018/9/26	2015/11/24	Upon expiration of the debt performance period, as required in the agreement	Joint and several liability guarantee	No	No	No
Bay Area Development	SIHC Bay Area Finance Limited <sup>Note 4</sup>	2,212.97	1,277.75	2014/8/26 – 2020/7/14	2014/8/26	Upon expiration of the debt performance period, as required in the agreement	Joint and several liability guarantee	No	No	No
<b>Total</b>	/	/	4,440.23	/	/	/	/	/	/	/

As at the end of the Reporting Period, based on the financing amounts of subsidiaries, the total amount of guarantees actually provided by the Company to its subsidiaries was RMB4,440.23 million, including the balance of guarantees provided by Bioland before its acquisition by the Company of RMB51.35 million (all being guarantees provided by Bioland for its subsidiaries), and the guarantee balance equivalent to RMB127.78 million provided by Bay Area Development before being acquired by the Company (the guarantee was provided by Bay Area Development to its subsidiaries HKD140,000,000, calculated at the median exchange rate published by the People's Bank of China on 28 June, 2024, i.e., HKD100 to RMB91.268). There is no overdue guarantee in the above guarantees. For details, please refer to the Company's announcements dated 3 August, 25 August, 13 September, 15 September, 24 December and 30 December 2021, 12 January, 1 April, 21 July and 8 November 2022, 6 January, 11 May, 12 May, 26 June, 29 June and 25 August 2023, and 5 February, 7 June and 24 June 2024.

Note 1: The proposal for Bioland to provide guarantees for the financing of its subsidiaries Beihai Zhonglan and Zhuji Bioland was considered and passed at the 15th meeting of the 9th session of the Board held on 22 December 2021. For details, please refer to the Company's announcements dated 22 and 30 December 2021.

Note 2: The proposal for Bioland to provide a guarantee for the financing of its subsidiary Sichuan Lansheng was considered and passed at the 33rd meeting of the 9th session of the Board held on 31 July 2023. For details, please refer to the Company's announcements dated 31 July and 25 August 2023.

Note 3: The external guarantees provided by Bioland before being acquired by the Company are all guarantees provided by Bioland for its subsidiaries.

Note 4: The guarantees provided by Bay Area Development for its subsidiaries before being acquired by the Company.

## Mortgage and Pledge of Assets

For details of the Company's and its subsidiaries' assets mortgaged or pledged as at the end of the Reporting Period, please refer to the relevant contents of "3. Restrictions on main assets as at the end of the Reporting Period" in "III. Financial Analysis" in the "Management Discussion and Analysis" section in this report.



## Entrusted Wealth Management

As approved by the Board of the Company, subject to the condition that both safety and liquidity of capital can be assured, the Group invested part of the funds in wealth management products issued by banks. During the Reporting Period, the Group conducted three new transactions relating to principal-guaranteed floating income wealth management products, with an entrusted wealth management amount of RMB1.25 billion. As at the end of the Reporting Period, the capital balance of the Group's wealth management products was RMB100 million, the income on entrusted wealth management received during the Reporting Period was RMB4.25912 million (tax-inclusive), and there was no outstanding principal or income.

## Other Agreements and Matters

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

During the Reporting Period, there was no material litigation or arbitration matter, matter which the media generally questioned, or bankruptcy and reorganisation in connection with the Company, nor was any share option incentive scheme implemented. In addition, there was no such prior matter subsisting during the Reporting Period. As at the end of the Reporting Period, the Group was involved in several small-claim lawsuits and arbitrations, which would not have any significant impact on the Group's daily operations. As at the end of the Reporting Period, the major outstanding and concluded lawsuits and arbitrations during the Reporting Period were as follows:

Unit: '000 Currency: RMB

Plaintiff (applicant)	Defendant (respondent)	Party with joint and several liability	Type of litigation (arbitration)	Basic information of the litigation (arbitration)	Amount involved in litigation (arbitration)	whether litigation (arbitration) forms any predicted liability and its amounts	Progress of litigation (arbitration)	Result and influence of litigation (arbitration)	Execution of judgment of litigation (arbitration) judgment
Nanjing Wind Power	CRRC Wind Power (Shandong) Co., Ltd.	—	Arbitration	Dispute over purchase contract	101,080.7 (Counterclaim for 30,000)	Yes. Recognition of penalties payable of RMB30 million.	The arbitration request withdrawal application is being tried.	On 16 June 2023, a final ruling was received: (1) CRRC Wind Power (Shandong) Co., Ltd. shall pay RMB99,991,400 to Nanjing Wind Power; (2) Nanjing Wind Power shall pay a penalty of RMB30 million for delayed supply to CRRC Wind Power (Shandong) Co., Ltd. On 4 August 2023, Nanjing Wind Power submitted an arbitration withdrawal application.	—
Yonker Environmental Protection Co., Ltd.	Guangxi Bioland, Bioland	—	Litigation	Construction contract disputes of construction projects	51,757.8 (Counterclaim for 50,000)	Yes. Estimated liabilities of RMB21.758 million (including project costs and accrued interests) are provided for.	Concluded	On 14 December 2022, the first instance judgment was received: (1) Guangxi Bioland shall pay approximately RMB19,585,470 in project costs with interests to Yonker Environmental; (2) Yonker Environmental shall pay RMB1.5 million in losses from construction delay to Guangxi Bioland. On 29 March 2024, the second instance judgment was received: The appeal request of Guangxi Bioland and Yonker Environmental was rejected, and the original judgment was affirmed.	Enforcement completed

## Report of the Directors

Plaintiff (applicant)	Defendant (respondent)	Party with joint and several liability	Type of litigation (arbitration)	Basic information of the litigation (arbitration)	Amount involved in litigation (arbitration)	whether litigation (arbitration) forms any predicted liability and its amounts	Progress of litigation (arbitration)	Result and influence of litigation (arbitration)	Execution of judgment of litigation (arbitration) judgment
Xinqing Environmental Technology (Lianyungang) Co., Ltd.	Nanjing Wind Power	—	Litigation	Contract disputes	150,743.2 (Counterclaim for 52,426.93)	Yes. Estimated liabilities of RMB53.21 million are provided for.	In second instance	On 31 August 2023, the first instance judgment was received: (1) The non-performed part of the contract between both parties should be terminated; (2) Nanjing Wind Power should pay RMB3,917,840 to Xinqing Environmental; Xinqing Environmental should draw a bank quality guarantee letter, etc.	In second instance
Environmental Company	Zhu Sheng Li	—	Litigation	Disputes over equity transfer	—	No	In first instance	In December 2023, the defendant was requested to transfer its 1.96% equity interests in Nanjing Wind Power to the plaintiff free of charge according to the agreement.	In first instance
Environmental Company	Shi Junying, Shi Junhua, Zhengzhou Cida Environmental Technology Co., Ltd., Beijing Shuiqi Lande Technology Co., Ltd.	—	Arbitration	The promised performance was not achieved and the respondent was required to pay the performance compensation.	170,002.1	No	In arbitration	In July 2023, Environmental Company requested the judgment that the respondents including Shi Junying transfer 19,534,720 shares in Bioland to Environmental Company free of charge according to the agreement (calculated at RMB5.06 per share), and pay the compensation for losses of RMB71,156,420.	In arbitration
Guizhou Xinhe Lifu Real Estate Development Co., Ltd. ("Guizhou Xinhe")	Guizhou Land, Guishen Development Company	—	Arbitration	Disputes over equity and creditor's rights transfer contract	486,046.3	No	In arbitration	In October 2023, Guizhou Xinhe requested the judgment that Guishen Property and Guishen Development Company should refund the contract price, acquisition and demolition losses etc., and relevant capital occupation fees, totalling approximately RMB486,046,300.	In arbitration



Plaintiff (applicant)	Defendant (respondent)	Party with joint and several liability	Type of litigation (arbitration)	Basic information of the litigation (arbitration)	Amount involved in litigation (arbitration)	whether litigation (arbitration) forms any predicted liability and its amounts	Progress of litigation (arbitration)	Result and influence of litigation (arbitration)	Execution of judgment of litigation (arbitration) judgment
China Power Construction Corporation Jiangxi Electric Power Construction Co., Ltd. ("Jiangxi Electric")	Nanjing Wind Power	—	Litigation	Contract disputes	109,100.1 (Counterclaim 91.3)	No	In first instance	In October 2023, Jiangxi Electric requested the judgment that Nanjing Wind Power should bear electricity tariff losses, equipment maintenance and replacement costs, a penalty for delayed delivery, etc. totalling approximately RMB109,100,100 arising from delayed delivery, supply quality and other issues. In March 2024, Nanjing Wind Power submitted a counterclaim and evidentiary materials, requesting Jiangxi Electric to pay equipment installation and commissioning fees, unloading delay fees, etc. totalling approximately RMB91,300 to Nanjing Wind Power.	In first instance
Beijing Shuiqi Lande Technology Co., Ltd., Shi Junying, Shi Junhua, Zhengzhou Cida Environmental Technology Co., Ltd.	Environmental Company	—	Arbitration	Disputes over equity transfer	129,727.2	No	In arbitration	In October 2023, the applicants including Shuiqi Lande requested the following judgment: 1. Their share in the performance compensation liability should be changed to 1%; 2. Environmental Company should refund the 22.64 million shares already compensated for (calculated at RMB5.73 per share) or a cash equivalent.	In arbitration
Financial Leasing Company	Xuchang Xurui Wind Power Generation Co., Ltd., Shenzhen Zhongzhuang New Energy Technology Co., Ltd., Henan Xuxin Wind Power Co., Ltd., Shenzhen Zhongzhuang Construction Group Co., Ltd., Shenzhen Zhongzhuang Municipal Landscape Engineering Co., Ltd.	—	Arbitration	Contract disputes	129,567	No	In arbitration	On 27 February 2024, Financial Leasing Company requested the judgment that the respondents including Xuchang Xurui should repay the remaining principal on the financial lease, overdue interests, liquidated damages, etc., totalling approximately RMB129,567,000.	In arbitration

## Report of the Directors

### Commitments

Background of undertaking	Type of undertaking	Undertaking party	Undertaking details	Time and duration of undertaking	Term of fulfilment or not	Whether fulfilled timely and strictly or not
Undertakings made in Acquisition Report or Report on the Changes in Equity Interests	Others	Shenzhen International/ Shenzhen International (Shenzhen)	For details of the undertakings to avoid peer competition and regulate connected transactions, please refer to Detailed Report on the Changes in Equity Interests (《詳式權益變動報告書》) published on 18 October 2007 in the securities market of the PRC by undertaking parties or relevant contents in the Annual Report 2007 of the Company	October 2007	No	Yes
	Others	Shenzhen International	<ol style="list-style-type: none"> <li>Continue to perform the above undertaking to avoid peer competition and regulate connected transactions, etc. made in October 2007.</li> <li>Unless with the approval of the Board of the Company and the written consent of the independent directors of the Company, Shenzhen International will not directly or indirectly engage in businesses peer competition with the main businesses of the Company alone or together with any other person or company, unless otherwise agreed upon between both parties.</li> </ol> <p>For details, please refer to the Acquisition Report published by SIHC dated 4 January 2011 on the securities market of the PRC and the Company's announcement dated 1 June 2011.</p>	December 2010	No	Yes
	Others	SIHC	<p>To avoid peer competition, SIHC has made the following undertakings:</p> <ol style="list-style-type: none"> <li>It undertakes not to directly or indirectly engage in any business that constitutes or may constitute substantial competition with the businesses operated by the Group, nor to participate in any investment in any other enterprise that constitutes or may constitute substantial competition with the products of or businesses operated by the Group.</li> <li>Unless with the approval of the Board of the Company and the written consent of the independent directors of the Company, SIHC will not directly or indirectly engage in businesses peer competition with the main businesses of the Company alone or together with any other person or company, unless otherwise agreed upon between both parties.</li> </ol> <p>For details, please refer to the Acquisition Report published by SIHC dated 4 January 2011 on the securities market of the PRC and the Company's announcement dated 1 June 2011.</p>	December 2010	No	Yes
Commitment letter	Others	Shenzhen International	<ol style="list-style-type: none"> <li>It will take the Company as the only platform for the final integration of the expressway business of Shenzhen International;</li> <li>It will fulfil all undertakings to support the development of the Company.</li> <li>Shenzhen International undertakes to inject the expressway assets owned by it into the Company in around 5-8 years, subject to the satisfaction of certain conditions to promote the Company's sustainable and stable development.</li> </ol>	June 2011	No	Yes





Background of undertaking	Type of undertaking	Undertaking party	Undertaking details	Time and duration of undertaking	Term of fulfilment or not	Whether fulfilled timely and strictly or not
Commitment letter	Others	SIHC	<p>1. It will take the Company the only platform for the final integration of the expressway business of SIHC;</p> <p>2. SIHC will fulfil all undertakings to support the development of the Company.</p> <p>3. SIHC undertakes to inject the expressway assets owned by it into the Company in around 5-8 years, subject to the improved profitability of such assets the satisfaction of certain conditions to eliminate its peer competition with the Company, and promote the Company's sustainable and stable development.</p>	May 2011	No	Yes
Undertakings related to IPO	Avoidance of peer competition	XTC Company/SGH Company	The undertaking parties will not engage in any industry or business in any way which, directly or indirectly, competes with the Company in Shenzhen.	January 1997	No	Yes
Undertakings related to refinancing <sup>Note</sup>	Others	Directors and senior management of Shenzhen International/ the Company	The Special Self-Inspection Report on the Real Estate Business of Shenzhen Expressway Corporation Limited Regarding the Offering of A-shares to Specific Targets truthfully discloses the self-inspection on the Group's real estate development projects from 1 January 2020 to 30 September 2023. The directors and senior management of Shenzhen International, the controlling shareholder of the Company, and the Company have promised on the following matters: None of Shenzhen Expressway and its consolidated subsidiaries is subject to any administrative penalty or currently under investigation (with a case filed) for any illegal or nonconforming act such as laying land idle, land speculation, property hoarding and price gouging. If Shenzhen Expressway has committed any illegal or nonconforming act such as laying land idle, land speculation, property hoarding and price gouging not disclosed in the Special Self-Inspection Report on the Real Estate Business of Shenzhen Expressway Corporation Limited Regarding the Offering of A-shares to Specific Targets, causing losses to Shenzhen Expressway and its investors, the promisors will bear the corresponding compensation liability in accordance with the applicable laws and regulations, and the requirements of the securities regulator.	July 2023 and January 2024	No	Yes
Undertakings related to refinancing <sup>Note</sup>	Others	Shenzhen International	<p>The following commitments are made to ensure that the Company's immediate return make-up measures are implemented practically in the issuance of A-shares to specific targets ("the Issuance"):</p> <ol style="list-style-type: none"> <li>1. We promise not to interfere with Shenzhen Expressway's business management activities beyond our authorities;</li> <li>2. We promise not to encroach upon the interests of Shenzhen Expressway;</li> <li>3. Before the completion of the Issuance, if the CSRC or the SSE makes other new regulations regarding measures to make up for returns and related commitments, and the above commitments do not meet such requirements, a supplementary commitment will be made in accordance with the latest regulations of the CSRC or the SSE;</li> <li>4. We promise to implement the make-up measures for the diluted immediate return formulated by the Company and any commitment on the return make-up measures for the diluted immediate return practically. If we break or refuse to fulfil the above commitments, and cause losses to the Company or any other shareholder, we are willing to bear the corresponding liability according to law.</li> </ol>	July 2023 and January 2024	No	Yes

## Report of the Directors

Background of undertaking	Type of undertaking	Undertaking party	Undertaking details	Time and duration of undertaking	Term of fulfilment or not	Whether fulfilled timely and strictly or not
Undertakings related to refinancing	Others	XTC Company	<p>The share subscription agreement with conditions precedent entered between XTC Company and the Company specifies that:</p> <p>The target shares acquired by XTC Company and offered this time shall not be transferred within 18 months from the end of the Issuance, and the regulations of the CSRC and the SSE shall apply thereafter. If there are other provisions in the relevant regulations and normative documents regarding the trading restriction period of offering shares to specific targets, such provisions will apply. From the date of completion of the Issuance to the date of the lifting of restrictions on such shares, the newly added shares in the Company under the target stock subscribed for by XTC Company in the Issuance arising from the Company's bonus shares, capital reserve conversion into the share capital, etc. should also comply with the above lock-up arrangements.</p> <p>XTC Company promises as follows:</p> <p>It confirms that it had not reduced its shareholding in Shenzhen Expressway either directly or indirectly in the six months prior to the pricing base date of the Issuance, and promises not to reduce its shareholding in Shenzhen Expressway either directly or indirectly in any way from the pricing base date of the Issuance to 18 months after the completion of the Issuance. If a reduction in shareholding occurs in violation of the above commitment, all proceeds arising from such reduction will be vested in Shenzhen Expressway, and it will also bear the legal liability arising therefrom according to law.</p>	July 2023	Yes	Yes
Undertakings related to refinancing	Others	SGH Company/ Advance Great Company/XTC Company	<p>SGH Company and Advance Great Company make a further share lock-up commitment regarding the Issuance:</p> <p>It confirms that it had not reduced its shareholding in Shenzhen Expressway either directly or indirectly in the six months prior to the pricing base date of the Issuance, and promises not to reduce its shareholding in Shenzhen Expressway either directly or indirectly in any way from the pricing base date of the Issuance to 18 months after the completion of the Issuance. If a reduction in shareholding occurs in violation of the above commitment, all proceeds arising from such reduction will be vested in Shenzhen Expressway, and it will also bear the legal liability arising therefrom according to law.</p> <p>XTC Company makes the following commitment regarding its subscription for shares under the Issuance:</p> <p>XTC Company will subscribe for not less than 10% of the shares actually issued by Shenzhen Expressway under the Issuance for an amount of not more than RMB1.51 billion. After the Issuance, Shenzhen International will hold not less than 45.00% of the shares of Shenzhen Expressway indirectly in aggregate, and the subscription price will be paid by XTC Company in cash.</p>	July 2024	Yes	Yes



Background of undertaking	Type of undertaking	Undertaking party	Undertaking details	Time and duration of undertaking	Term of fulfilment or not	Whether fulfilled timely and strictly or not
Undertakings related to refinancing <sup>Note</sup>	Others	Directors and senior management of the Company	<p>Have made the following commitments regarding the make-up measures for the diluted immediate return of the Issuance:</p> <ol style="list-style-type: none"> <li>1. We promise not to transfer interests to any other organisation or individual without compensation or under unfair conditions, and not to harm the Company's interests in any other way;</li> <li>2. We promise to restrain our own position-related consumption behaviour;</li> <li>3. We promise not to use the Company's assets to engage in any investment or consumption activity unrelated to the performance of our duties;</li> <li>4. We promise to link up the remuneration system formulated by the Board or the Remuneration Committee with the implementation of the Company's make-up measures for the diluted immediate return;</li> <li>5. If the Company implements an equity incentive plan in the future, we promise to support the linkup of the exercise conditions of the proposed corporate equity incentive plan with the implementation of the Company's make-up measures for the diluted immediate return;</li> <li>6. Before the completion of the Issuance, if the CSRC or the SSE makes other new regulations regarding measures to make up for returns and related commitments, and the above commitments do not meet such requirements, a supplementary commitment will be made in accordance with the latest regulations of the CSRC or the SSE;</li> <li>7. We promise to implement the make-up measures for the diluted immediate return formulated by the Company and any commitment on the return make-up measures for the diluted immediate return practically. If we break or refuse to fulfil the above commitments, and cause losses to the Company or the shareholders, we are willing to bear the corresponding liability according to law.</li> </ol>	July 2023 and January 2024	No	Yes

Note: On 14 July 2023, with the approval of the 32nd meeting of the 9th session of the Board, the Company planned to issue A-shares to eligible specific targets. Shenzhen International, the controlling shareholder of the Company, and the directors and senior management of the Company made written commitments on the relevant matters according to the requirements of the General Office of the State Council and the CSRC. On 25 January 2024, after consideration by the Board, the Company adjusted the total amount and use of the funds raised under the Issuance, and revised the issuance plan and related documents accordingly. Shenzhen International, the controlling shareholder of the Company, and the Directors and senior management of the Company made written commitments on the relevant matters again.

## Report of the Directors

### Information on Corporate Governance

The Company is listed at both the SSE and HKEx. The Company has to comply with the applicable laws and regulatory requirements for securities regarding corporate governance practises in both places. During the Reporting Period, the Company complied with the Company Law and the relevant requirements issued by the CSRC. The Company has also fully adopted all provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules of HKEx without any material deviation or breach. The Company strives to achieve better corporate governance practises. For details, please refer to the Annual Report 2023 of the Company.

### Investor Relationship Management

The management of the Company highly values communication with its investors. During the first half of 2024, the Executive Director and President, Chief Financial Officer and Secretary of the Board, Vice President, and relevant personnel from the Board Secretariat and Investor Relations Department of the Company participated in investor relations activities to communicate and interact with investors directly. The investor relations activities were mostly organised by the Company in the following forms:

- Disclosing the investor hotline and investor relations e-mailbox, setting up an investor message section on the Company's website, and promptly responding to investor inquiries. In the first half of 2024, the Company replied to over 50 investor inquiries by website, telephone and e-mail.
- Properly arranging for requests for visits and investigation tours from investors. In the first half of 2024, the Company received 24 investor visits and investigation tours involving over 90 men-times in aggregate, exchanging views and communicating with investors with an open-minded attitude, and established a direct communication mechanism between investors and the Company.
- The Company conducts presentation activities in various forms, including organising performance presentations, press conferences, online investor meetings and road-shows, and attending various investor seminars/forums. In the first half of 2024, the Company communicated with about 300 men-times of investors, securities analysts and media reporters in total.
- Regularly dispatching information and materials on the operations and development of the Group. The Company prepared and released a total of 12 issues of E-news and performance presentation materials in the first half of 2024, providing information to investors on the operating performance and environment, and development plan of the Company, and giving replies to issues concerning to investors. Such information is sent by e-mail and uploaded to the Company's website for more investors' access at any time.
- Investors and the public may access information such as the Group's basic information, profiles of directors, supervisors and senior management members at any time on the Company's website (<http://www.sz-expressway.com>).
- The Company pays attention to and responds to the messages from investors in a timely manner, and uploaded interaction records of investors on monthly basis through the "e-interaction" platform developed by the SSE for listed companies and investors.



## Employees, Remuneration and Training

As at 30 June 2024, among all 7,049 employees of the Group (including the Company and its consolidated subsidiaries), 1,827 were management and professional personnel, and 5,222 were toll collection and other frontline personnel.

The remuneration and benefits of an employee include the position salary, the performance bonus, and the statutory and corporate welfares, and are determined by the market value of the position and the corporate performance and the comprehensive performance of the employee. Pursuant to the statutory requirements, the Group has participated in the employee retirement benefit program (social pension insurance) and the housing provident fund plan coordinated or organised by the local government authorities, and has arranged various security plans such as medical insurance, work-related injury insurance, unemployment insurance and maternity insurance for its employees. According to the relevant regulations, the Group is required to pay contributions equivalent to a certain percentage of an employee's aggregate salary (subject to the required maximum cap) to the labour and social security authority as social insurance contributions for items such as pension and medical insurance premiums. In addition, the Company also makes enterprise annuity contributions (supplementary pension insurance) for its management and professional personnel regularly. For details of employee remuneration and benefits, please refer to Notes V/28 and V/37 to the Financial Statements in this report.

The Company values employee training and has established a training system based on job competency. During the Reporting Period, the Company organised a number of training sessions, which covered all business segments of the Company, including general management, operation management and professional skills. In addition, to meet the growing demand for cross-regional training within the Company, the Company offered training through its mobile learning platform. During the Reporting Period, the Group headquarters implemented online and offline training 113 times in total, with approximately 5,437 man-times of participants, covering laws and regulations, risk management, construction safety management, comprehensive professionalism, etc.

## Review of Interim Results

The 2024 interim financial information and comparative figures for the same period of 2023 were prepared in accordance with CASBE, and also complied with the disclosure requirements under the Listing Rules of the HKEx. The Audit Committee of the Company has reviewed and confirmed the financial statements and interim report of the Group for the six months ended 30 June 2024. The relevant financial information has not been audited.

## Names of Directors

As at the Reporting Date, the members of the Board included Mr. Liao Xiang Wen (Executive Director and President), Mr. Yao Hai (Executive Director), Mr. Wen Liang (Executive Director), Mr. Dai Jing Ming (Non-executive Director), Ms. Li Xiao Yan (Non-executive Director), Mr. Lü Da Wei (Non-executive Director), Mr. Li Fei Long (Independent Director), Mr. Miao Jun (Independent Director), Mr. Xu Hua Xiang (Independent Director), and Mr. Yan Yan (Independent Director).

By Order of the Board  
**Liao Xiang Wen**  
*Executive Director*

Shenzhen, China, 23 August 2024



# Share Capital and Shareholders

## I. Profile of Movements of Share Capital

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

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

## II. Information of Shareholders

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

### 1. Total Number of Shareholders:

The total number of shareholders of the Company was 17,283, of which 17,043 were holders of A Shares and 240 were holders of H Shares.



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

Unit: share

The top ten shareholders						
Name of shareholder	Changes during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of restricted circulating shares held	Number of shares pledged or frozen	Nature of shareholders
HKSCC NOMINEES LIMITED <sup>Note</sup>	+43,840	729,835,242	33.47	–	Unknown	Overseas legal person
Xin Tong Chan Development (Shenzhen) Company Limited	–	654,780,000	30.03	–	None	State-owned legal person
Shenzhen Shen Guang Hui Highway Development Company Limited	–	411,459,887	18.87	–	None	State-owned legal person
China Merchants Expressway Network & Technology Holdings Company Limited	–	91,092,743	4.18	–	None	State-owned legal person
Guangdong Roads and Bridges Construction Development Company Limited	–	61,948,790	2.84	–	None	State-owned legal person
China Merchants Bank – SSE Dividend Trading Open Index Securities Investment Fund	-386,300	31,509,496	1.44	–	Unknown	Domestic non-state-owned legal person
AU SIU KWOK	–	11,000,000	0.50	–	Unknown	Overseas natural person
Hong Kong Central Clearing Company Limited	-9,497,236	8,281,452	0.38	–	Unknown	Others
ZHANG PING YING	–	7,738,565	0.35	–	Unknown	Domestic natural person
Basic Pension Insurance Fund Portfolio 1003 (基本養老保險基金—零零三組合)	+107,400	6,821,100	0.31	–	Unknown	Domestic non-state-owned legal person

## Share Capital and Shareholders

The top ten holders of non-restricted circulating shares		
Name of shareholder	Number of non-restricted circulating shares held	Type of shares
HKSCC NOMINEES LIMITED <sup>Note</sup>	729,835,242	H Share
Xin Tong Chan Development (Shenzhen) Company Limited	654,780,000	A Share
Shenzhen Shen Guang Hui Highway Development Company Limited	411,459,887	A Share
China Merchants Expressway Network & Technology Holdings Company Limited	91,092,743	A Share
Guangdong Roads and Bridges Construction Development Company Limited	61,948,790	A Share
China Merchants Bank – SSE Dividend Trading Open Index Securities Investment Fund	31,509,496	A Share
AU SIU KWOK	11,000,000	H Share
Hong Kong Central Clearing Company Limited	8,281,452	A Share
ZHANG PING YING	7,738,565	A Share
Basic Pension Insurance Fund Portfolio 1003 (基本養老保險基金一零零三組合)	6,821,100	A Share
Connected relationship or concert party relationship among the abovementioned shareholders	XTC Company and SGH Company are connected persons under the same control of Shenzhen International. There is no connected relationship among the state-owned shareholders in the above table. The Company did not notice any connected relationship among the other abovementioned shareholders or any connected relationship among the abovementioned state-owned shareholders and other shareholders.	

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



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

As at 30 June 2024, the interests or short positions of shareholders, other than a Director, Supervisor or Chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), were as follows:

#### A Shares:

Name of shareholder	Capacity	Number of A Shares of the Company held	Percentage of total issued A Share capital
Shenzhen International <sup>(2)</sup>	Interest of corporation controlled <sup>(3)</sup>	1,066,239,887(L)	74.39%(L)
SIHC	Interest of corporation controlled <sup>(4)</sup>	1,066,239,887(L)	74.39%(L)

#### H Shares:

Name of shareholder	Capacity	Number of H Shares of the Company held	Percentage of total issued H Share capital
China Merchants Expressway Network & Technology Holdings Company Limited	Beneficial owner	28,612,000 (L)	
	Interest of corporation controlled	54,556,000 (L)	11.13%(L)
Shenzhen International <sup>(2)</sup>	Interest of corporation controlled <sup>(3)</sup>	52,612,000(L)	7.03%(L)
SIHC	Interest of corporation controlled <sup>(4)</sup>	52,612,000(L)	7.03%(L)

Note: (L) – long positions, (S) – short positions, (P) – lending pool. Please refer to Securities and Futures Ordinance for relevant definitions

#### Notes:

- (1) All the A Shares of the Company are listed on main board of SSE, and all the H Shares of the Company are listed on the main board of HKEx.
- (2) Shenzhen International is a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of HKEx.
- (3) Pursuant to a written letter provided by Shenzhen International to the Company, as at 30 June 2024, Long positions of 654,780,000 A Shares were directly held by XTC Company, as beneficial owner; Long positions of 411,459,887 A Shares were directly held by SGH Company, as beneficial owner; and long position of 58,194,000 H Shares were directly held by Advance Great Limited, as beneficial owner, which represent 7.785% of the issued H shares of the Company. All of these companies are wholly-owned subsidiaries of Shenzhen International.
- (4) SIHC indirectly held approximately 43.951% interests in Shenzhen International. Pursuant to Securities and Futures Ordinance, SIHC was deemed to be interested in shares of the Company owned by Shenzhen International.

Save as disclosed above, to the knowledge of the Company, as at 30 June 2024, there were no other persons required to be disclosed under Section 336 of Part XV of Securities and Futures Ordinance of Hong Kong.

## Share Capital and Shareholders

### 4. The Controlling Shareholders and the De-facto Controller

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

### III. Others

#### Purchase, Sale or Redemption of Securities

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





# Directors, Supervisors and Senior Management

## I. Changes of the Directors, Supervisors and Senior Management

### 1. Personnel Changes during the Reporting Period

Name	Position	Change
Wang Zeng Jin	Director	Resign. Due to personal job changes, Mr. Wang Zeng Jin submitted a written resignation report to the Board of the Company on 20 February 2024, resigning from the position of Executive Director and member of Risk Management Committee of the Board, and his resignation took effect immediately.
Yao Hai	Director	Newly appointed. Mr. Yao Hai was appointed as a director of the ninth session of the Board of the Company in the First Extraordinary General Meeting on 20 February 2024.
Bai Hua	Independent Director	Resign. Due to personal job reasons, Mr. Bai Hua submitted a written resignation report to the Board of the company on 22 December 2023, resigning from the position of Independent Director. The resignation took effect on 20 February 2024.
Yan Yan	Independent Director	Newly appointed. Mr. Yan Yan was appointed as an independent director of the ninth session of the Board of the Company in the First Extraordinary General Meeting 2024 held on 20 February 2024.

### 2. Pursuant to Rule 13.51B(1) of the Listing Rules of HKEx, the change in the information of the Directors and Supervisors of the Company is as follows:

Ms. Li Xiao Yan, Director, has served as the Chief Financial Officer of Sinotrans Limited (中國外運股份有限公司, a company listed on the SSE and HKEx) since May 2024.

Mr. Wang Chao, Supervisor, has served as the director and Chief Financial Officer of Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司, a company listed on the SZSE) since July 2024.

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

### 1. Changes in Shareholding

During the Reporting Period, none of the Directors, the Supervisors or the Senior Management have bought or sold the Company's shares or be granted equity incentive by the Company.

As at the end of the Reporting Period, none of the Directors, the Supervisors or the Senior Management has held any shares of the Company.

## Directors, Supervisors and Senior Management

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

As at 30 June 2024, the interests or short positions of the Directors, the Supervisors or the Chief Executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part 15 of Securities and Futures Ordinance Chapter 571 of the Laws of Hong Kong) which were required to be entered into the register maintained by the Company under Section 352 of Securities and Futures Ordinance (including deemed interests and short positions under such provisions of Securities and Futures Ordinance) or which were required to be notified to the Company and HKEx pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers” (collectively, “interests or short positions”) were as follows:

#### Long positions in ordinary shares of Shenzhen International:

Name	Number of ordinary shares held as at 30 June 2024	Changes during the Period	Approximate percentage of ordinary shares in issued share capital of Shenzhen International	Nature of interests	Capacity
Liao Xiang Wen <sup>(4)</sup>	21,520	+1,227	0.001%	Family interests	Beneficial owner

#### Interests in share option of Shenzhen International:

Name	Options	Share options unexercised as at 30 June 2024 <sup>(1)(2)(3)</sup>	Change during the Reporting Period				Nature of Interests	Capacity
			Adjustment during the Reporting Period	Granted during the Reporting Period (2)	Exercised	Lapsed		
Liao Xiang Wen <sup>(4)</sup>	share option scheme 1 <sup>(1)</sup>	332,000	-	-	-	-	Family interests	Beneficial owner
	share option scheme 2 <sup>(2)</sup>	249,000	-	-	-	-		
	share option scheme 3 <sup>(3)</sup>	249,000	-	-	-	-		

Note:

- (1) The options under share option scheme 1 were granted on 1 November 2023 and could be exercised during the period from 1 November 2025 to 31 October 2028 pursuant to the grant conditions.
- (2) The options under share option scheme 2 were granted on 1 November 2023 and could be exercised during the period from 1 November 2026 to 31 October 2028 pursuant to the grant conditions.
- (3) The options under share option scheme 3 were granted on 1 November 2023 and could be exercised during the period from 1 November 2027 to 31 October 2028 pursuant to the grant conditions.
- (4) The interests are owned by the spouse of director Liao Xiang Wen.

Saved as disclosed above, as at 30 June 2024, none of the Directors, the Supervisors or the Chief Executive had interests or short positions defined above.



### 3. **Model Code for Securities Transactions by Directors, Supervisors and Senior Management**

The “Securities Transaction Code” of the Company has been adopted by the Board in accordance with Appendix C3 to the Listing Rules of HKEx entitled “Model Code for Securities Transactions by Directors of Listed Issuers” and the relevant provisions of the domestic securities regulatory authorities, as a written guide to regulate dealings in the Company’s securities by Directors, Supervisors and relevant staff. The “Securities Transaction Code” of the Company has included and is higher than the standards set by Appendix C3 to the Listing Rules of HKEx to a certain extent.

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





# Interim Financial Statements

- 90** *Consolidated and Company Statement of Financial Position*
- 95** *Consolidated and Company Statement of Profit or Loss and Other Comprehensive Income*
- 98** *Consolidated and Company Statement of Cash Flows*
- 102** *Consolidated and Company Statement of Changes in Equity*
- 105** *Notes to Financial Statements*
- 266** *Supplementary information*





## Consolidated Statement of Financial Position

As at 30 June 2024

RMB

Item	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>Current assets:</b>			
Cash at banks and on hand	V. 1	2,306,502,083.03	2,152,367,633.05
Transactional financial assets	V. 2	248,870,005.52	468,792,208.25
Bills receivable		–	500,000.00
Accounts receivable	V. 3	970,542,523.26	967,487,093.08
Prepayments	V. 4	277,479,559.24	248,083,582.06
Other receivables	V. 5	953,548,458.04	602,215,140.81
Including: Interest receivable		–	–
Dividends receivable		197,737,852.83	–
Inventories	V. 6	1,300,550,792.25	1,355,564,013.49
Contract assets	V. 7	279,925,840.71	394,910,901.30
Non-current assets due within one year	V. 8	430,959,041.38	264,774,570.13
Other current assets	V. 9	644,746,018.82	497,079,323.91
<b>Total current assets</b>		<b>7,413,124,322.25</b>	<b>6,951,774,466.08</b>
<b>Non-current assets:</b>			
Long-term prepayments	V. 10	478,748,660.14	356,732,998.46
Long-term receivables	V. 11	3,200,220,067.34	2,334,935,756.66
Long-term equity investments	V. 12	19,624,011,949.41	18,715,822,120.74
Other non-current financial assets	V. 13	841,740,555.89	895,069,302.26
Investment properties	V. 14	22,241,914.41	23,033,992.33
Fixed assets	V. 15	7,218,832,509.24	7,328,858,518.97
Construction in progress	V. 16	123,652,812.10	289,690,234.44
Right-of-use assets	V. 17	66,029,339.02	66,201,181.97
Intangible assets	V. 18	24,156,246,904.61	26,809,094,107.69
Development expenditures		6,261,136.18	6,261,136.18
Goodwill	V. 19	202,893,131.20	202,893,131.20
Long-term prepaid expenses		33,391,314.47	39,044,962.13
Deferred tax assets	V. 20	236,718,217.30	271,445,109.37
Other non-current assets	V. 21	2,245,154,446.91	3,216,612,072.29
<b>Total non-current assets</b>		<b>58,456,142,958.22</b>	<b>60,555,694,624.69</b>
<b>Total assets</b>		<b>65,869,267,280.47</b>	<b>67,507,469,090.77</b>



Item	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>Current liabilities:</b>			
Short-term borrowings	V. 23	6,799,772,154.65	11,105,625,836.85
Transactional financial liabilities	V. 24	125,074,306.08	148,117,309.14
Bills payable	V. 25	76,240,537.23	89,735,513.24
Accounts payable	V. 26	2,295,230,410.16	2,588,545,523.67
Advances from customers		713,268.14	623,460.97
Contract liabilities	V. 27	75,423,680.66	67,149,275.34
Employee benefits payable	V. 28	239,846,007.36	378,691,400.83
Taxes payable	V. 29	376,092,489.81	462,043,523.14
Other payables	V. 30	2,075,237,805.57	1,059,445,155.50
Including: Interest payable		–	–
Dividends payable		1,314,315,236.22	5,622,222.18
Non-current liabilities due within one year	V. 31	1,486,002,147.77	2,392,022,913.00
Other current liabilities	V. 32	1,554,295,223.14	1,534,478,767.90
<b>Total current liabilities</b>		<b>15,103,928,030.57</b>	<b>19,826,478,679.58</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	V. 33	12,392,146,677.24	9,567,707,809.79
Bonds payable	V. 34	8,673,785,286.31	7,159,103,456.71
Including: Preferred stock		–	–
Perpetual bonds		–	–
Lease liabilities	V. 35	45,288,200.00	45,614,131.00
Long-term payables	V. 36	766,514,359.91	907,277,866.27
Long-term employee benefits payable	V. 37	115,649,911.45	115,649,911.45
Provisions	V. 38	199,875,893.57	203,121,139.63
Deferred revenue	V. 39	339,332,718.49	388,675,627.57
Deferred tax liabilities	V. 20	836,739,424.16	1,148,490,784.95
Other non-current liabilities		146,856,909.50	146,667,698.70
<b>Total non-current liabilities</b>		<b>23,516,189,380.63</b>	<b>19,682,308,426.07</b>
<b>Total liabilities</b>		<b>38,620,117,411.20</b>	<b>39,508,787,105.65</b>

## Consolidated Statement of Financial Position

As at 30 June 2024

RMB

Item	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>Shareholders' equity:</b>			
Equity	V. 40	<b>2,180,770,326.00</b>	2,180,770,326.00
Other equity instruments	V. 41	<b>4,000,000,000.00</b>	4,000,000,000.00
Including: Preferred stock		–	–
Perpetual bonds		<b>4,000,000,000.00</b>	4,000,000,000.00
Capital reserve	V. 42	<b>4,389,018,006.37</b>	4,389,338,761.93
Other comprehensive income	V. 43	<b>(703,964,783.61)</b>	(542,304,991.67)
Surplus reserve	V. 44	<b>3,506,925,959.18</b>	3,218,191,232.88
Undistributed profits	V. 45	<b>8,304,678,669.59</b>	9,112,002,127.97
Total equity attributable to shareholders of the Company		<b>21,677,428,177.53</b>	22,357,997,457.11
Minority interests		<b>5,571,721,691.74</b>	5,640,684,528.01
<b>Total shareholders' equity</b>		<b>27,249,149,869.27</b>	27,998,681,985.12
<b>Total liabilities and shareholders' equity</b>		<b>65,869,267,280.47</b>	67,507,469,090.77

The attached notes form part of the financial statements

The financial statements are signed by the following persons:

**Liao Xiangwen**  
Head of the Company

**Zhao Guiping**  
Chief financial officer

**Jiang Weiqi**  
Head of accounting department



## Company's Statement of Financial Position

As at 30 June 2024

RMB

Item	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>Current assets:</b>			
Cash at banks and on hand		631,243,726.99	526,318,877.01
Transactional financial assets		–	–
Accounts receivable	XV. 1	97,006,564.94	73,932,293.18
Prepayments		6,877,800.77	10,851,866.07
Other receivables	XV. 2	2,509,738,737.31	3,324,788,193.27
Including: Interest receivable		–	–
Dividends receivable		809,410,569.88	703,407,059.90
Inventories		723,183.15	591,398.10
Contract assets		123,392,694.73	111,898,136.37
<b>Total current assets</b>		<b>3,368,982,707.89</b>	<b>4,048,380,764.00</b>
<b>Non-current assets:</b>			
Long-term prepayments		242,692,763.30	258,402,486.55
Long-term receivables		2,008,175,000.00	2,008,175,000.00
Long-term equity investments	XV. 3	30,347,433,100.96	26,127,544,368.66
Other non-current financial assets		787,173,930.79	841,464,700.63
Investment properties		9,207,854.88	9,495,717.00
Fixed assets		2,087,768,624.34	2,086,300,959.83
Construction in progress		19,889,875.70	46,724,482.36
Right-of-use assets		16,035,307.74	18,999,909.06
Intangible assets		2,025,018,426.72	2,015,580,732.15
Development expenditures		6,261,136.18	6,261,136.18
Long-term prepaid expenses		4,541,370.25	3,732,576.83
Deferred tax assets		1,053.75	–
Other non-current assets		380,083,959.76	368,811,126.55
<b>Total non-current assets</b>		<b>37,934,282,404.37</b>	<b>33,791,493,195.80</b>
<b>Total assets</b>		<b>41,303,265,112.26</b>	<b>37,839,873,959.80</b>

## Company's Statement of Financial Position

As at 30 June 2024

RMB

Item	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>Current liabilities:</b>			
Short-term borrowings		100,069,444.44	–
Accounts payable		100,616,799.42	116,630,776.46
Contract liabilities		60,739,625.54	60,739,625.54
Employee benefits payable		98,517,050.34	143,245,422.77
Taxes payable		29,477,852.52	21,430,635.58
Other payables		5,060,658,950.52	3,734,241,864.01
Including: Interest payable		–	–
Dividends payable		1,204,829,889.75	5,622,222.18
Non-current liabilities due within one year		609,260,949.32	1,654,878,086.36
Other current liabilities		1,519,842,442.01	1,512,594,613.40
<b>Total current liabilities</b>		<b>7,579,183,114.11</b>	<b>7,243,761,024.12</b>
<b>Non-current liabilities:</b>			
Long-term borrowings		3,989,708,320.00	1,596,400,000.00
Bonds payable		8,673,785,286.31	7,159,103,456.71
Including: Preferred stock		–	–
Perpetual bonds		–	–
Lease liabilities		12,024,667.69	14,486,248.66
Long-term payables		696,286,715.85	824,596,715.85
Long-term employee benefits payable		69,919,951.40	69,919,951.40
Provisions		56,632,139.46	67,707,852.92
Deferred revenue		164,307,513.85	183,957,215.19
Deferred tax liabilities		177,940,851.08	181,660,957.43
<b>Total non-current liabilities</b>		<b>13,840,605,445.64</b>	<b>10,097,832,398.16</b>
<b>Total liabilities</b>		<b>21,419,788,559.75</b>	<b>17,341,593,422.28</b>
<b>Shareholders' equity:</b>			
Equity		2,180,770,326.00	2,180,770,326.00
Other equity instruments		4,000,000,000.00	4,000,000,000.00
Including: Preferred stock		–	–
Perpetual bonds		4,000,000,000.00	4,000,000,000.00
Capital reserve		1,873,257,038.28	1,873,257,038.28
Other comprehensive income		892,136,387.81	892,136,387.81
Surplus reserve		3,506,925,959.18	3,218,191,232.88
Undistributed profits		7,430,386,841.24	8,333,925,552.55
<b>Total shareholders' equity</b>		<b>19,883,476,552.51</b>	<b>20,498,280,537.52</b>
<b>Total liabilities and shareholders' equity</b>		<b>41,303,265,112.26</b>	<b>37,839,873,959.80</b>

The attached notes form part of the financial statements

The financial statements are signed by the following persons:

**Liao Xiangwen**  
Head of the Company

**Zhao Guiping**  
Chief financial officer

**Jiang Weiqi**  
Head of accounting department



## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

RMB

Item	Note	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
<b>I. Operating income</b>	V. 46	<b>3,756,892,301.30</b>	4,124,879,965.28
Less: Cost of services	V. 46	<b>2,315,667,184.54</b>	2,480,614,043.06
Taxes and surcharges		<b>20,488,569.53</b>	18,977,616.05
Selling expenses		<b>6,694,678.30</b>	11,826,275.50
General and administrative expenses	V. 47	<b>170,719,020.68</b>	182,666,097.06
Research and development expenses		<b>13,799,253.10</b>	13,910,096.83
Financial expenses	V. 48	<b>559,049,217.95</b>	664,489,343.78
Including: Interest expenses		<b>572,283,598.21</b>	588,443,877.82
Interest income		<b>43,094,156.29</b>	34,089,732.59
Add: Other income		<b>7,178,791.38</b>	13,213,301.70
Investment income	V. 49	<b>579,660,369.26</b>	364,156,202.03
Including: Income from investment in associates and joint ventures	V. 49	<b>420,147,326.09</b>	341,367,589.39
Gains (losses) from changes in fair value	V. 50	<b>(29,341,842.39)</b>	148,232,568.84
Credit impairment gains (losses)	V. 51	<b>(88,799,659.86)</b>	(15,552,917.44)
Gains (losses) on impairment of assets	V. 52	<b>(44,317,275.45)</b>	(41,237,184.70)
Gains (losses) on disposal of assets		<b>(95,131.08)</b>	12,747,724.64
<b>II. Operating profit</b>		<b>1,094,759,629.06</b>	1,233,956,188.07
Add: Non-operating income		<b>6,710,540.42</b>	4,788,936.73
Less: Non-operating expenses		<b>1,745,199.49</b>	37,676,675.46
<b>III. Total profit</b>		<b>1,099,724,969.99</b>	1,201,068,449.34
Less: Income tax expenses	V. 53	<b>248,547,036.01</b>	270,245,051.87
<b>IV. Net profit</b>		<b>851,177,933.98</b>	930,823,397.47
(I) Classified by business continuity			
1. Net profit from continuing operations		<b>851,177,933.98</b>	930,823,397.47
2. Net profit from discontinued operations		-	-
(II) Classified by ownership			
1. Net profit attributable to shareholders of the Company		<b>773,857,169.47</b>	929,275,101.01
2. Profit or loss attributable to minority shareholders		<b>77,320,764.51</b>	1,548,296.46

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

RMB

Item	Note	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
<b>V. Other comprehensive income, net of tax</b>		<b>(176,002,069.49)</b>	(363,767,151.41)
(I) Other comprehensive income after tax attributable to shareholders of the Company		<b>(161,659,791.94)</b>	(341,824,332.51)
1. Other comprehensive income that cannot be subsequently reclassified to profit or loss		–	–
2. Other comprehensive income that will be reclassified to profit or loss		<b>(161,659,791.94)</b>	(341,824,332.51)
(1) Other comprehensive income that will be transferred to profit or loss under the equity method	V. 43	<b>(840,357.03)</b>	6,519,370.70
(2) Translation differences of financial statements denominated in foreign currencies	V. 43	<b>(160,819,434.91)</b>	(348,343,703.21)
(II) Other comprehensive income after tax attributable to minority shareholders		<b>(14,342,277.55)</b>	(21,942,818.90)
<b>VI. Total comprehensive income</b>		<b>675,175,864.49</b>	567,056,246.06
Total comprehensive income attributable to shareholders of the Company		<b>612,197,377.53</b>	587,450,768.50
Total comprehensive income attributable to minority shareholders		<b>62,978,486.96</b>	(20,394,522.44)
<b>VII. Earnings per share</b>			
(I) Basic earnings per share (Yuan/share)		<b>0.312</b>	0.384
(II) Diluted earnings per share (Yuan/share)		<b>0.312</b>	0.384

The attached notes form part of the financial statements

The financial statements are signed by the following persons:

**Liao Xiangwen**  
Head of the Company

**Zhao Guiping**  
Chief financial officer

**Jiang Weiqi**  
Head of accounting department



## Company's Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

RMB

Item	Note	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
<b>I. Operating income</b>	XV. 4	<b>724,296,653.94</b>	731,236,071.35
Less: Cost of services	XV. 4	<b>324,417,491.18</b>	322,818,445.06
Taxes and surcharges		<b>3,235,772.90</b>	3,292,375.87
General and administrative expenses		<b>92,337,365.79</b>	100,540,145.87
Financial expenses		<b>196,448,054.01</b>	266,989,595.92
Including: Interest expenses		<b>217,894,038.63</b>	242,993,789.54
Interest income		<b>38,803,727.39</b>	69,241,163.83
Add: Other income		<b>1,178,506.63</b>	1,311,394.69
Investment income	XV. 5	<b>659,665,198.94</b>	572,566,781.12
Including: Income from investment in associates and joint ventures		<b>131,922,640.72</b>	139,285,601.06
Gains (losses) from changes in fair value		<b>(54,290,769.84)</b>	100,429,019.47
Gains on disposal of assets		<b>21,125.53</b>	12,990,053.74
<b>II. Operating profit</b>		<b>714,432,031.32</b>	724,892,757.65
Add: Non-operating income		<b>680,000.01</b>	31,484.07
Less: Non-operating expenses		<b>1,661.17</b>	1,762,123.89
<b>III. Total profit</b>		<b>715,110,370.16</b>	723,162,117.83
Less: Income tax expenses		<b>37,468,453.62</b>	34,100,314.40
<b>IV. Net profit</b>		<b>677,641,916.54</b>	689,061,803.43
1. Net profit from continuing operations		<b>677,641,916.54</b>	689,061,803.43
2. Net profit from discontinued operations		–	–
<b>V. Other comprehensive income, net of tax</b>		–	–
(i) Other comprehensive income that cannot be subsequently reclassified to profit or loss		–	–
(ii) Other comprehensive income that will be reclassified to profit or loss		–	–
1. Other comprehensive income that will be transferred to profit or loss under the equity method		–	–
<b>VI. Total comprehensive income</b>		<b>677,641,916.54</b>	689,061,803.43

The attached notes form part of the financial statements

The financial statements are signed by the following persons:

**Liao Xiangwen**  
Head of the Company

**Zhao Guiping**  
Chief financial officer

**Jiang Weiqi**  
Head of accounting department

## Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

RMB

Item	Note	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
<b>I. Cash flows from operating activities</b>			
Cash received from rendering services and selling goods		3,537,686,188.79	3,930,689,926.90
Refund of taxes		5,684,938.63	21,163,090.97
Other cash received relating to operating activities	V.54(1)	79,317,306.03	145,143,054.37
<b>Sub-total of cash inflows</b>		<b>3,622,688,433.45</b>	4,096,996,072.24
Cash payments for goods and services		658,655,513.61	897,840,403.43
Cash payments to and on behalf of employees		577,662,656.34	577,943,426.28
Payments of taxes and surcharges		405,503,860.64	377,571,767.51
Other cash payments relating to operating activities	V.54(1)	220,044,318.44	340,288,688.94
<b>Sub-total of cash outflows</b>		<b>1,861,866,349.03</b>	2,193,644,286.16
<b>Net cash flows from operating activities</b>	V.55(1)1	<b>1,760,822,084.42</b>	1,903,351,786.08
<b>II. Cash flows from investing activities</b>			
Cash received from recovery of investments		1,855,876,793.09	2,126,942,889.20
Cash received from returns on investments		116,232,115.85	281,571,214.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		64,735.89	13,131,976.71
Net cash received from disposal of subsidiaries and other business units	V.55(2)	1,274,641,161.02	-
Other cash received relating to investing activities	V.54(2)	454,240,774.16	224,231,448.60
<b>Sub-total of cash inflows</b>		<b>3,701,055,580.01</b>	2,645,877,529.36
Cash payments to acquire fixed assets, intangible assets and other long-term assets		990,700,787.89	774,111,746.73
Cash payments for investing activities		2,345,202,270.00	1,408,169,412.21
Other cash payments relating to investing activities	V.54(2)	-	1,727,307.24
<b>Sub-total of cash outflows</b>		<b>3,335,903,057.89</b>	2,184,008,466.18
<b>Net cash flows from investing activities</b>		<b>365,152,522.12</b>	461,869,063.18



Item	Note	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
<b>III. Cash flows from financing activities</b>			
Cash received from borrowings		<b>10,211,106,941.76</b>	7,615,337,296.06
Other cash received relating to financing activities	V.54(3)	<b>19,671,833.33</b>	–
<b>Sub-total of cash inflows</b>		<b>10,230,778,775.09</b>	7,615,337,296.06
Cash repayments of borrowings		<b>11,161,423,131.38</b>	8,077,652,784.76
Cash payments for distribution of dividends or profits or settlement of interest expenses		<b>769,412,594.75</b>	1,459,017,522.81
Including: Payments for distribution of dividends or profits to minority shareholders by subsidiaries		<b>1,265,260.00</b>	20,800,193.73
Other cash payments relating to financing activities	V.54(3)	<b>178,301,130.13</b>	83,854,062.81
<b>Sub-total of cash outflows</b>		<b>12,109,136,856.26</b>	9,620,524,370.38
<b>Net cash flows from financing activities</b>		<b>(1,878,358,081.17)</b>	(2,005,187,074.32)
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>(79,195,315.03)</b>	5,904,032.94
<b>V. Net increase (decrease) in cash and cash equivalents</b>	V.55(1)2	<b>168,421,210.34</b>	365,937,807.88
Add: Cash and cash equivalents at the beginning of the period		<b>1,955,220,227.32</b>	3,197,002,667.41
<b>VI. Cash and cash equivalents at the end of the period</b>	V.55(1)2	<b>2,123,641,437.66</b>	3,562,940,475.29

The attached notes form part of the financial statements

The financial statements are signed by the following persons:

**Liao Xiangwen**  
Head of the Company

**Zhao Guiping**  
Chief financial officer

**Jiang Weiqi**  
Head of accounting department



## Company's Statement of Cash Flows

For the six months ended 30 June 2024

RMB

Item	Note	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
<b>I. Cash flows from operating activities</b>			
Cash received from rendering services and selling goods		590,095,022.65	679,621,564.21
Refund of taxes		876,399.21	4,458,976.91
Other cash received relating to operating activities		13,912,799.92	16,822,611.87
<b>Sub-total of cash inflows</b>		<b>604,884,221.78</b>	700,903,152.99
Cash payments for goods and services		45,356,571.76	89,765,397.27
Cash payments to and on behalf of employees		146,871,213.07	143,686,372.38
Payments of taxes and surcharges		70,324,629.54	40,973,710.93
Other cash payments relating to operating activities		47,754,603.68	139,365,176.65
<b>Sub-total of cash outflows</b>		<b>310,307,018.05</b>	413,790,657.23
<b>Net cash flows from operating activities</b>		<b>294,577,203.73</b>	287,112,495.76
<b>II. Cash flows from investing activities</b>			
Cash received from recovery of investments		1,195,600,879.16	1,080,000,000.00
Cash received from returns on investments		420,265,785.98	506,566,430.95
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		–	13,082,705.00
Net cash received from disposal of subsidiaries and other business units		1,397,449,491.52	–
Other cash received relating to investing activities		1,268,512,947.17	452,150,013.84
<b>Sub-total of cash inflows</b>		<b>4,281,829,103.83</b>	2,051,799,149.79
Cash payments to acquire fixed assets, intangible assets and other long-term assets		119,755,577.76	241,049,054.39
Cash payments for investing activities		6,642,593,200.00	900,000,000.00
Other cash payments relating to investing activities		–	195,000,000.00
<b>Sub-total of cash outflows</b>		<b>6,762,348,777.76</b>	1,336,049,054.39
<b>Net cash flows from investing activities</b>		<b>(2,480,519,673.93)</b>	715,750,095.40



Item	Note	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
<b>III. Cash flows from financing activities</b>			
Cash received from borrowings		<b>8,124,342,000.00</b>	3,323,000,000.00
Other cash received relating to financing activities		<b>527,968,599.58</b>	144,763,966.27
<b>Sub-total of cash inflows</b>		<b>8,652,310,599.58</b>	3,467,763,966.27
Cash repayments of borrowings		<b>5,175,410,000.00</b>	3,828,699,282.85
Cash payments for distribution of dividends or profits or settlement of interest expenses		<b>307,566,116.14</b>	975,057,158.84
Other cash payments relating to financing activities		<b>878,468,907.01</b>	5,871,175.77
<b>Sub-total of cash outflows</b>		<b>6,361,445,023.15</b>	4,809,627,617.46
<b>Net cash flows from financing activities</b>		<b>2,290,865,576.43</b>	(1,341,863,651.19)
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>1,743.75</b>	10,349.41
<b>V. Net increase (decrease) in cash and cash equivalents</b>		<b>104,924,849.98</b>	(338,990,710.62)
Add: Cash and cash equivalents at the beginning of the period		<b>525,515,187.29</b>	1,700,172,378.10
<b>VI. Cash and cash equivalents at the end of the period</b>		<b>630,440,037.27</b>	1,361,181,667.48

The attached notes form part of the financial statements

The financial statements are signed by the following persons:

**Liao Xiangwen**  
*Head of the Company*

**Zhao Guiping**  
*Chief financial officer*

**Jiang Weiqi**  
*Head of accounting department*

## Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

RMB

Item	For the six months ended 30 June 2024 (Unaudited)									
	Attributable to shareholders of the Company								Minority interests	Total shareholders' equity
	Equity	Other equity instruments Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total			
I. Balance on 31 December 2023 (Audited)	2,180,770,326.00	4,000,000,000.00	4,389,338,761.93	(542,304,991.67)	3,218,191,232.88	9,112,002,127.97	22,357,997,457.11	5,640,684,528.01	27,998,681,985.12	
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	
II. Balance on 1 January 2024	2,180,770,326.00	4,000,000,000.00	4,389,338,761.93	(542,304,991.67)	3,218,191,232.88	9,112,002,127.97	22,357,997,457.11	5,640,684,528.01	27,998,681,985.12	
III. Changes for the period	-	-	(320,755.56)	(161,659,791.94)	288,734,726.30	(807,323,458.38)	(680,569,279.58)	(68,962,836.27)	(749,532,115.85)	
(I) Total comprehensive income	-	-	-	(161,659,791.94)	-	773,857,169.47	612,197,377.53	62,978,486.96	675,175,864.49	
(II) Shareholders' contributions and reduction in capital	-	-	(320,755.56)	-	-	-	(320,755.56)	(30,409,109.58)	(30,729,865.14)	
1. Ordinary shares contributed by Shareholders	-	-	-	-	-	-	-	-	-	
2. Ordinary shares reduced by shareholders	-	-	-	-	-	-	-	(30,409,109.58)	(30,409,109.58)	
3. Others	-	-	(320,755.56)	-	-	-	(320,755.56)	-	(320,755.56)	
(III) Profit distribution	-	-	-	-	288,734,726.30	(1,581,180,627.85)	(1,292,445,901.55)	(101,532,213.65)	(1,393,978,115.20)	
1. Transfer to surplus reserve	-	-	-	-	288,734,726.30	(288,734,726.30)	-	-	-	
2. Profit distribution to shareholders	-	-	-	-	-	(1,292,445,901.55)	(1,292,445,901.55)	(101,532,213.65)	(1,393,978,115.20)	
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	
1. Transfer of capital reserve to equity	-	-	-	-	-	-	-	-	-	
2. Transfer of surplus reserve to equity	-	-	-	-	-	-	-	-	-	
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	-	-	
(V) Others	-	-	-	-	-	-	-	-	-	
IV. Balance on 30 June 2024 (Unaudited)	2,180,770,326.00	4,000,000,000.00	4,389,018,006.37	(703,964,783.61)	3,506,925,959.18	8,304,678,669.59	21,677,428,177.53	5,571,721,691.74	27,249,149,869.27	



		For the six months ended 30 June 2023 (Unaudited)								
		Attributable to shareholders of the parent company								Total shareholders' equity
		Other equity instruments		Other comprehensive income		Undistributed profits		Minority interests		
		Equity	Perpetual bonds	Capital reserve	Surplus reserve	Sub-total				
I.	Balance on 31 December 2022	2,180,770,326.00	4,000,000,000.00	4,390,599,135.60	(408,012,206.05)	3,103,651,659.99	8,079,278,802.54	21,346,287,718.08	6,014,620,231.70	27,360,907,949.78
	Add: Changes in accounting policies	-	-	-	-	-	2,179,848.75	2,179,848.75	1,049,902.99	3,229,751.74
II.	Balance on 1 January 2023 (Restated)	2,180,770,326.00	4,000,000,000.00	4,390,599,135.60	(408,012,206.05)	3,103,651,659.99	8,081,458,651.29	21,348,467,566.83	6,015,670,134.69	27,364,137,701.52
III.	Changes for the period	-	-	(25,820,044.54)	(341,824,332.51)	114,539,572.89	(273,334,174.67)	(526,438,978.83)	(101,994,136.30)	(628,433,115.13)
	(I) Total comprehensive income	-	-	-	(341,824,332.51)	-	929,275,101.01	587,450,768.50	(20,394,522.44)	567,056,246.06
	(II) Shareholders' contributions and reduction in capital	-	-	(25,820,044.54)	-	-	11,957,298.93	(13,862,745.61)	(32,585,775.17)	(46,448,520.78)
	1. Ordinary shares contributed by shareholders	-	-	-	-	-	11,957,298.93	11,957,298.93	(11,957,298.93)	-
	2. Ordinary shares reduced by shareholders	-	-	-	-	-	-	-	(20,628,476.24)	(20,628,476.24)
	3. Others	-	-	(25,820,044.54)	-	-	-	(25,820,044.54)	-	(25,820,044.54)
	(III) Profit distribution	-	-	-	-	114,539,572.89	(1,214,566,574.61)	(1,100,027,001.72)	(49,013,838.69)	(1,149,040,840.41)
	1. Transfer to surplus reserve	-	-	-	-	114,539,572.89	(114,539,572.89)	-	-	-
	2. Profit distribution to shareholders	-	-	-	-	-	(1,100,027,001.72)	(1,100,027,001.72)	(49,013,838.69)	(1,149,040,840.41)
	(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-
	1. Transfer of capital reserve to equity	-	-	-	-	-	-	-	-	-
	2. Transfer of surplus reserve to equity	-	-	-	-	-	-	-	-	-
	3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-
	4. Others	-	-	-	-	-	-	-	-	-
	(V) Others	-	-	-	-	-	-	-	-	-
IV.	Balance on 30 June 2023	2,180,770,326.00	4,000,000,000.00	4,364,779,091.06	(749,836,538.56)	3,218,191,232.88	7,808,124,476.62	20,822,028,588.00	5,913,675,998.39	26,735,704,586.39

The attached notes form part of the financial statements

The financial statements are signed by the following persons:

**Liao Xiangwen**  
Head of the Company

**Zhao Guiping**  
Chief financial officer

**Jiang Weiqi**  
Head of accounting department

## Company's Statement of Changes in Equity

For the six months ended 30 June 2024

RMB

Item	For the six months ended 30 June 2024 (Unaudited)						Total Shareholders' equity
	Equity	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	
I. Balance on 31 December 2023 (Audited)	2,180,770,326.00	4,000,000,000.00	1,873,257,038.28	892,136,387.81	3,218,191,232.88	8,333,925,552.55	20,498,280,537.52
Add: Changes in accounting policies	-	-	-	-	-	-	-
II. Balance on 1 January 2024	2,180,770,326.00	4,000,000,000.00	1,873,257,038.28	892,136,387.81	3,218,191,232.88	8,333,925,552.55	20,498,280,537.52
III. Changes for the period	-	-	-	-	288,734,726.30	(903,538,711.31)	(614,803,985.01)
(I) Total comprehensive income	-	-	-	-	-	677,641,916.54	677,641,916.54
(II) Shareholders' contributions and reduction in capital	-	-	-	-	-	-	-
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-
2. Others	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	288,734,726.30	(1,581,180,627.85)	(1,292,445,901.55)
1. Transfer to surplus reserve	-	-	-	-	288,734,726.30	(288,734,726.30)	-
2. Profit distribution to shareholders	-	-	-	-	-	(1,292,445,901.55)	(1,292,445,901.55)
(IV) Others	-	-	-	-	-	-	-
IV. Balance on 30 June 2024 (Unaudited)	2,180,770,326.00	4,000,000,000.00	1,873,257,038.28	892,136,387.81	3,506,925,959.18	7,430,386,841.24	19,883,476,552.51

Item	For the six months ended 30 June 2023 (Unaudited)						Total shareholders' equity
	Equity	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	
I. Balance on 31 December 2022 (Audited)	2,180,770,326.00	4,000,000,000.00	1,894,077,082.82	878,238,969.01	3,103,651,659.99	6,568,408,579.38	18,625,146,617.20
Add: Changes in accounting policies	-	-	-	-	-	225,173.70	225,173.70
II. Balance on 1 January 2023 (Restated)	2,180,770,326.00	4,000,000,000.00	1,894,077,082.82	878,238,969.01	3,103,651,659.99	6,568,633,753.08	18,625,371,790.90
III. Changes for the period	-	-	(20,820,044.54)	-	114,539,572.89	(525,504,771.16)	(431,785,242.81)
(I) Total comprehensive income	-	-	-	-	-	689,061,803.43	689,061,803.43
(II) Shareholders' contributions and reduction in capital	-	-	(20,820,044.54)	-	-	-	(20,820,044.54)
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-
2. Others	-	-	(20,820,044.54)	-	-	-	(20,820,044.54)
(III) Profit distribution	-	-	-	-	114,539,572.89	(1,214,566,574.59)	(1,100,027,001.70)
1. Transfer to surplus reserve	-	-	-	-	114,539,572.89	(114,539,572.89)	-
2. Profit distribution to shareholders	-	-	-	-	-	(1,100,027,001.70)	(1,100,027,001.70)
(IV) Others	-	-	-	-	-	-	-
IV. Balance on 30 June 2023 (Unaudited)	2,180,770,326.00	4,000,000,000.00	1,873,257,038.28	878,238,969.01	3,218,191,232.88	6,043,128,981.92	18,193,586,548.09

The attached notes form part of the financial statements

The financial statements are signed by the following persons:

**Liao Xiangwen**  
Head of the Company

**Zhao Guiping**  
Chief financial officer

**Jiang Weiqi**  
Head of accounting department



# Notes to Financial Statements

For the six months ended 30 June 2024  
RMB

## I. GENERAL INFORMATION OF THE COMPANY

### 1. Company profile

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

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

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

### 2. Date of approval for issue of the financial statements

The consolidated and the Company’s financial statements were approved for issue by the Company’s Board of Directors on 23 August 2024.

## II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### Preparation basis

The Group implements the accounting standards for business enterprises and related regulations issued by the Ministry of Finance. In addition, the related financial information has been disclosed in accordance with the requirements of the *Rules on Preparation of Disclosures of Publicly Traded Company No. 15 – General Provisions on Financial Statements (Revised in 2023)*, *Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

### Going concern

As of 30 June 2024, the Group and the Company had total current liabilities in excess of total current assets by RMB7,690,803,708.32 and RMB4,210,200,406.22 respectively, and the amount of capital commitments expected to be paid by the Group in the coming year amounted to RMB3,566,429,017.36. As at 30 June 2024, the Group and the Company had unused bank credit lines totaling RMB42,730,000,000.00 and RMB33,747,000,000.00, respectively, which can satisfy the Group’s debt and capital commitments. As the Group can solve the lack of working capital through reasonable financing arrangements, the financial statements have been prepared on a going concern basis.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Basis of accounting and principle of measurement

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

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

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

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

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

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

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



### **III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

#### **1. Statement of compliance with Accounting Standards for Business Enterprises**

The financial statements present truly and completely the consolidated and Company's financial position as at 30 June 2024, and the consolidated and Company's operating results, the consolidated and Company's changes in shareholders' equity and the consolidated and Company's cash flows for the six months ended 30 June 2024 in accordance with the Accounting Standards for Business Enterprises.

#### **2. Accounting period**

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

#### **3. Operating cycle**

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

#### **4. Functional currency**

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 5. Method for determination of materiality criteria and basis for selection

Item	Materiality criteria
Significant construction in progress	The amount is greater than or equal to RMB30 million
Significant accounts payable aged over 1 year	The amount is greater than or equal to RMB30 million
Significant other payables aged over 1 year	The amount is greater than or equal to RMB30 million
Cash receipts relating to significant investing activities	The amount is greater than 10% of the subtotal of cash inflows from investing activities and is greater than or equal to RMB100 million
Cash payments relating to significant investing activities	The amount is greater than 10% of the subtotal of cash outflows from investing activities and is greater than or equal to RMB100 million
Significant non-wholly owned subsidiaries	The amount of revenue or net profit (in absolute value in case of loss) realized by a non-wholly owned subsidiary in the current period or the amount of any item included in total assets at the end of the period of a non-wholly owned subsidiary is greater than 5% of the amount of corresponding item in the Group's consolidated financial statements
Significant joint ventures or associates	The period-end balance of long-term equity investment in the enterprise accounts for more than 5% of the Group's total consolidated assets or the investment income (in absolute value in case of loss) recognized under the equity method for the reporting period accounts for more than 5% of the Group's total consolidated profit
Significant contingencies	The amount is greater than or equal to RMB50 million

#### 6. Accounting treatment of business combinations involving entities under common control and business combinations not involving entities under common control

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

##### 6.1 Business combinations involving entities under common control

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

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

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 6. Accounting treatment of business combinations involving entities under common control and business combinations not involving entities under common control (Continued)

##### 6.2 Business combinations not involving entities under common control and goodwill

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

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

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

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

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

#### 7. Determination criteria of control and preparation of consolidated financial statements

##### 7.1 Determination criteria of control

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. If changes of related facts and situations lead to changes of related elements of control, the Group will conduct reassessment.

##### 7.2 Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control.

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



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 7. Determination criteria of control and preparation of consolidated financial statements (Continued)

##### 7.2 Preparation of consolidated financial statements (Continued)

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

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

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

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

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

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

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

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 7. Determination criteria of control and preparation of consolidated financial statements (Continued)

##### 7.2 Preparation of consolidated financial statements (Continued)

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

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

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

#### 8. Classification of joint arrangements

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

The Group's joint arrangement is joint venture, which is accounted for using the equity method. Refer to Note III, 17.3.2 "Long-term equity investments accounted for using the equity method".

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 9. Recognition criteria of cash and cash equivalents

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

#### 10. Translation of transactions and financial statements denominated in foreign currencies

##### 10.1 Transactions denominated in foreign currencies

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

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

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

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 10. Translation of transactions and financial statements denominated in foreign currencies (Continued)

##### 10.2 Translation of financial statements denominated in foreign currencies

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

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

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

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

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

#### 11. Financial instruments

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

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

Financial assets and financial liabilities are initially measured at fair value (the method for determining the fair values of the financial assets and financial liabilities is set out in related disclosures under “basis of accounting and principle of measurement” in Note II). For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. Upon initial recognition of accounts receivable that does not contain significant financing component or without considering the financing component included in the contract with a term not exceeding one year under the *Accounting Standards for Business Enterprises No. 14 – Revenue* (“Revenue Standards”), the Group adopts the transaction price as defined in the Revenue Standards for initial measurement.

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

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortized cost of the financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (such as repayment in advance, extension, call option or other similar options etc.) (without considering the expected credit losses).

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

#### 11.1 Classification, recognition and measurement of financial assets

After initial recognition, the Group’s financial assets of various types are subsequently measured at amortized cost, at fair value through other comprehensive income (“FVTOCI”) or at fair value through profit or loss (“FVTPL”), respectively.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group classifies such financial asset as financial assets at amortized cost, which include cash at banks and on hand, bills receivable, accounts receivable, other receivables and long-term receivables, etc.

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### 11.1 Classification, recognition and measurement of financial assets (Continued)

Upon initial recognition, the Group may irrevocably designate the non-held-for-trading equity instrument investments other than contingent considerations recognized in business combination not involving enterprises under common control as financial assets at FVTOCI on an individual basis. Such type of financial assets is presented as investments in other equity instruments.

A financial asset is classified as held-for-trading if any of the following criteria is satisfied:

- It has been acquired principally for the purpose of selling it in near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

Financial assets at FVTPL include financial assets classified as at FVTPL and financial assets designated as at FVTPL:

- Financial assets not satisfying the criteria of classification as financial assets at amortized cost and financial assets at FVTOCI are classified as financial assets at FVTPL.
- Upon initial recognition, the Group may irrevocably designate the financial assets as at FVTPL if doing so eliminates or significantly reduces accounting mismatch.

Financial assets at FVTPL other than derivative financial assets are presented as financial assets held-for-trading. Financial assets with a maturity over one year since the balance sheet date (or without a fixed maturity) and expected to be held for over one year are presented under other non-current financial assets.

##### 11.1.1 Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured at amortized cost using effective interest method. Any gains or losses arising from impairment or derecognition are included in profit or loss.

For financial assets at amortized cost, the Group recognizes interest income using effective interest rate. The Group calculates and recognizes interest income through gross carrying amount of financial assets multiplying effective interest, except for the following circumstances:

- For purchased or originated credit-impaired financial assets, the Group calculates and recognizes its interest income based on amortized cost of the financial asset and the effective interest rate through credit adjustment since initial recognition.



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### 11.1 Classification, recognition and measurement of financial assets (Continued)

###### 11.1.1 Financial assets at amortized cost (Continued)

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

###### 11.1.2 Financial assets at FVTOCI

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

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

###### 11.1.3 Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, with gains or losses on fair value changes and related dividends and interest income included in profit or loss for the period.

##### 11.2 Impairment of financial instruments

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

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### 11.2 Impairment of financial instruments (Continued)

For other financial instruments, except for the purchased or originated credit-impaired financial assets, the Group assesses whether their credit risk has increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition of the financial instruments, the Group recognizes the provision for losses at an amount equivalent to lifetime ECL; if the credit risk has not increased significantly since initial recognition of the financial instruments, the Group recognizes the provision for losses at an amount equivalent to 12-month ECL. The increase or reversal of credit loss provision for financial assets other than those classified as at FVTOCI is recognized as impairment loss or gain and included in profit or loss for the period. For financial assets classified as at FVTOCI, the credit loss provision is recognized in other comprehensive income and the impairment loss or gain is included in profit or loss for the period without reducing the carrying amount of the financial assets in the balance sheet.

Where the Group has measured the provision for losses at an amount equivalent to lifetime ECL of a financial instrument in prior accounting period, but the financial instrument no longer satisfies the criteria of significant increase in credit risk since initial recognition at the current balance sheet date, the Group recognizes the provision for losses of the financial instrument at an amount equivalent to 12-month ECL at the current balance sheet date, with any resulting reversal of provision for losses recognized as impairment gains in profit or loss for the period.

##### 11.2.1 Significant increase in credit risk

The Group uses reasonable and supportable forward-looking information to assess whether the credit risk has increased significantly since initial recognition by comparing the risk of a default occurring on the financial instrument at the balance sheet date with the risk of a default occurring on the financial instrument at the date of initial recognition. For financial guarantee contracts, the date on which the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition in the application of criteria related to the financial instrument for impairment.

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

- (1) Significant changes in internal price indicators resulting from changes in credit risk;
- (2) Significant changes in the rates or other terms of an existing financial instrument if the instrument was newly originated or issued at the balance sheet date (such as more stringent covenants, increased amounts of collateral or guarantees, or higher rate of return, etc.);
- (3) Significant changes in the external market indicators of credit risk of the same financial instrument or similar financial instruments with the same expected duration. These indicators include: credit spreads, credit default swap prices against borrower, length of time and extent to which the fair value of financial assets is less than their amortized cost, and other market information related to the borrower (such as the borrower's debt instruments or changes in the price of equity instruments);

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### 11.2 Impairment of financial instruments (Continued)

###### 11.2.1 Significant increase in credit risk (Continued)

- (4) An actual or expected significant change in the financial instrument's external credit rating;
- (5) An actual or expected decrease in the internal credit rating for the debtor;
- (6) Adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- (7) An actual or expected significant change in the operating results of the debtor;
- (8) Significant increase in the credit risk of other financial instruments issued by the same debtor;
- (9) Significant adverse changes in regulatory, economic, or technological environment of the debtor;
- (10) Significant changes in the value of collaterals or the quality of guarantees or credit enhancements provided by third parties, which are expected to reduce the debtor's economic motives to repay within the time limit specified in contract or affect the probability of default;
- (11) Significant change in the debtor's economic motives to repay within the time limit specified in contract;
- (12) Expected changes to loan contract, including the exemption or revision of contractual obligations, the granting of interest-free periods, the jump in interest rates, the requirement for additional collateral or guarantees, or other changes in the contractual framework for financial instruments that may result from the breach of contract;
- (13) Significant change in expected performance and repayment of the debtor;
- (14) Significant change in the method used by the Group to manage the credit of financial instrument.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days (inclusive) past due.

###### 11.2.2 Credit-impaired financial asset

When an event or several events that are expected to have adverse impact on the future cash flows of the financial assets have occurred, the financial assets become credit-impaired. The evidence of credit impairment of financial assets includes the following observable information:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) Breach of contract by the debtor, such as a default or delinquency in interest or principal payments;



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### 11.2 Impairment of financial instruments (Continued)

###### 11.2.2 Credit-impaired financial asset (Continued)

- (3) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, have granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It is probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;
- (6) Purchase or originate a financial asset at a significant discount which reflects the fact of credit impairment.

Based on the Group's internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the outcome of the above assessment, the Group presumes that an event of default on the financial instrument has occurred if the contractual payment of the financial instrument has been more than 90 days (inclusive) past due.

###### 11.2.3 Determination of expected credit losses

The Group determines the ECL of relevant financial instruments using the following method:

- For financial assets, the credit loss represents the present value of the difference between the contractual cash flows receivable by the Group and the cash flows expected to be received by the Group.
- For lease receivables, credit losses are the present value of the difference between the contractual cash flows receivable by the Group and the cash flows expected to be collected.
- For financial guarantee contracts (see Note III, 11.4.1.2.1 for specific accounting policies), credit losses are the present value of the difference between the expected payment to be made by the Group to the contract holder for the credit losses incurred, and the amount the Group expects to receive from the contract holder, the debtor or any other parties.

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### 11.2 Impairment of financial instruments (Continued)

###### 11.2.4 Write-down of financial assets

When the Group will no longer reasonably expect that the contractual cash flows of financial assets can be collected in aggregate or in part, the Group will directly write down the gross carrying amount of the financial asset, which constitutes derecognition of relevant financial assets.

##### 11.3 Transfer of financial assets

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

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

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

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### 11.3 Transfer of financial assets (Continued)

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

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

##### 11.4 Classification of financial liabilities and equity instruments

Financial instruments issued by the Group or their components are classified into financial liabilities or equity instruments on the basis of not only the legal form but also the contractual arrangements and their economic substance, together with the definition of financial liability and equity instrument.

###### 11.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities.

###### 11.4.1.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL include transactional financial liabilities (including derivative financial liabilities) and financial liabilities designated as at FVTPL. Except for derivative financial liabilities which are presented separately, financial liabilities at FVTPL are presented as transactional financial liabilities.

A financial liability is classified as held-for-trading if any of the following criteria is satisfied:

- It has been incurred principally for the purpose of repurchasing it in the near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking.
- It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### 11.4 Classification of financial liabilities and equity instruments (Continued)

###### 11.4.1 Classification, recognition and measurement of financial liabilities (Continued)

###### 11.4.1.1 Financial liabilities at FVTPL (Continued)

A financial liability may be designated as at FVTPL upon initial recognition if: (1) such designation eliminates or significantly reduces accounting mismatch; (2) the Group makes management and performance evaluation on a fair value basis for a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities, in accordance with the Group's formally documented risk management or investment strategy, and reports to key management personnel on that basis; (3) the qualified hybrid contract that contains embedded derivatives.

Transactional financial liabilities are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest expenses paid on the financial liabilities are recognized in profit or loss for the period.

For a financial liability designated as at FVTPL, the amount of changes in the fair value of the financial liability that are attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, while other changes in fair values are included in profit or loss for the current period. Upon the derecognition of such financial liability, the accumulated amount of changes in fair value that are attributable to changes in the credit risk of that liability, which was recognized in other comprehensive income, is transferred to retained earnings. Any dividend or interest expense on the financial liabilities is recognized in profit or loss. If the accounting treatment for the impact of the change in credit risk of such financial liability in the above ways would create or enlarge an accounting mismatch in profit or loss, the Group shall present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss for the period.

For financial liabilities arising from contingent consideration recognized by the Group as the acquirer in the business combination not involving enterprises under common control, the Group measures such financial liabilities at fair value and includes the changes in financial liabilities in profit or loss for the period.

###### 11.4.1.2 Other financial liabilities

Except for financial liabilities and financial guarantee contracts arising from transfer of financial assets that do not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets, other financial liabilities are subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in profit or loss.

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### 11.4 Classification of financial liabilities and equity instruments (Continued)

###### 11.4.1 Classification, recognition and measurement of financial liabilities (Continued)

###### 11.4.1.2 Other financial liabilities (Continued)

###### 11.4.1.2.1 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, financial liabilities that are not designated as at FVTPL or financial guarantee contracts of the financial liabilities arising from the transfer of financial assets that does not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets are measured at the higher of: (1) amount of provision for losses; and (2) the amount initially recognized less cumulative amortization amount determined according to relevant regulations in revenue standards.

###### 11.4.2 Derecognition of financial liabilities

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

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

###### 11.4.3 Equity instruments

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

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

##### 11.5 Derivatives and embedded derivatives

Derivatives include forward exchange contracts and foreign exchange option contracts, etc. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently measured at fair value.

Derivatives embedded in hybrid contracts with a financial asset host are not separated by the Group. The hybrid contract shall apply to the relevant accounting standards regarding the classification of financial assets as a whole.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 11. Financial instruments (Continued)

##### 11.5 Derivatives and embedded derivatives (Continued)

Derivatives embedded in hybrid contracts with hosts that are not financial assets are separated and treated as separate derivatives by the Group when they meet the following conditions:

- (1) The economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.
- (2) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
- (3) The hybrid contracts are not measured at FVTPL.

For the embedded derivative separated from the host contracts, the Group accounts for the host contracts in the hybrid contracts with applicable accounting standards. When the embedded derivatives whose fair value cannot be measured reliably by the Group according to the terms and conditions of the embedded derivatives, the fair value of such derivatives are measured at the difference between the fair value of the hybrid contracts and the fair value of the host contracts. By adopting the above method, if the embedded derivative cannot be measured on a stand-alone basis at the time when it is acquired or at subsequent balance sheet dates, the hybrid instrument is designated as financial instruments at FVTPL as a whole.

##### 11.6 Offsetting financial assets and financial liabilities

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 12. Accounts receivable

##### 12.1 Determination and accounting methods for expected credit losses of accounts receivable

The Group determines the expected credit losses on accounts receivable on an individual basis and on a portfolio basis. The amount of increase in or reversal of allowance for expected credit losses on accounts receivable is included in profit or loss for the period as credit impairment losses or gains.

##### 12.2 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

The accounts receivable are grouped as below based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include historical credit losses, nature of the customers, etc.

Type of portfolio	Basis for determination
Portfolio I	Receivables from government and related parties
Portfolio II	Receivables from customers in wind turbine generators sales industry
Portfolio III	Receivables from kitchen waste disposal customers
Portfolio IV	Receivables from other third parties other than those in Portfolio I, II and III

##### 12.3 Aging calculation method for portfolio of credit risk characteristics recognized based on aging

For Portfolio II, III and IV, the Group adopts the aging of accounts receivable as a credit risk characteristic to determine the expected credit losses using an impairment matrix. The aging is calculated from the date of initial recognition. If the terms and conditions of accounts receivable are modified which do not result in the derecognition of accounts receivable, the aging is calculated consecutively. If the accounts receivable are converted from contract assets, the aging is calculated consecutively from the date of initial recognition of the corresponding contract assets. If the debtor settles accounts receivable with commercial acceptance bills or acceptance bills of finance company, the aging of bills receivable is added to that of the original accounts receivable for calculation.

##### 12.4 Determination criteria for provision of bad debts on an individual basis

The Group assesses the credit risk on accounts receivable from customers who clearly lack the ability to repay debts on an individual basis due to the fact that such accounts receivable are expected to be irrecoverable.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 13. Other receivables

##### 13.1 Determination and accounting methods for expected credit losses of other receivables

The Group determines the credit losses on other receivables for which the credit risk is increased significantly on an individual basis, and determines the credit losses on remaining other receivables on a portfolio basis using an impairment matrix. The amount of increase in or reversal of allowance for expected credit losses on other receivables is included in profit or loss for the period as credit impairment losses or gains.

##### 13.2 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

In addition to other receivables for which the credit losses are assessed on an individual basis, the Group categorizes other receivables into low-risk portfolio and normal-risk portfolio based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include category of the debtors.

#### 14. Inventories

##### 14.1 Categories of inventories, valuation method of inventories upon delivery, inventory count system, and amortization method for low-value consumables and packaging materials

###### 14.1.1 Categories of inventories

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

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

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

###### 14.1.2 Valuation method of inventories upon delivery

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

###### 14.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

###### 14.1.4 Amortization method for low-value consumables and packaging materials

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 14. Inventories (Continued)

##### 14.2 Recognition criteria and provision method for decline in value of inventories

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

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

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

##### 14.3 Categories of portfolios for which provision for decline in value of inventories is made on a portfolio basis and the basis for determination, and the basis for determining the net realizable value of different categories of inventories

For large quantity and low value items of inventories, provision for decline in value is made based on categories of inventories, i.e., wind turbine equipment, kitchen waste disposal equipment, power batteries, real estate inventories and others, respectively. The net realizable value of each category of inventories is determined based on the contract prices or market prices for similar goods.

#### 15. Contract assets

##### 15.1 Determination method and criteria of contract assets

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

##### 15.2 Determination and accounting methods of expected credit losses of contract assets

Consistent with accounts receivable, the Group determines the expected credit losses on contract assets on an individual basis and on a portfolio basis. The amount of increase in or reversal of allowance for expected credit losses on contract assets is included in profit or loss for the period as asset impairment losses or gains.



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 15. Contract assets (Continued)

##### 15.3 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

The contract assets are grouped as below based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include: historical credit losses, nature of the customers, etc.

Type of portfolio	Basis for determination
Portfolio I	Government and related parties
Portfolio II	Customers in wind turbine generators sales industry (warranties receivable)
Portfolio III	Kitchen waste disposal customers
Portfolio IV	Other third parties other than those in Portfolio I, II and III

##### 15.4 Aging calculation method for portfolio of credit risk characteristics recognized based on aging

For Portfolio III and IV, the Group adopts the aging of contract assets as a credit risk characteristic to determine the credit losses using an impairment matrix. The aging is calculated from the date of initial recognition.

##### 15.5 Determination criteria for provision of bad debts on an individual basis

The Group assesses the credit risk on contract assets for which the customers clearly lack the ability to repay debts on an individual basis due to the fact that such contract assets are expected to be irrecoverable.

#### 16. Non-current assets or disposal groups classified as held-for-sale

##### 16.1 Recognition criteria and accounting methods for non-current assets or disposal groups classified as held-for-sale

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

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

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 16. Non-current assets or disposal groups classified as held-for-sale (Continued)

##### 16.1 Recognition criteria and accounting methods for non-current assets or disposal groups classified as held-for-sale (Continued)

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

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

##### 16.2 Recognition criteria and presentation of discontinued operations

A discontinued operation is a component of the Group that can be clearly distinguished and satisfies one of the following conditions, and such component has been disposed of or is classified as held-for-sale:

- Such component represents a separate major line of business or geographical area of operations;
- Such component is part of the separate major line of business or geographical area of operations to be disposed of based on the associated plan;
- Such component is a subsidiary acquired exclusively for the purpose of resale.

Gains or losses from discontinued operations are presented separately from those from continuing operations in the income statement. Operating gains or losses such as impairment losses from discontinued operations and the amount of reversals, and the gains or losses from disposals are presented as discontinued operations. For discontinued operations presented in the current period, the Group restates the information previously presented as gains or losses from continuing operations in the financial statements for the period as discontinued operations in the comparable accounting period.

#### 17. Long-term equity investments

##### 17.1 Determination criteria of joint control and significant influence

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 17. Long-term equity investments (Continued)

##### 17.2 Determination of initial investment costs

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

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

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 17. Long-term equity investments (Continued)

##### 17.2 Determination of initial investment costs (Continued)

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

##### 17.3 Subsequent measurement and recognition of profit or loss

###### 17.3.1 Long-term equity investment accounted for using the cost method

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

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

###### 17.3.2 Long-term equity investments accounted for using the equity method

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

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 17. Long-term equity investments (Continued)

##### 17.3 Subsequent measurement and recognition of profit or loss (Continued)

###### 17.3.2 Long-term equity investments accounted for using the equity method (Continued)

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

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 17. Long-term equity investments (Continued)

##### 17.4 Disposal of long-term equity investments

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

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

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



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 17. Long-term equity investments (Continued)

##### 17.4 Disposal of long-term equity investments (Continued)

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

#### 18. Investment properties

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

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

The Group adopts the cost model for the subsequent measurement of investment properties. Investment properties are depreciated over their useful lives using the straight-line method. The depreciation method, depreciation life, estimated residual value rate and annual depreciation rate of each category of investment properties are as follows:

Category	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Car parking spaces	Straight-line method	30	5.00	3.17
Buildings	Straight-line method	20	5.00	4.75

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

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

#### 19. Fixed assets

##### 19.1 Recognition criteria

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rents to others, or for administrative purposes, and have useful lives of over 1 accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered.



**III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****19. Fixed assets (Continued)****19.1 Recognition criteria (Continued)**

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

**19.2 Depreciation methods**

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

<b>Category</b>	<b>Depreciation method</b>	<b>Depreciation period (year)</b>	<b>Residual value rate (%)</b>	<b>Annual depreciation rate (%)</b>
Buildings	Straight-line	20-30	5.00	3.17-4.75
Traffic equipment	Straight-line	5-11	0.00-10.00	8.18-20.00
Mechanical equipment	Straight-line	5-20	4.00-5.00	4.75-19.20
Motor vehicles	Straight-line	5-6	5.00	15.83-19.00
Office and other equipment	Straight-line	3-5	0.00-5.00	19.00-33.33

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

**19.3 Other particulars**

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

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 20. Construction in progress

Construction in progress is measured at its actual construction expenditures, including various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use. The criteria and point in time for carrying forward of each category of construction in progress to fixed assets are as follows:

Category	Criteria for carrying forward to fixed assets	Point in time for carrying forward to fixed assets
Construction and installation project	When it is ready for intended use	When it is handed over and accepted as qualified
Others	When it is ready for intended use	When it is handed over and accepted as qualified

#### 21. Borrowing costs

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

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

#### 22. Intangible assets

##### 22.1 Useful life and the basis for determination, estimates, amortization method or review procedures

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

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 22. Intangible assets (Continued)

##### 22.1 Useful life and the basis for determination, estimates, amortization method or review procedures (Continued)

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

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

(1) *Franchise rights*

(a) Toll road

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

When toll roads are ready for their intended use, amortization of franchise rights is calculated to write off their costs on the traffic volume amortization method. As to amortization of franchise rights, the amortization amount per standard traffic volume (“unit amortization amount”) is calculated based on total standard traffic volume predicted during the operating period of each toll road and the cost/carrying amount of the franchise rights associated with toll roads, then the franchise rights are amortized based on the actual traffic volume during each accounting period and the unit amortization amount.

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 22. Intangible assets (Continued)

##### 22.1 Useful life and the basis for determination, estimates, amortization method or review procedures (Continued)

(1) Franchise rights (Continued)

(a) Toll road (Continued)

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

Item	Operating period (Note 3)	Unit usage (RMB)
Meiguan Expressway	May 1995 to March 2027	0.53
Shenzhen Airport-Heao Expressway (Western Section)	May 1999 to March 2027	0.59
Shenzhen Airport-Heao Expressway (Eastern Section)	October 1997 to March 2027	2.95
Qinglian Expressway	July 2009 to July 2034	39.28
Shuiguan Expressway	March 2002 to January 2026	5.66
Yichang Expressway (Note 2)	January 2004 to December 2033	14.04
Changsha Ring Road (North-western Section) ("Changsha Ring Road")	November 1999 to October 2029	2.39
Coastal Expressway	December 2013 to December 2038	7.09
Outer Ring Phase I (Note 1)	Commencement of operations in December 2020	3.95
Outer Ring Phase II (Note 1)	Commencement of operations in January 2022	1.11
Longda Expressway	October 2005 to October 2027	0.25

Note 1: The operating period of Outer Ring Expressway has not yet been approved and the Group tentatively estimates an operating period of 25 years.

Note 2: As described in Note VI, 1, since 21 March 2024, the Group no longer includes Hunan Yichang Expressway Development Co., Ltd. ("Yichang Company") in the scope of consolidated financial statements.

Note 3: The operating period does not include the extension of the toll period that should be enjoyed according to local policies due to the fact that the national toll roads were free for 79 days at the beginning of 2020.

(b) Kitchen waste disposal project

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 22. Intangible assets (Continued)

##### 22.1 Useful life and the basis for determination, estimates, amortization method or review procedures (Continued)

###### (2) Other intangible assets

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

Category	Amortization method	Useful life (year)	Basis to determine the useful life	Residual value rate
Billboard land use right	Straight-line	5	Year(s) as agreed in the contract	–
Patent use right	Straight-line	5-10	Year(s) as agreed in the contract/Useful life as stipulated by law	–
Land use rights	Straight-line	50	Useful life as stipulated in the land use certificate	–
Contract rights	Straight-line	10	Year(s) as agreed in the contract	–
Software and others	Straight-line	2-10	Expected update cycle	–

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

For details of the impairment test of intangible assets, see Note III, 23 “Impairment of long-term assets”.

##### 22.2 Scope of R&D expenditures and accounting treatment

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

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

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale,
- (2) The Group has the intention to complete the intangible asset and use or sell it,
- (3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 22. Intangible assets (Continued)

##### 22.2 Scope of R&D expenditures and accounting treatment (Continued)

- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset,
- (5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

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

The scope of R&D expenditures include wages, salaries, and welfare expenses of personnel directly engaged in R&D activities, materials, fuel, and power expenses directly consumed in R&D activities, depreciation expenses for instruments and equipment used in R&D activities, rental and maintenance expenses for R&D sites, travel, transportation, and communication expenses required for research and experimental development, etc. Technical feasibility and economic viability studies are adopted as specific criteria for classifying the research and development phases.

#### 23. Impairment of long-term assets

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

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

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

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

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 24. Contract liabilities

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

#### 25. Employee benefits

##### 25.1 Accounting treatment of short-term employee benefits

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

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

##### 25.2 Accounting treatment of post-employment benefits

Post-employment benefits are all defined contribution plans.

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

##### 25.3 Accounting treatment of termination welfare

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 25. Employee benefits (Continued)

##### 25.4 Accounting treatment of other long-term employee benefits

For other long-term employee benefits, where the definition of defined contribution plans is met, it is accounted for according to related requirements of defined contribution plans. Otherwise, net liabilities or net assets of such other long-term employee benefit are recognized and measured according to related requirements of defined benefit plans. At the end of the reporting period, cost of employee benefit generated from other long-term employee benefit comprises service cost, net interest of net liabilities or net assets of other long-term employee benefit and changes arising from re-measurement of net liabilities or net assets of other long-term employee benefit. Net value of these items is recognized in profit or loss or cost of related assets.

#### 26. Provisions

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

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

Item	Method for measurement
Cost of services in the future	Present value of expected cost of services in the future
Subsequent expenditure for kitchen waste disposal project	Present value of expected subsequent expenditure on the project
Product warranty	Expected subsequent expenditure calculated based on historical warranty expenditure ratio
Pending litigation or arbitration	Expected compensation expenditure

#### 27. Preferred stock, perpetual bonds and other financial instruments

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

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



### **III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)**

#### **27. Preferred stock, perpetual bonds and other financial instruments (Continued)**

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

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

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

#### **28. Revenue**

##### **28.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business**

The Group's revenue is mainly derived from toll road, environmental protection and engineering construction service.

The Group recognizes revenue based on the transaction price allocated to the performance obligation when the Group satisfies a performance obligation in the contract, namely, when the customer obtains control over relevant goods or services. A performance obligation is a commitment that the Group transfers a distinct good or service to a customer in the contract.

The Group assesses a contract at contract inception, identifies each individual performance obligation included in the contract, and determines whether the performance obligation is satisfied during a period of time or at a point in time. It is a performance obligation satisfied during a period of time and the Group recognizes revenue during a period of time according to the progress of performance if one of the following conditions is met: (i) the customer obtains and consumes economic benefits at the same time of the Group's performance; (ii) the customer is able to control goods or services in progress during the Group's performance; (iii) goods or services generated during the Group's performance have irreplaceable utilization, and the Group is entitled to collect amounts of cumulative performance part which have been done up to now. Otherwise, revenue is recognized at a point in time when the customer obtains control over the relevant goods or services.

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 28. Revenue (Continued)

##### 28.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business (Continued)

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer. In determining the transaction price, the Group should consider the effects of variable consideration, significant financing components in the contract, non-cash consideration and consideration payable to customers.

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

In case of the existence of variable consideration in the contract, the Group shall determine the best estimate of variable consideration based on the expected value or the most probably occurred amount. The transaction price including variable consideration shall not exceed the amount of the cumulatively recognized revenue which is unlikely to be significantly reversed when relevant uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of variable consideration which should be included in transaction price.

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

For sales that are affixed with terms of sales return, as the customer obtains control of related goods, the Group recognizes revenue based on the consideration (excluding expected refund amounts due to sales returns) that the Group is expected to charge due to the transfer of goods to the customer, and recognizes liabilities based on the expected refund amounts due to sales returns. Meanwhile, the carrying amount at the time of transfer of goods expected to be returned, subsequent to deduction of expected costs from collecting the goods (including the decrease in value of the returned goods), is recognized as an asset and carried forward to cost at the carrying amount at which goods are transferred, net of the cost of asset.

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 28. Revenue (Continued)

##### 28.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business (Continued)

In case of the existence of a significant financing component in the contract, the Group shall determine the transaction price on the assumption that the customer has paid the amount payable by cash when obtaining the control over the goods or services. Differences between transaction price and contract consideration are amortized using effective interest method during the contract life. At contract inception, if the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the Group would not consider the significant component in the contract.

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognizes revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognizes revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party, or is determined in accordance with the established commission amount or percentage, etc.

Where the Group receives receipts in advance from a customer for sales of goods or rendering of services, the amount is first recognized as a liability and then transferred to revenue when the related performance obligation has been satisfied. When the Group's receipts in advance are not required to be refunded and it is probable that the customer will waive all or part of its contractual rights, the Group recognizes the said amounts as revenue on a pro-rata basis in accordance with the pattern of exercise of the customer's contractual rights, if the Group expects to be entitled to the amounts relating to the contractual rights waived by the customer; otherwise, the Group reverses the related balance of the said liabilities to revenue only when it is highly unlikely that the customer will require performance of the remaining performance obligations.

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

- (1) The Group's revenue from operation of toll roads is recognized when the related services have been provided and economic benefits associated with the services are likely to flow into the Group.
- (2) The Group's revenue from sales of wind turbine equipment, kitchen waste disposal equipment and other commodities are recognized when the client obtains the control over the goods.
- (3) For engineering construction services provided, the Group determines the performance progress and recognizes revenue according to the proportion of the cost incurred to the estimated total cost.
- (4) The Group's revenue from real estate sales is recognized when (1) the real estate is completed and accepted as qualified, (2) the real estate meets the delivery conditions as agreed in the sales contract, and (3) the client obtains the control over relevant goods or services.



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 28. Revenue (Continued)

##### 28.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business (Continued)

- (5) The Group's revenue from entrusted highway operation and management and maintenance services is recognized on a straight-line basis over the contract period.
- (6) The Group's revenue from environmental protection business and kitchen waste disposal shall be recognized according to the actual quantities of waste disposal and the unit price agreed in the waste disposal agreement. Revenue from sales of grease shall be recognized according to the actual grease sales volume and the unit price agreed in the agreement when the client obtains the control over relevant goods. Revenue from sales of electric power shall be recognized according to the on-grid electric quantity and the unit price agreed in the electricity purchase and sale contract when the electric power has been produced and connected to the grid.

##### 28.2 Similar operations under different business models which involve different revenue recognition and measurement methods

The Group has no similar operations under different business models which involve different revenue recognition and measurement methods.

#### 29. Contract costs

##### 29.1 Costs of obtaining contracts

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

##### 29.2 Costs to fulfill contracts

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 29. Contract costs (Continued)

##### 29.3 Impairment loss of assets related to contract costs

In determining the impairment losses of assets related to contract costs, the Group first determines the impairment losses of other assets related to contracts recognized in accordance with other ASBEs; then, for assets related to contract costs, if the carrying amount of the assets is higher than the difference between: (1) the remaining consideration that the Group expects to obtain for the transfer of the goods or services related to the asset; and (2) the estimated costs to be incurred for the transfer of the related goods or services, any excess is provided for impairment and recognized as impairment loss of assets.

After the provision for impairment of assets related to contract costs is made, if the factors of impairment in previous periods change so that the difference between the above two is higher than the carrying amount of the asset, the original provision for impairment of the asset is reversed and recognized in profit or loss for the period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

#### 30. Categories of government grants and accounting treatment methods

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

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

##### 30.1 Determination basis and accounting treatment of government grant related to assets

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

A government grant related to an asset is recognized as deferred revenue and will be included in profit or loss over the useful life of the related asset with the straight-line method.

##### 30.2 Determination basis and accounting treatment of government grant related to income

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

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 30. Categories of government grants and accounting treatment methods (Continued)

##### 30.2 Determination basis and accounting treatment of government grant related to income (Continued)

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

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

#### 31. Leases

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

The Group assesses whether a contract is or contains a lease at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### 31.1 The Group as a lessee

###### 31.1.1 Separating components of a lease

If the contract contains one or more lease and non-lease components, the Group will separate the individual lease and non-lease components and allocate contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease components and the stand-alone prices of the non-lease components.

###### 31.1.2 Right-of-use assets

Except for short-term leases and leases of low value assets, at the commencement date of the lease, the Group recognizes a right-of-use asset. The Group's right-of-use assets consist mainly of buildings, mechanical equipment, billboard, etc.

The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Group measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs incurred to produce inventories.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 31. Leases (Continued)

##### 31.1 The Group as a lessee (Continued)

###### 31.1.2 Right-of-use assets (Continued)

The Group depreciates right-of-use assets by reference to the relevant depreciation provisions of *Accounting Standards for Business Enterprises No. 4 – Fixed Assets*. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

The Group applies *Accounting Standards for Business Enterprises No. 8 – Impairment of Assets*, to determine whether the right-of-use assets are impaired and to account for any impairment loss identified.

###### 31.1.3 Lease liabilities

Except for short-term leases and leases of low value assets, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate. The Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

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

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

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 31. Leases (Continued)

##### 31.1 The Group as a lessee (Continued)

###### 31.1.3 Lease liabilities (Continued)

After the commencement date of the lease, the Group re-measures the lease liabilities and adjusts the right-of-use assets accordingly in the following cases. If the book value of the right-of-use asset has been reduced to zero, but the lease liability needs to be reduced further, the Group will recognize the difference in profit or loss for the period:

- there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- there is a change in the amounts expected to be payable under a residual value guarantee, or in future lease payments resulting from a change in an index or a rate used to determine those payments, in which case the related lease liability is remeasured by discounting the revised lease payments using the unchanged discount rate. If the change of lease payment comes from the change of floating interest rate, the revised discount rate shall be used to calculate the present value.

###### 31.1.4 Determination basis and accounting treatment for short-term leases and leases of low value assets under simplified approach as a lessee

The Group chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain a call option. A lease of low-value assets, is a lease that the single underlying asset, when is new, is no more than RMB50,000.00. The Group shall recognize the lease payments associated with short-term leases and leases of low-value assets in profit or loss or cost of related assets on a straight-line basis over the lease term.

###### 31.1.5 Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the lease modification expanded the scope of the lease by adding the right-of-use of one or more lease assets; and
- the increased consideration is equivalent to the amount of stand-alone price of the expanded lease scope adjusted according to the contract.

If the lease modification is not accounted for as an individual lease, on the effective date of the lease modification, the Group reallocates the consideration of the contract after the change, re-determines the lease term, and re-measures lease liabilities based on the changed lease payments and the present value calculated by the revised discount rate.

If the lease modification results in a reduction in the lease scope or lease term, the carrying amount of the right-of-use assets will be reduced, and the gains or losses relevant to the lease partially or fully terminated will be included in profit or loss for the period; for other lease modifications resulting in the remeasurement of lease liabilities, the carrying amount of right-of-use assets is adjusted accordingly.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 31. Leases (Continued)

##### 31.1 The Group as a lessee (Continued)

###### 31.1.6 Sale and leaseback transactions

The Group as seller-lessee

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

##### 31.2 The Group as a lessor

###### 31.2.1 Separating components of a lease

For a contract that contains lease components and non-lease components, the Group allocates the contract consideration in accordance with the Revenue Standard on apportionment of transaction prices, based on the respective stand-alone prices of the lease components and the non-lease components.

###### 31.2.2 Classification criteria and accounting treatment of leases as a lessor

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

###### 31.2.2.1 The Group as a lessor under operating leases

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

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

###### 31.2.2.2 The Group as a lessor under finance leases

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



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 31. Leases (Continued)

##### 31.2 The Group as a lessor (Continued)

###### 31.2.2 Classification criteria and accounting treatment of leases as a lessor (Continued)

###### 31.2.2.2 The Group as a lessor under finance leases (Continued)

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

- fixed payments (including in-substance fixed payments) paid by the lessee, less any lease incentives;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option, provided that it is reasonably determined that the lessee will exercise the option;
- the amount to be paid by the lessee to exercise the option to terminate the lease, provided that the lease term reflects the lessee's exercise of the option to terminate the lease;
- the residual value of the guarantee provided by the lessee, the party concerned with the lessee and the independent third party with the financial ability to perform the guarantee obligation.

The variable lease receipts that are not included in the measurement of net lease investment are recognized in profit or loss when incurred.

The Group calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate.

###### 31.2.3 Subleases

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

###### 31.2.4 Lease modifications

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

The Group will account for the lease modification to a finance lease as an individual lease, when it satisfies all the following criteria:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The increased consideration is equivalent to the amount of stand-alone price of the expanded lease scope adjusted according to the contract.



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 31. Leases (Continued)

##### 31.2 The Group as a lessor (Continued)

###### 31.2.4 Lease modifications (Continued)

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

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

###### 31.2.5 Sale and leaseback transactions

The Group as buyer-lessor

If the transfer of an asset in a sale and leaseback transaction does not constitute a sale, the Group does not recognize the transferred asset but a financial asset equal to the transfer proceeds in amount, and accounts for such financial asset under the *Accounting Standards for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement*. If the transfer of an asset constitutes a sale, the Group accounts for the purchase of the asset in accordance with other applicable Accounting Standards for Business Enterprises and accounts for the lease of the asset.

#### 32. Deferred tax assets/deferred tax liabilities

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

##### 32.1 Current income tax

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

##### 32.2 Deferred tax assets and deferred tax liabilities

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

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 32. Deferred tax assets/deferred tax liabilities (Continued)

##### 32.2 Deferred tax assets and deferred tax liabilities (Continued)

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

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

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

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

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

##### 32.3 Offsetting of income tax

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

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

#### 33. Other significant accounting policies and accounting estimates

##### Segment information

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 33. Other significant accounting policies and accounting estimates (Continued)

##### Segment information (Continued)

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

#### 34. Changes in significant accounting policies and accounting estimates

##### 34.1 Changes in significant accounting policies

###### *Interpretation No. 17 of the Accounting Standards for Business Enterprises*

The *Interpretation No. 17 of the Accounting Standards for Business Enterprises* (the "Interpretation No. 17") was issued by the Ministry of Finance on 25 October 2023, which stipulated the classification of current and non-current liabilities and the accounting treatment of leaseback transactions. This Interpretation became effective from 1 January 2024.

##### 1. Classification of current and non-current liabilities

The Interpretation No. 17 has refined and specified the principles for the classification of current and non-current liabilities stated in the *Accounting Standards for Business Enterprises No. 30 – Presentation of Financial Statements* as follows: 1) if an enterprise has no substantive right on the balance sheet date to defer the settlement of liabilities to one year or more after the balance sheet date, such liabilities shall be classified as current liabilities and whether an enterprise has the subjective possibility to exercise the aforesaid rights does not affect the classification of liabilities as current or non-current; 2) where the enterprise's right to defer the settlement of liabilities to one year or more after the balance sheet date may depend on the contractual conditions, an enterprise shall consider whether it has the right to defer the settlement of liabilities on the balance sheet date for liabilities arising from the enterprise's loan arrangement; 3) an enterprise is able to discharge the liability by delivering its own equity instrument at the option of the counterparty to the transaction according to the term of liabilities, if the enterprise classifies the aforesaid option as an equity instrument to be separately recognized, the term of settlement does not affect the classification of the liability as current or non-current. An enterprise shall adjust the comparable period information at its initial implementation of above Interpretation.

##### 2. Accounting treatment of sale and leaseback transactions

The Interpretation No.17 stipulated that where the transfer of assets in a leaseback transaction is considered as a sale, in making subsequent measurement of the lease liability formed by leaseback after the lease commencement date, the lessee shall not determine the lease payment or modified lease payment in such a manner as to result in the lessee's recognition of any gain or loss in connection with the use right obtained from the leaseback. Where a lease change results in a narrower lease scope or a shorter lease term, the lessee shall include the relevant gain or loss of the partially or completely terminated lease in the profit or loss for the period, and shall not be subject to restrictions prescribed above. When an enterprise implements above Interpretation for the first time, it shall make retrospective adjustments to leaseback transactions carried out after the date of initial implementation of the *Accounting Standards for Business Enterprises No. 21 – Leases*.

The Group started to apply the above Interpretation on 1 January 2024. Upon assessment, the Group considers that the adoption of this Interpretation has no significant impact on the financial statements of the Group.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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

##### 35.1 Critical judgements in applying accounting policies

(1) *Business model*

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

(2) *Principal/agent*

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

(3) *Lease term – Lease contract with a renewal option*

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



### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

#### 35. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates (Continued)

##### 35.2 Key assumptions and uncertainties in accounting estimates

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

(1) *Amortization of franchise rights associated with toll roads*

As stated in Note III, 22.1(1)(a), amortization of franchise rights associated with toll roads is provided under the traffic volume method. Appropriate adjustments to the amortization of franchise rights associated with toll roads will be made when there is a large difference between total projected traffic volume and the actual results.

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

(2) *Impairment of goodwill*

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

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

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

(4) *Impairment of franchise rights*

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

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



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### IV. TAXATION

#### 1. Main categories and rates of taxes:

Category	Tax base	Tax rate	
Value added tax ("VAT")	Income from sale of goods and rendering of services (Note 1)	13%	
	Income from real estate development	9%	
	Taxable advertisement income	6%	
	Income from entrusted management service and other businesses	6%	
	Income from expressway toll road business	3% (Simple Method)	
	Income from leases of tangible movable property	13%	
	Income from sale and lease back business of tangible movable property	6%	
	Construction income	9%	
	Income from sale of electricity	13%	
	Operating income from waste disposal (Note 1)	6%	
	Property operating lease income	5% (Simple Method)	
	City maintenance and construction tax	Amount of commodity turnover tax payable	7%, 5%
	Educational surcharge	Amount of commodity turnover tax payable	3%
Local educational surcharge	Amount of commodity turnover tax payable	2%	
Construction fee for culture undertakings	Amount of advertising turnover	3%	
Enterprise income tax ("EIT")	Taxable income	Except subsidiaries in the following table, 25%	
Land appreciation tax	Gain on the transfer of real estate	Four-level progressive rates, 30%-60%	



## IV. TAXATION (CONTINUED)

### 1. Main categories and rates of taxes: (Continued)

The entities with different EIT rates are disclosed as follows:

Name of the entity	Income tax rate
Shenzhen Investment Holdings Bay Area Management Company Limited (“Bay Area Management”)	For amount not exceeding HKD2 million: 8.25%; for amount exceeding HKD2 million: 16.5%
Shenzhen Investment Holdings Bay Area Service Company Limited (“Bay Area Service”)	
Shenzhen Investment Holdings Bay Area Financing Company Limited (“Bay Area Financing”)	
Hopewell Guangzhu Expressway Development Co., Ltd. (“Hopewell Guangzhu Expressway”)	
Hopewell China Development (Superhighway) Limited (“Hopewell China Development”)	
Guanjia (British Virgin Islands) Co., Ltd. (“Guanjia”)	
Jiehao (British Virgin Islands) Co., Ltd. (“Jiehao”)	
Shenzhen Investment Holdings Bay Area Development Co., Ltd. (“Bay Area Development”)	
Wilberforce International Ltd. (“Wilberforce”)	

Note 1: According to the provisions of the *Announcement of the State Taxation Administration on Clarifying Several Issues Concerning the Administration of Collection of Value-Added Tax on the Dealing of Used Vehicles and Other Items* (Announcement No. 9 of the State Administration of Taxation [2020]), where no goods are generated after the professional disposal by means of landfill or incineration, among others, it shall be deemed that the entrusted party provides the “professional technical services” in the “Modern Services”, and the VAT rate of 6% shall apply to the disposal expenses it collects; where goods are generated after the professional disposal and the goods belongs to the entrusting party, it shall be deemed that the entrusted party provides the “processing services”, and the VAT rate of 13% shall apply to the disposal expenses it collects; where goods are generated after the professional disposal and the goods belongs to the entrusted party, it shall be deemed that the entrusted party provides the “professional technical services”, and the VAT rate of 6% shall apply to the disposal expenses it collects; where the entrusted party sells the goods, it is subject to the VAT rate for goods.

### 2. Tax preference

#### (a) Preferential policies on 50% VAT refund on collection

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

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### IV. TAXATION (CONTINUED)

#### 2. Tax preference (Continued)

##### (b) Preferential policies on VAT refund for the part of actual tax burden of VAT in excess of 3%

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

##### (c) VAT refund on collection for products and labor services involving the comprehensive utilization of resources

According to the provisions of the *Notice of the Ministry of Finance and the State Administration of Taxation on Issuing the Catalogue of Value-Added Tax Preferences for Products and Labor Services Involving the Comprehensive Utilization of Resources* (Cai Shui [2015] No. 78), the general taxpayers who are engaged in the sale of products made by themselves through comprehensive utilization of resources and the provision of services involving the comprehensive utilization of resources may enjoy the VAT policy of immediate refund upon payment. The specific names of the comprehensively-utilized resources, names of the products and services from comprehensive utilization, the technical standards, related requirements, and the rate of tax refunds, etc., shall be governed by the relevant provisions of the *Catalogue of the Value-added Tax Preferences for Products and Labor Services Involving the Comprehensive Utilization of Resources* (the “Catalogue”) as annexed to this Notice. Shenzhen Lisai Environmental Protection Technology Co., Ltd. (“Lisai Environmental Protection”) utilizes kitchen waste processed to produce bio-oil, biomass crushing materials, biogas power generation, waste treatment and sludge disposal services which meets the requirement of item 4.1 and 5.1 under the Catalogue and thus enjoys the above tax preferences. Fuzhou Bioland Environmental Protection Co., Ltd. (“Fuzhou Bioland”) utilizes kitchen waste processed to produce biogas power generation, waste treatment and sludge disposal services, which meets the requirement of item 2.9, 4.3 and 5.1 under the Catalogue and thus enjoys the above tax preferences.

##### (d) VAT exemption for elderly care services provided by elderly care institutions

According to the provisions of the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner* (Cai Shui [2016] No. 36), elderly care services provided by elderly care institutions are exempt from VAT. Elderly care institutions refer to all types of elderly care institutions established and registered in accordance with the *Measures for Licensing for Establishing Elderly Care Institutions* (Order No. 48 of the Ministry of Civil Affairs) which provide centralized housing and care services for the elderly. Elderly care services refer to the living care, rehabilitation nursing, spiritual comfort, cultural entertainment and other services provided by the said institutions for the elderly in accordance with the *Measures for the Administration of Elderly Care Institutions* (Order No. 49 of the Ministry of Civil Affairs). Shenzhen Expressway Shengao Lekang Health Service (Shenzhen) Co., Ltd. (“Shengao Lekang”) provides elderly care services and enjoys the above preferential policies.



#### IV. TAXATION (CONTINUED)

##### 2. Tax preference (Continued)

###### (e) Preferential policies on three years exemptions and three years half reduction of enterprise income tax

According to the provisions of the *Enterprise Income Tax Law of the People's Republic of China*, for income of enterprises engaged in the investment and operation of public infrastructure projects supported by the state, from the tax year in which the project obtains the first production and operation income, the enterprise income tax will be exempted from the first to the third year, and the enterprise income tax will be levied by half from the fourth to sixth year. Projects of Wind power enterprises under Qianzhi Company, Qianhui Company, Ningxia Zhongwei, Yongcheng Zhuneng and The Company and Shenzhen Outer Ring Expressway Investment Company Limited ("Outer Ring Company") satisfy the tax preferences policies for public infrastructure projects supported by the state.

Qianzhi Company, Qianhui Company, Ningxia Zhongwei and Yongcheng Zhuneng started grid-connected power generation in 2020 and obtained income from production and operation for the first time, the enterprise income tax is exempted from 2020 to 2022 and levied by half from 2023 to 2025.

Outer Ring Company started the operation of Outer Ring Expressway on 29 December 2020 and obtained income from operation for the first time, the enterprise income tax is exempted from 2020 to 2022 and levied by half from 2023 to 2025.

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

Huangshi Huantou Bioland Renewable Energy Co., Ltd. ("Huangshi Bioland") and Taizhou Bioland Environmental Protection Technology Co., Ltd. engage in operation projects that meet the preferential policies on enterprise income tax for environmental protection and energy-saving water conservation project, the enterprise income tax is exempted from 2019 to 2021 and levied by half from 2022 to 2024.

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

Guilin Bioland Renewable Energy Co., Ltd. ("Guilin Bioland"), Beihai Zhonglan Environment Technology Co., Ltd. ("Beihai Zhonglan") and Inner Mongolia Chenghuan Bioland Renewable Resources Co., Ltd. ("Inner Mongolia Chenghuan Bioland") engage in operation projects that meet the preferential policies on enterprise income tax for environmental protection and energy-saving water conservation project, the enterprise income tax is exempted from 2022 to 2024 and levied by half from 2025 to 2027.

Chuzhou Bioland Environmental Protection Technology Co., Ltd. ("Chuzhou Bioland") and Beihai Zhonglan engage in operation projects that meet the preferential policies on enterprise income tax for environmental protection and energy-saving water conservation project, the enterprise income tax is exempted from 2023 to 2025 and levied by half from 2026 to 2028.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### IV. TAXATION (CONTINUED)

#### 2. Tax preference (Continued)

##### (f) Preferential policies on reduction and exemption of enterprise income tax for ethnic minority regions

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

##### (g) Preferential policies on enterprise income tax for the large-scale development of western China

According to the provisions of *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China* (Announcement No. 23 (2020) of the Ministry of Finance), the enterprise income tax is levied at a reduced rate of 15% for enterprises in encouraging industries located in Western China from 1 January 2021 to 31 December 2030. Wind power enterprises under Baotou Nanfeng, Qianxin Company, Qianzhi Company, Qianhui Company, Ningxia Zhongwei, Guangxi Bioland Renewable Energy Co., Ltd. (“Guangxi Bioland”), Guilin Bioland, Sichuan Lansheng, Beihai Zhonglan, Inner Mongolia Chenghuan Bioland and Guiyang Bioland Environmental Technologies Co., Ltd. (“Guiyang Beier Bioland”) are enterprises in encouraging industries located in the western region and enjoy the tax preference of calculating and paying enterprise income tax at the reduced tax rate of 15%.

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

Shenzhen-Shanwei Special Cooperation Zone Qiantai Technology Co., Ltd. (“Qiantai Company”) obtained the High-tech Enterprise Certificate (Certificate No. GR202344206897) on 12 December 2023, which is valid for three years. According to the relevant provisions of the *Enterprise Income Tax Law of the People’s Republic of China*, Qiantai Company pays enterprise income tax at a tax rate of 15% for the year 2023, 2024 and 2025.

Shenzhen Expressway Infrastructure Environment Protection Development Co., Ltd. (“Infrastructure Environment Protection Development Company”) obtained the High-tech Enterprise Certificate (Certificate No. GR202244204468) on 19 December 2022 which is valid for three years. According to the *Enterprise Income Tax Law of the People’s Republic of China* and related regulations, Infrastructure Environment Protection Development Company pays enterprise income tax at a tax rate of 15% for the year 2022, 2023 and 2024.

Lisai Environmental Protection obtained the High-tech Enterprise Certificate (Certificate No. GR202244206664) on 19 December 2022, which is valid for three years. According to the relevant provisions of the *Enterprise Income Tax Law of the People’s Republic of China*, Lisai Environmental Protection levies enterprise income tax at a tax rate of 15% for the year 2022, 2023 and 2024.



**IV. TAXATION (CONTINUED)****2. Tax preference (Continued)****(i) Income tax preference for small and micro enterprises**

In accordance with the *Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of Income Tax Preferential Policies for Small and Micro Enterprises* (No. 13 Announcement of the Ministry of Finance and the State Administration of Taxation in 2022) and the *Announcement on Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (No. 12 Announcement of the Ministry of Finance and the State Administration of Taxation in 2023), the annual taxable income of small and micro enterprises that is more than RMB1 million but less than RMB3 million is included in taxable income at a reduced rate of 25% and is subject to the enterprise income tax rate of 20% from 1 January 2022 and 31 December 2027.

In accordance with the *Announcement of the Ministry of Finance and the State Administration of Taxation on Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households* (No. 6 Announcement of the Ministry of Finance and the State Administration of Taxation in 2023) and the *Announcement on Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (No. 12 Announcement of the Ministry of Finance and the State Administration of Taxation in 2023), the annual taxable income of small and micro enterprises that is less than RMB1 million is included in taxable income at a reduced rate of 25% and is subject to the enterprise income tax rate of 20% from 1 January 2023 and 31 December 2027.

Kunshan Beier Bioland Environmental Protection Technology Co., Ltd. (“Kunshan Environmental Protection”), Nanjing Shenlu Environmental Protection Technology Co., Ltd. (“Shenlu Environmental Protection”), Longyou Bioland Environmental Technology Co., Ltd. (“Longyou Bioland”), Shenzhen Bioland Environmental Protection Technology Research and Design Institute Co., Ltd. (“Bioland Environmental Protection Technology”) and Shenzhen Expressway Property Management Company Limited (“Property Management Company”) are small and micro enterprises and thus enjoy the above preferential policies.

**(j) “Six Taxes and Two Fees” reduction and exemption policies for micro and small enterprises**

In accordance with the *Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (Announcement No. 12 (2023) of the Ministry of Finance and the State Taxation Administration), from 1 January 2023 to 31 December 2027, small-scale VAT taxpayers, small and micro enterprises and individual industrial and commercial households are subject to a 50% reduction in the payment of resource tax (excluding water resource tax), city maintenance and construction tax, property tax, urban land-use tax, stamp duty (excluding stamp duty on securities transactions), cultivated land occupancy tax, educational surcharges and local educational surcharges.

Shenzhen Expressway Group Digital Technology Co. Ltd. (“Expressway Digital Technology”), Kunshan Environmental Protection, Shenlu Environmental Protection, Longyou Bioland, Bioland Environmental Protection Technology and Property Management Company are small and micro enterprises and thus enjoy the above preferential policies. Shenzhen Jinshen New Energy Co., Ltd. (“Jinshen New Energy”) and Shengao Lekang are small-scale VAT taxpayers and thus enjoy the above preferential policies.

Apart from the above, there is no other tax preference that has a significant impact on the Group.



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### IV. TAXATION (CONTINUED)

#### 3. Others

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

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

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Cash at banks and on hand

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Cash on hand:	<b>6,380,574.31</b>	6,881,214.18
RMB	<b>6,360,476.08</b>	6,852,199.49
HKD	<b>19,875.44</b>	28,781.92
Others	<b>222.79</b>	232.77
Bank deposits:	<b>2,246,110,602.76</b>	2,089,053,154.85
RMB	<b>2,195,408,512.82</b>	2,025,261,672.95
HKD	<b>49,748,411.81</b>	55,768,062.22
USD	<b>953,678.13</b>	8,023,419.68
Others:	<b>54,010,905.96</b>	56,433,264.02
RMB	<b>54,010,905.96</b>	56,353,988.49
HKD	–	79,275.53
<b>Total</b>	<b>2,306,502,083.03</b>	2,152,367,633.05
Including: Total amount deposited abroad	<b>96,008,973.97</b>	180,530,811.85



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 1. Cash at banks and on hand (Continued)

As at 30 June 2024, the Group's restricted funds are listed as follows:

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Regulated equity acquisition funds	292.87	211,058.04
Special account for project management	2,830,039.01	4,237,645.58
Security deposits	35,724,067.93	34,629,682.33
Frozen funds due to litigation	144,306,245.56	158,069,019.78
<b>Total</b>	<b>182,860,645.37</b>	<b>197,147,405.73</b>

### 2. Transactional financial assets

RMB

Category	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Financial assets at FVTPL	248,870,005.52	468,792,208.25
Including:		
Structural deposits	100,450,136.99	320,372,339.72
Compensation for valuation adjustment mechanism receivable	148,419,868.53	148,419,868.53
<b>Total</b>	<b>248,870,005.52</b>	<b>468,792,208.25</b>

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 3. Accounts receivable

##### (1) Accounts receivable disclosed by aging

RMB

Aging	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 1 year	563,268,813.83	559,540,282.52
1 to 2 years	171,755,645.27	164,463,453.31
2 to 3 years	211,500,795.39	189,609,768.02
Over 3 years	243,309,747.36	227,406,909.92
<b>Total</b>	<b>1,189,835,001.85</b>	<b>1,141,020,413.77</b>

##### (2) Accounts receivable disclosed by method of bad debt provision

RMB

Category	30 June 2024 (Unaudited)					31 December 2023 (Audited)				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on an individual basis										
Provision assessed on an individual basis	94,000,475.02	7.90	78,031,285.33	83.01	15,969,189.69	97,078,696.46	8.51	64,055,138.30	65.98	33,023,558.16
Bad debt provision assessed on a portfolio basis										
Portfolio I	254,880,964.01	21.42	-	-	254,880,964.01	234,267,133.83	20.53	-	-	234,267,133.83
Portfolio II	290,910,703.16	24.45	69,122,304.55	23.76	221,788,398.61	295,534,935.39	25.90	48,205,729.70	16.31	247,329,205.69
Portfolio III	133,780,999.87	11.24	64,779,649.53	48.42	69,001,350.34	140,261,764.61	12.29	50,936,570.57	36.32	89,325,194.04
Portfolio IV	416,261,859.79	34.99	7,359,239.18	1.77	408,902,620.61	373,877,883.48	32.77	10,335,882.12	2.76	363,542,001.36
<b>Total</b>	<b>1,189,835,001.85</b>	<b>100.00</b>	<b>219,292,478.59</b>		<b>970,542,523.26</b>	<b>1,141,020,413.77</b>	<b>100.00</b>	<b>173,533,320.69</b>		<b>967,487,093.08</b>



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. Accounts receivable (Continued)

#### (2) Accounts receivable disclosed by method of bad debt provision (Continued)

*Bad debt provision assessed on an individual basis:*

RMB

Name	30 June 2024 (Unaudited)			Reason for provision
	Gross carrying amount	Bad debt provision	Proportion (%)	
Customer I	35,492,465.65	35,492,465.65	100.00	It is expected to be irrecoverable
Customer II	434,987.94	434,987.94	100.00	It is expected to be irrecoverable
Customer III	26,250,000.00	14,772,521.02	56.28	It is expected that some of the accounts receivable are irrecoverable
Customer IV	28,364,000.00	25,601,800.00	90.26	It is expected that some of the accounts receivable are irrecoverable
Customer V	3,459,021.43	1,729,510.72	50.00	It is expected that some of the accounts receivable are irrecoverable
<b>Total</b>	<b>94,000,475.02</b>	<b>78,031,285.33</b>		

*Bad debt provision assessed on a portfolio basis:*

The accounts receivable for which the bad debt provision is assessed by aging analysis method in portfolio II, portfolio III and portfolio IV:

RMB

Portfolio II	30 June 2024 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	80,880.15	–	–
2 to 3 years	162,899,685.49	11,266,281.54	6.92
Over 3 years	127,930,137.52	57,856,023.01	45.22
<b>Total</b>	<b>290,910,703.16</b>	<b>69,122,304.55</b>	

RMB

Portfolio III	30 June 2024 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	45,730,455.53	539,415.30	1.18
1 to 2 years	18,313,069.91	3,607,022.53	19.70
2 to 3 years	20,610,476.18	12,330,525.60	59.83
Over 3 years	49,126,998.25	48,302,686.10	98.32
<b>Total</b>	<b>133,780,999.87</b>	<b>64,779,649.53</b>	

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 3. Accounts receivable (Continued)

##### (2) Accounts receivable disclosed by method of bad debt provision (Continued)

RMB

	30 June 2024 (Unaudited)		
	Accounts receivable	Bad debt provision	Proportion (%)
Portfolio IV			
Within 1 year	350,575,398.48	1,205,427.82	0.34
1 to 2 years	63,403,964.71	6,153,811.36	9.71
2 to 3 years	2,282,496.60	–	–
<b>Total</b>	<b>416,261,859.79</b>	<b>7,359,239.18</b>	

Measurement of expected credit losses at an amount equivalent to the lifetime ECL

RMB

Bad debt provision	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2024 (Audited)	109,478,182.39	64,055,138.30	173,533,320.69
– Transfer into those credit-impaired	–	–	–
– Reversal of those not credit-impaired	–	–	–
Provision	31,791,849.93	15,515,257.75	47,307,107.68
Reversal	(8,839.06)	–	(8,839.06)
Other changes	–	(1,539,110.72)	(1,539,110.72)
<b>30 June 2024 (Unaudited)</b>	<b>141,261,193.26</b>	<b>78,031,285.33</b>	<b>219,292,478.59</b>

##### (3) Details of bad debt provision

RMB

Category	1 January 2024 (Audited)	Changes for the period				30 June 2024 (Unaudited)
		Provision	Recovery or reversal	Write-off or charge-off	Other changes	
Accounts receivable for which bad debt provision is assessed on an individual basis	64,055,138.30	15,515,257.75	–	–	(1,539,110.72)	<b>78,031,285.33</b>
Accounts receivable for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics	109,478,182.39	31,791,849.93	(8,839.06)	–	–	<b>141,261,193.26</b>
<b>Total</b>	<b>173,533,320.69</b>	<b>47,307,107.68</b>	<b>(8,839.06)</b>	<b>–</b>	<b>(1,539,110.72)</b>	<b>219,292,478.59</b>

For the six months ended 30 June 2024, the Group had no recovery or reversal of bad debt provision which was individually significant.



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. Accounts receivable (Continued)

(4) For the six months ended 30 June 2024, no accounts receivable has been written off.

(5) Top five accounts receivable and contract assets categorized by debtor

RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts
Total of top five accounts receivable and contract assets as at 30 June 2024	424,430,745.85	22,384,000.00	446,814,745.85	13.93	164,481,279.80

### 4. Prepayments

(1) Prepayments presented by aging

RMB

Aging	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	229,128,433.97	82.57	233,050,857.20	93.94
1 to 2 years	38,959,200.61	14.04	2,781,366.90	1.12
2 to 3 years	2,208,386.29	0.80	12,041,464.89	4.86
Over 3 years	7,183,538.37	2.59	209,893.07	0.08
<b>Total</b>	<b>277,479,559.24</b>	<b>100.00</b>	<b>248,083,582.06</b>	<b>100.00</b>

(2) Prepayments presented by nature:

RMB

Item	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
Prepayments for materials	206,674,967.72	195,330,287.46
Others	70,804,591.52	52,753,294.60
<b>Total</b>	<b>277,479,559.24</b>	<b>248,083,582.06</b>

As at 30 June 2024, the prepayments aged over 1 year mainly represent the prepayments for materials. As the materials had not yet been delivered or signed for warehousing, the prepayments remain outstanding.



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Prepayments (Continued)

##### (3) Top five prepayments categorized by payee

RMB

Name of entity	Relationship with the Group	Gross carrying amount	Aging	Proportion to total prepayments (%)
Total of top five prepayments as at 30 June 2024	Non-related party	209,487,893.55	Within 1 year, 1 to 2 years	75.50

#### 5. Other receivables

##### 5.1 Presentation of other receivables

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Dividends receivable	197,737,852.83	–
Other receivables	755,810,605.21	602,215,140.81
<b>Total</b>	<b>953,548,458.04</b>	<b>602,215,140.81</b>

##### 5.2 Dividends receivable

RMB

Investee	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Guangzhou-Shenzhen-Zhuhai Expressway Co., Ltd. ("Guangzhou-Shenzhen-Zhuhai Expressway")	166,488,798.72	–
Bank of Guizhou Co., Ltd. ("Bank of Guizhou")	25,110,182.11	–
Guangdong Yangmao Expressway Company Limited ("Yangmao Company")	5,610,872.00	–
Guangdong United Electronic Service Co., Ltd. ("United Electronic")	528,000.00	–
<b>Total</b>	<b>197,737,852.83</b>	<b>–</b>



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Other receivables (Continued)

#### 5.3 Other receivables

(1) Other receivables disclosed by aging

RMB

Aging	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 1 year	538,224,402.19	349,597,998.42
1 to 2 years	17,237,274.01	13,852,013.22
2 to 3 years	123,763,216.85	169,473,184.24
Over 3 years	142,130,570.11	97,885,172.89
<b>Sub-total</b>	<b>821,355,463.16</b>	<b>630,808,368.77</b>
Less: Bad debt provision of other receivables	65,544,857.95	28,593,227.96
<b>Total</b>	<b>755,810,605.21</b>	<b>602,215,140.81</b>

(2) Classification of other receivables by nature

RMB

Nature	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Receivables from related parties (Note XI, 6(1))	89,821,185.94	89,127,581.88
Advances receivable	10,628,404.35	12,085,156.12
Receivables from third parties	417,249,154.78	301,310,479.29
Deposits and security deposit	67,890,992.92	70,044,741.99
Employee advance loan	7,673,469.16	6,942,183.75
Administrative reserve	1,741,181.53	1,621,848.20
Others	226,351,074.48	149,676,377.54
<b>Total</b>	<b>821,355,463.16</b>	<b>630,808,368.77</b>

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5. Other receivables (Continued)

##### 5.3 Other receivables (Continued)

(3) Provision of bad debts

RMB

	Stage I	Stage II	Stage III	
	12-month ECL	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
<b>Bad debt provision</b>				
1 January 2024 (Audited)	28,593,227.96	–	–	28,593,227.96
– Transfer into Stage II	–	–	–	–
– Transfer into Stage III	–	–	–	–
– Reverse to Stage II	–	–	–	–
– Reverse to Stage I	–	–	–	–
Provision	36,951,629.99	–	–	36,951,629.99
Reversal	–	–	–	–
Transfer out due to derecognition of financial assets (including direct write-down)	–	–	–	–
Other changes	–	–	–	–
<b>30 June 2024 (Unaudited)</b>	<b>65,544,857.95</b>			<b>65,544,857.95</b>

(4) Details of bad debt provision

RMB

Category	1 January 2024 (Audited)	Changes for the period			30 June 2024 (Unaudited)
		Provision	Recovery or reversal	Write-off or charge-off	
Other receivables for which bad debt provision is assessed on a portfolio basis	28,593,227.96	36,951,629.99	–	–	<b>65,544,857.95</b>



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Other receivables (Continued)

#### 5.3 Other receivables (Continued)

(5) Top five other receivables categorized by debtor

RMB

Item	Closing balance	Proportion to total closing balance of other receivables (%)	Nature	Aging	Closing balance of provision for bad debts
Customer I	331,982,606.63	40.42	Receivables from third parties	Within 1 year	–
Customer II	170,570,014.17	20.77	Others	1 to 2 years, 2 to 3 years	–
Customer III	88,331,191.80	10.75	Receivables from related parties	2 to 3 years	7,066,495.34
Customer IV	41,200,000.00	5.02	Deposits and security deposit	over 3 years	32,960,000.00
Customer V	34,578,534.42	4.20	Receivables from third parties	2 to 3 years, over 3 years	10,948,718.04
<b>Total</b>	<b>666,662,347.02</b>	<b>81.16</b>			<b>50,975,213.38</b>

## 6. Inventories

### (1) Categories of inventories

RMB

Item	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Properties held for development (Note 1)	<b>256,368,380.41</b>	–	<b>256,368,380.41</b>	255,588,404.50	–	255,588,404.50
Properties under development (Note 2)	<b>104,356,833.48</b>	–	<b>104,356,833.48</b>	103,688,351.51	–	103,688,351.51
Properties held for sale (Note 3)	<b>615,977,838.01</b>	–	<b>615,977,838.01</b>	620,852,765.61	–	620,852,765.61
Raw materials	<b>286,734,526.09</b>	<b>115,885,380.97</b>	<b>170,849,145.12</b>	285,767,030.43	107,978,328.25	177,788,702.18
Work in progress	<b>174,071,067.39</b>	<b>121,106,102.16</b>	<b>52,964,965.23</b>	181,145,606.61	109,679,937.21	71,465,669.40
Goods on hand	<b>127,184,295.99</b>	<b>29,643,391.03</b>	<b>97,540,904.96</b>	147,970,514.54	24,134,161.23	123,836,353.31
Low value consumables and others	<b>2,492,725.04</b>	–	<b>2,492,725.04</b>	2,343,766.98	–	2,343,766.98
<b>Total</b>	<b>1,567,185,666.41</b>	<b>266,634,874.16</b>	<b>1,300,550,792.25</b>	1,597,356,440.18	241,792,426.69	1,355,564,013.49

Note 1: Properties for development represent the lands to be developed under Phase II Stage III and Phase III Stage II of Youshan Villa project of Guizhou Shenzhen Expressway Land Co., Ltd. (“Guizhou Land”), and the lands to be developed by Guizhou Shenzhen Expressway Investment Land Company (“Guishen Expressway Investment”) and Guizhou Yefengrui Land Limited Company (“Yefengrui Land”), all of them are subsidiaries of the Company.

Note 2: Properties under development

RMB

Name of project	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Public area to be amortized	<b>104,356,833.48</b>	103,688,351.51
<b>Total</b>	<b>104,356,833.48</b>	103,688,351.51

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6. Inventories (Continued)

##### (1) Categories of inventories (Continued)

Note 3: Properties held for sale

RMB

Name of project	Time of completion	1 January 2024 (Audited)	Addition	Reduction	30 June 2024 (Unaudited)	Closing balance of provision for decline in value
Phase I Stage I of Youshan Villa	December 2016	11,176,877.24	-	-	<b>11,176,877.24</b>	-
Phase II Stage II of Youshan Villa	April 2019	46,251,723.77	-	-	<b>46,251,723.77</b>	-
Phase III Stage I of Youshan Villa	November 2020	3,987,702.61	-	-	<b>3,987,702.61</b>	-
Phase III Stage III of Youshan Villa	August 2022	559,436,461.99	2,256,591.48	7,131,519.08	<b>554,561,534.39</b>	-
<b>Total</b>		<b>620,852,765.61</b>	<b>2,256,591.48</b>	<b>7,131,519.08</b>	<b>615,977,838.01</b>	-

##### (2) Provision for decline in value of inventories

RMB

Item	1 January 2024 (Audited)	Provision	Reversal	Write-off	30 June 2024 (Unaudited)
Raw materials	107,978,328.25	7,932,838.22	-	25,785.50	<b>115,885,380.97</b>
Work in progress	109,679,937.21	11,426,164.95	-	-	<b>121,106,102.16</b>
Goods on hand	24,134,161.23	7,328,101.19	-	1,818,871.39	<b>29,643,391.03</b>
<b>Total</b>	<b>241,792,426.69</b>	<b>26,687,104.36</b>	<b>-</b>	<b>1,844,656.89</b>	<b>266,634,874.16</b>

Provision for decline in value of inventories made on a portfolio basis

RMB

Name of portfolio	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Gross carrying amount	Provision for decline in value	Proportion of provision for decline in value (%)	Gross carrying amount	Provision for decline in value	Proportion of provision for decline in value (%)
Wind turbine equipment	<b>417,696,774.21</b>	<b>229,844,076.97</b>	<b>55.03</b>	418,269,225.51	209,601,434.15	50.11
Power batteries	<b>89,732,695.63</b>	<b>15,854,462.01</b>	<b>17.67</b>	119,987,325.97	17,699,118.90	14.75
Kitchen waste disposal equipment	<b>68,006,957.82</b>	<b>20,820,191.67</b>	<b>30.61</b>	67,667,951.71	14,375,730.13	21.24
Real estate inventories	<b>976,703,051.90</b>	-	-	980,129,521.62	-	-
Others	<b>15,046,186.85</b>	<b>116,143.51</b>	<b>0.77</b>	11,302,415.37	116,143.51	1.03
<b>Total</b>	<b>1,567,185,666.41</b>	<b>266,634,874.16</b>		1,597,356,440.18	241,792,426.69	



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****6. Inventories (Continued)****(3) Descriptions on capitalized borrowing costs included in the closing balance of inventories**

For the six months ended 30 June 2024, the amount of capitalized interest included in inventories was RMB0.00 (for the six months ended 30 June 2023: RMB0.00), and the capitalization rate used to recognize the capitalization amount was 0% (for the six months ended 30 June 2023: 0%). As at 30 June 2024, the amount of capitalized interest included in the closing balance of inventories was RMB2,992,036.61 (31 December 2023: RMB3,027,433.33).

**7. Contract assets****(1) Details of contract assets**

RMB

Item	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Contract assets over one year (Note)	1,717,600,103.67	-	1,717,600,103.67	2,661,993,597.28	-	2,661,993,597.28
Agent-construction receivables	171,353,870.03	3,304,869.42	168,049,000.61	277,580,031.21	3,304,869.42	274,275,161.79
Warranties receivable	69,680,719.88	343,019.88	69,337,700.00	69,502,219.88	343,019.88	69,159,200.00
Kitchen waste engineering construction receivables	59,010,504.78	16,471,364.68	42,539,140.10	67,947,904.19	16,471,364.68	51,476,539.51
<b>Sub-total</b>	<b>2,017,645,198.36</b>	<b>20,119,253.98</b>	<b>1,997,525,944.38</b>	<b>3,077,023,752.56</b>	<b>20,119,253.98</b>	<b>3,056,904,498.58</b>
Less: Contract assets over 1 year	1,717,600,103.67	-	1,717,600,103.67	2,661,993,597.28	-	2,661,993,597.28
<b>Total</b>	<b>300,045,094.69</b>	<b>20,119,253.98</b>	<b>279,925,840.71</b>	<b>415,030,155.28</b>	<b>20,119,253.98</b>	<b>394,910,901.30</b>

Note: Refer to Note V, 21.

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

RMB

Item	Amount of changes	Reason for changes
Agent-construction receivables	(106,226,161.18)	Carry forward accounts receivable based on project settlement situation for the period
Kitchen waste engineering construction receivables	(8,937,399.41)	Carry forward accounts receivable based on project settlement situation for the period



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 7. Contract assets (Continued)

##### (3) Contract assets disclosed by method of bad debt provision

RMB

Category	30 June 2024 (Unaudited)					31 December 2023 (Audited)				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on an individual basis	3,304,869.42	0.16	3,304,869.42	100.00	-	3,304,869.42	0.11	3,304,869.42	100.00	-
Bad debt provision assessed on a portfolio basis	2,014,340,328.94	99.84	16,814,384.56	0.83	1,997,525,944.38	3,073,718,883.14	99.89	16,814,384.56	0.55	3,056,904,498.58
Including:										
Portfolio I	1,885,649,104.28	93.46	-	-	1,885,649,104.28	2,936,268,759.07	95.42	-	-	2,936,268,759.07
Portfolio II	69,680,719.88	3.45	343,019.88	0.49	69,337,700.00	69,502,219.88	2.26	343,019.88	0.49	69,159,200.00
Portfolio III	59,010,504.78	2.93	16,471,364.68	27.91	42,539,140.10	67,947,904.19	2.21	16,471,364.68	24.24	51,476,539.51
<b>Total</b>	<b>2,017,645,198.36</b>	<b>100.00</b>	<b>20,119,253.98</b>		<b>1,997,525,944.38</b>	<b>3,077,023,752.56</b>	<b>100.00</b>	<b>20,119,253.98</b>		<b>3,056,904,498.58</b>

Bad debt provision assessed on an individual basis

RMB

Bad debt provision assessed on an individual basis	30 June 2024 (Unaudited)			Reason for provision
	Gross carrying amount	Bad debt provision	Proportion (%)	
Shenhshan Houmen Project	3,304,869.42	3,304,869.42	100.00	It is expected that the agent-construction fee is irrecoverable
<b>Total</b>	<b>3,304,869.42</b>	<b>3,304,869.42</b>		



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 7. Contract assets (Continued)

#### (3) Contract assets disclosed by method of bad debt provision (Continued)

*Bad debt provision assessed on a portfolio basis*

RMB

	30 June 2024 (Unaudited)		
	Gross carrying amount	Bad debt provision	Proportion (%)
Portfolio II			
Customers in wind turbine generators sales industry (warranties receivable)	69,680,719.88	343,019.88	0.49
<b>Total</b>	<b>69,680,719.88</b>	<b>343,019.88</b>	

RMB

	30 June 2024 (Unaudited)		
	Gross carrying amount	Bad debt provision	Proportion (%)
Portfolio III			
1 to 2 years	37,416,275.41	2,611,955.16	6.98
2 to 3 years	6,752,444.43	1,517,508.79	22.47
3 to 4 years	441,657.43	139,050.20	31.48
4 to 5 years	4,085,076.05	3,363,887.90	82.35
Over 5 years	10,315,051.46	8,838,962.63	85.69
<b>Total</b>	<b>59,010,504.78</b>	<b>16,471,364.68</b>	

*Measurement of expected credit losses at an amount equivalent to the lifetime ECL*

RMB

Bad debt provision	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2024 (Audited)	16,814,384.56	3,304,869.42	20,119,253.98
– Transfer into those credit-impaired	–	–	–
– Reversal of those not credit-impaired	–	–	–
Provision	–	–	–
Reversal	–	–	–
Transfer out due to derecognition	–	–	–
Other changes	–	–	–
<b>30 June 2024 (Unaudited)</b>	<b>16,814,384.56</b>	<b>3,304,869.42</b>	<b>20,119,253.98</b>

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 7. Contract assets (Continued)

##### (4) Provision for credit losses of contract assets for the period

RMB

Category	1 January 2024 (Audited)	Provision	Reversal	Write-off/ Charge-off	Changes for the period	30 June 2024 (Unaudited)
Agent-construction receivables	3,304,869.42	–	–	–	–	<b>3,304,869.42</b>
Warranties receivable	343,019.88	–	–	–	–	<b>343,019.88</b>
Kitchen waste engineering construction receivables	16,471,364.68	–	–	–	–	<b>16,471,364.68</b>
<b>Total</b>	<b>20,119,253.98</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>20,119,253.98</b>

#### 8. Non-current assets due within one year

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Advances due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd. (Note)	<b>9,595,765.42</b>	9,412,279.18
Financial leasing receivables (Note)	<b>139,237,835.81</b>	260,026,234.70
Receivables from Longli County Government of Guizhou Province for Longli River Bridge project (Note)	<b>283,998,928.52</b>	–
<b>Sub-total</b>	<b>432,832,529.75</b>	269,438,513.88
Less: Provision for bad debts	<b>1,873,488.37</b>	4,663,943.75
<b>Total</b>	<b>430,959,041.38</b>	264,774,570.13

Note: Please refer to Note V, 11.



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****9. Other current assets**

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Pending deduction of input value-added tax	<b>257,491,550.94</b>	268,559,421.98
Certificates of time deposits	<b>368,929,500.00</b>	204,392,500.00
Prepaid tax	<b>18,324,967.88</b>	24,127,401.93
<b>Total</b>	<b>644,746,018.82</b>	497,079,323.91

**10. Long-term prepayments**

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Prepayments for other acquisition and construction of other long-term assets	<b>113,705,909.38</b>	134,180,514.54
Prepayments for reconstruction and expansion of Shenzhen Airport-Heao Expressway	<b>183,930,864.30</b>	195,940,689.80
Prepaid project fund of Outer Ring Company	<b>179,246,371.90</b>	24,740,925.26
Prepaid project fund of Guangming Environment project	<b>1,865,514.56</b>	1,870,868.86
<b>Total</b>	<b>478,748,660.14</b>	356,732,998.46

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 11. Long-term receivables

##### (1) Details of long-term receivables

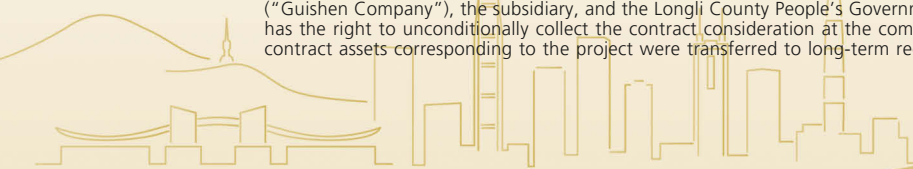
RMB

Item	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Financial leasing receivables (Note 1)	1,301,674,874.46	21,775,948.47	1,279,898,925.99	1,313,436,928.10	21,883,569.82	1,291,553,358.28
Electricity compensation income (Note 2)	1,356,044,115.69	26,960,223.07	1,329,083,892.62	1,270,230,085.06	22,302,840.47	1,247,927,244.59
Advances due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd.	60,413,210.16	-	60,413,210.16	60,229,723.92	-	60,229,723.92
Receivables from Longli County Government of Guizhou Province for Longli River Bridge project (Note 3)	961,783,079.95	-	961,783,079.95	-	-	-
<b>Sub-total</b>	<b>3,679,915,280.26</b>	<b>48,736,171.54</b>	<b>3,631,179,108.72</b>	<b>2,643,896,737.08</b>	<b>44,186,410.29</b>	<b>2,599,710,326.79</b>
Less: Long-term receivables due within one year (Note V, 8)	432,832,529.75	1,873,488.37	430,959,041.38	269,438,513.88	4,663,943.75	264,774,570.13
Including: Advances due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd.	9,595,765.42	-	9,595,765.42	9,412,279.18	-	9,412,279.18
Financial leasing receivables (Note 1)	139,237,835.81	1,873,488.37	137,364,347.44	260,026,234.70	4,663,943.75	255,362,290.95
Receivables from Longli County Government of Guizhou Province for Longli River Bridge project (Note 3)	283,998,928.52	-	283,998,928.52	-	-	-
<b>Total</b>	<b>3,247,082,750.51</b>	<b>46,862,683.17</b>	<b>3,200,220,067.34</b>	<b>2,374,458,223.20</b>	<b>39,522,466.54</b>	<b>2,334,935,756.66</b>

Note 1: It represents the rents and interest of equipment under financial leasing receivable by Financial Leasing Company, the Company's subsidiary. As at 30 June 2024, the financial leasing receivables amounted to RMB1,301,674,874.46 (31 December 2023: RMB1,313,436,928.10).

Note 2: It represents the electricity compensation which has not been received by Baotou Nanfeng, Qianzhi Company, Qianxin Company, Qianhui Company, Yongcheng Zhuneng and Ningxia Zhongwei, subsidiaries of the Group engaged in new energy business. For the six months ended 30 June 2024, the subsidy income recognized by Baotou Nanfeng, Qianzhi Company, Qianxin Company and Qianhui Company based on relevant documents amounted to RMB171,174,891.87 (include tax), and the subsidy received amounted to RMB85,360,861.24.

Note 3: In April 2024, Longli River Bridge in Guizhou (formerly known as Duo Hua Bridge) is completed and accepted and opened to traffic. According to the investment cooperation agreement signed between Guizhou Guishen Investment Development Company Limited ("Guishen Company"), the subsidiary, and the Longli County People's Government and Guilong Industrial Group, Guishen Company has the right to unconditionally collect the contract consideration at the completion of the project's final acceptance. Accordingly, contract assets corresponding to the project were transferred to long-term receivables.



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****11. Long-term receivables (Continued)****(2) Long-term receivables disclosed by method of bad debt provision**

RMB

Category	30 June 2024 (Unaudited)					31 December 2023 (Audited)				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on a portfolio basis:										
Portfolio I	1,022,196,290.11	27.78	-	-	1,022,196,290.11	60,229,723.92	2.28	-	-	60,229,723.92
Portfolio II (Financial leasing receivables)	1,301,674,874.46	35.37	21,775,948.47	1.67	1,279,898,925.99	1,313,436,928.10	49.68	21,883,569.82	1.67	1,291,553,358.28
Portfolio III (Electricity compensation income)	1,356,044,115.69	36.85	26,960,223.07	1.99	1,329,083,892.62	1,270,230,085.06	48.04	22,302,840.47	1.76	1,247,927,244.59
<b>Total</b>	<b>3,679,915,280.26</b>	<b>100.00</b>	<b>48,736,171.54</b>		<b>3,631,179,108.72</b>	<b>2,643,896,737.08</b>	<b>100.00</b>	<b>44,186,410.29</b>		<b>2,599,710,326.79</b>

*Bad debt provision assessed on a portfolio basis*

RMB

Portfolio I	30 June 2024 (Unaudited)		
	Gross carrying amount	Bad debt provision	Proportion (%)
Advances due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd	60,413,210.16	-	-
Receivables from Longli County Government of Guizhou Province for Longli River Bridge project	961,783,079.95	-	-
<b>Total</b>	<b>1,022,196,290.11</b>	<b>-</b>	

RMB

Portfolio II (Financial leasing receivables)	30 June 2024 (Unaudited)		
	Gross carrying amount	Bad debt provision	Proportion (%)
Normal	615,274,417.24	4,856,509.56	0.79
Attention	686,400,457.22	16,919,438.91	2.46
<b>Total</b>	<b>1,301,674,874.46</b>	<b>21,775,948.47</b>	



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 11. Long-term receivables (Continued)

##### (2) Long-term receivables disclosed by method of bad debt provision (Continued)

RMB

	30 June 2024 (Unaudited)		
	Gross carrying amount	Bad debt provision	Proportion (%)
Portfolio III (Electricity compensation income)			
<i>Approval for electricity compensation has been obtained</i>	1,206,260,161.78	6,031,300.80	0.50
<i>Under approval for electricity compensation</i>	149,783,953.91	20,928,922.27	13.97
<b>Total</b>	<b>1,356,044,115.69</b>	<b>26,960,223.07</b>	

Provision for bad debts based on general model of expected credit losses:

RMB

Bad debt provision	Stage I 12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2024	44,186,410.29	–	–	44,186,410.29
– Transfer into Stage II	–	–	–	–
– Transfer into Stage III	–	–	–	–
– Reverse to Stage II	–	–	–	–
– Reverse to Stage I	–	–	–	–
Provision	7,340,216.63	–	–	7,340,216.63
Reversal	(2,790,455.38)	–	–	(2,790,455.38)
Transfer out due to derecognition of financial assets (including direct write-down)	–	–	–	–
Other changes	–	–	–	–
<b>30 June 2024</b>	<b>48,736,171.54</b>	<b>–</b>	<b>–</b>	<b>48,736,171.54</b>

##### (3) Details of bad debt provision

RMB

Item	1 January 2024 (Audited)	Additions in the current period	Reductions in the current period	30 June 2024 (Unaudited)
Financial leasing receivables	21,883,569.82	2,682,834.03	2,790,455.38	<b>21,775,948.47</b>
Electricity compensation income	22,302,840.47	4,657,382.60	–	<b>26,960,223.07</b>
<b>Total</b>	<b>44,186,410.29</b>	<b>7,340,216.63</b>	<b>2,790,455.38</b>	<b>48,736,171.54</b>



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 12. Long-term equity investments

RMB

Investee	Changes for the period										
	1 January 2024 (Audited)	Addition	Reduction	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Cash dividend or profit declared	Provision for impairment	Others	30 June 2024 (Unaudited)	Shareholdings (%)	Provision for impairment at 30 June 2024 (Unaudited)
Nanjing Yangtze River Third Bridge Company Limited ("Nanjing Third Bridge Company")	454,338,007.63	-	-	29,884,594.00	-	(42,928,232.82)	-	-	441,294,368.81	35.00	-
Yangmao Company	836,776,215.81	-	-	26,830,679.61	-	(43,110,872.00)	-	-	820,496,023.42	25.00	-
Guangzhou Western Second Ring Expressway Company Limited ("GZ W2 Company")	334,376,765.77	-	-	27,486,599.67	-	-	-	-	361,863,365.44	25.00	-
Shenzhen International United Land Company Limited ("United Land Company")	677,656,651.67	-	-	(301,964.80)	-	-	-	-	677,354,686.87	34.30	-
Chongqing Derun Environment Co., Limited ("Derun Environment")	5,078,224,756.93	-	-	81,833,668.73	716,406.92	-	-	(320,755.56)	5,160,454,077.02	20.00	-
Foshan Shunde Shengchuang Shenzhen Expressway Environmental Technology Industry M&A Investment Partnership (Limited Partnership) ("Shengchuang Fund")	112,339,511.24	-	-	(15,449,129.61)	-	-	-	-	96,890,381.63	45.00	-
Shenzhen Fenghe Energy Investment Co., Ltd. ("Fenghe Energy")	232,514,185.48	-	-	7,370,000.43	(1,556,763.95)	-	-	-	238,327,421.96	50.00	-
Guangzhou-Shenzhen-Zhuhai Expressway	5,134,578,258.54	-	-	131,012,058.16	-	-	-	-	5,265,590,316.70	45.00	-
Guangdong Guangzhou-Zhuhai West Line Expressway Co., Ltd. ("Guangzhou-Zhuhai West Line Expressway")	3,523,861,874.47	-	-	52,954,936.19	-	(166,488,798.72)	-	-	3,410,328,011.94	50.00	-
Guangzhou Zhentong Industrial Development Co., Ltd. ("Xintang Joint Venture") (Note 1)	432,629,214.20	-	-	(172,880.46)	-	-	-	-	432,456,333.74	15.00	-
E Fund - Shenzhen Expressway REITs (code: 508033) (Note 2)	-	819,000,000.00	-	5,575,513.27	-	(52,176,000.00)	-	-	772,399,513.27	40.00	-
Others (Note 3)	1,898,526,679.00	-	-	73,123,250.90	-	(25,092,481.29)	-	-	1,946,557,448.61	-	-
<b>Total</b>	<b>18,715,822,120.74</b>	<b>819,000,000.00</b>	<b>-</b>	<b>420,147,326.09</b>	<b>(840,357.03)</b>	<b>(329,796,384.83)</b>	<b>-</b>	<b>(320,755.56)</b>	<b>19,624,011,949.41</b>		<b>-</b>

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments (Continued)

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

Note 2: In March 2024, the Company completed the issuance and listing of the E Fund – Shenzhen Expressway REITs, with the Yichang Expressway owned by the former wholly-owned subsidiary Yichang Company serving as the infrastructure project. The Company, as the original equity holder, participated in the strategic placement subscription with a quantity of 120 million shares, accounting for 40% of the total number of shares offered. As part of the design of the fund's structure, the Company signed a share transfer agreement and a debt transfer agreement with Changde Yichang Enterprise Operation Management Co., Ltd. ("Changde Yichang") and Yichang Company, disposing of 100% equity of Yichang Company for RMB1,397,449,490.52. The settlement procedure was completed on 21 March 2024, and the Company lost control over Yichang Company.

In accordance with the provisions on the voting rights of the fund shareholders and the resolution passage clauses of the shareholders' meeting in the *E Fund – Shenzhen Expressway Closed-end Infrastructure Investment Fund Prospectus*, the Company's holding of 40% of the shares can exert significant influence on the operation and investment management of the E Fund – Shenzhen Expressway REITs.

Note 3: Others include the Group's associates and joint ventures Yunji Smart Engineering Co., Ltd. ("Yunji Smart"), Shenzhen Huayu Expressway Investment Co., Ltd. ("Huayu Company"), Guizhou Hengtongli Property Co., Ltd. ("Guizhou Hengtongli"), Bank of Guizhou Co., Ltd. ("Bank of Guizhou"), Shenzhen Guangming Fengrunjiu Health Service Co., Ltd. ("Guangming Fengrunjiu") and Huai'an Zhongheng New Energy Co., Ltd. ("Huai'an Zhongheng").

#### 13. Other non-current financial assets

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Shenzhen Water Planning & Design Institute Co., Ltd. ("Water Planning & Design Institute")	268,962,589.00	346,519,804.81
Shenzhen State Owned Cooperative Development Private Equity Fund Partnership (Limited Partnership) ("Cooperative Development Fund")	343,333,429.12	328,721,725.86
United Electronic	194,316,567.77	184,699,801.59
Guangdong Heyuan Rural Commercial Bank Co., Ltd.	22,503,680.00	22,503,680.00
Guangdong Zijin Rural Commercial Bank Co., Ltd.	9,180,560.00	9,180,560.00
Yiwu Shenneng Renewable Resources Utilization Co., Ltd. ("Yiwu Shenneng")	3,443,730.00	3,443,730.00
<b>Total</b>	<b>841,740,555.89</b>	<b>895,069,302.26</b>

For the six months ended 30 June 2024, losses from changes in fair value of such equity instruments amounted to RMB53,328,746.37 (for the six months ended 30 June 2023: gains from changes in fair value were RMB100,429,019.47) in total. Please refer to Note V, 50.



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 14. Investment properties

#### (1) Investment properties measured at cost

RMB

Item	Parking space (Note)	Buildings	Total
<b>I. Cost</b>			
1. 1 January 2024	18,180,000.00	16,142,376.78	34,322,376.78
2. Additions	–	410,465.73	410,465.73
(1) Transfer from fixed assets	–	410,465.73	410,465.73
3. Reductions	–	496,037.30	496,037.30
(1) Transfer to fixed assets	–	496,037.30	496,037.30
4. 30 June 2024	18,180,000.00	16,056,805.21	34,236,805.21
<b>II. Accumulated amortization</b>			
1. 1 January 2024	8,684,283.00	2,604,101.45	11,288,384.45
2. Additions	287,862.12	476,038.06	763,900.18
(1) Provision	287,862.12	377,388.74	665,250.86
(2) Transfer from fixed assets	–	98,649.32	98,649.32
3. Reductions	–	57,393.83	57,393.83
(1) Transfer to fixed assets	–	57,393.83	57,393.83
4. 30 June 2024	8,972,145.12	3,022,745.68	11,994,890.80
<b>III. Carrying amount</b>			
1. 30 June 2024	9,207,854.88	13,034,059.53	22,241,914.41
2. 1 January 2024	9,495,717.00	13,538,275.33	23,033,992.33

Note: The investment property represents the parking space beneath Jiangsu Building where the headquarters of the Company locates, which is entrusted to the property company for renting to relevant car owners.

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

#### (2) As at 30 June 2024, the investment properties without certificates of ownership are listed as follows

RMB

Item	Carrying amount (Unaudited)	Reason for not yet obtaining the certificate of ownership
Buildings of Qiantai Company	13,034,059.53	In process
The parking space beneath Jiangsu Building	9,207,854.88	No certificate of ownership will be issued for parking space in Shenzhen
<b>Total</b>	<b>22,241,914.41</b>	

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 15. Fixed assets

##### (1) Details of fixed assets

RMB

Item	Buildings	Traffic equipment	Motor vehicles	Office and other equipment	Mechanical equipment	Total
<b>I. Cost</b>						
1. 1 January 2024	3,282,016,989.76	1,663,854,497.34	52,234,297.77	136,905,850.02	4,692,535,830.21	9,827,547,465.10
2. Additions	128,227,186.47	24,859,206.72	26,053,267.06	14,588,680.68	3,465,552.47	197,193,893.40
(1) Purchase	28,695,649.96	4,419,323.06	26,021,090.07	8,226,528.29	2,651,393.17	70,013,984.55
(2) Transfer from construction in progress	99,035,499.21	20,439,883.66	32,176.99	6,362,152.39	814,159.30	126,683,871.55
(3) Transfer from investment properties	496,037.30	-	-	-	-	496,037.30
3. Reductions	11,564,864.31	71,130,688.39	6,042,807.58	11,419,338.97	15,396,463.82	115,554,163.07
(1) Disposals or retirement	2,816,969.04	3,092,629.03	4,862,664.80	1,777,015.52	1,275,837.42	13,825,115.81
(2) Transfer to investment properties	410,465.73	-	-	-	-	410,465.73
(3) Others (Note)	8,337,429.54	68,038,059.36	1,180,142.78	9,642,323.45	14,120,626.40	101,318,581.53
4. 30 June 2024	3,398,679,311.92	1,617,583,015.67	72,244,757.25	140,075,191.73	4,680,604,918.86	9,909,187,195.43
<b>II. Accumulated depreciation</b>						
1. 1 January 2024	527,706,827.30	1,035,958,514.00	24,644,205.71	95,249,880.61	814,473,850.63	2,498,033,278.25
2. Additions	62,057,777.04	42,228,324.75	4,983,706.60	14,158,724.38	123,098,029.53	246,526,562.30
(1) Provision	62,000,383.21	42,228,324.75	4,983,706.60	14,158,724.38	123,098,029.53	246,469,168.47
(2) Transfer from investment properties	57,393.83	-	-	-	-	57,393.83
3. Reductions	7,474,928.91	33,775,041.51	4,351,468.55	9,259,383.27	-	54,860,822.24
(1) Disposals or retirement	2,736,020.34	2,639,759.78	3,816,876.43	1,496,302.64	-	10,688,959.19
(2) Transfer to investment properties	98,649.32	-	-	-	-	98,649.32
(3) Others (Note)	4,640,259.25	31,135,281.73	534,592.12	7,763,080.63	-	44,073,213.73
4. 30 June 2024	582,289,675.43	1,044,411,797.24	25,276,443.76	100,149,221.72	937,571,880.16	2,689,699,018.31
<b>III. Provision for impairment</b>						
1. 1 January 2024	-	-	-	-	655,667.88	655,667.88
2. Additions	-	-	-	-	-	-
(1) Provision	-	-	-	-	-	-
3. 30 June 2024	-	-	-	-	655,667.88	655,667.88
<b>IV. Carrying amount</b>						
1. 30 June 2024	2,816,389,636.49	573,171,218.43	46,968,313.49	39,925,970.01	3,742,377,370.82	7,218,832,509.24
2. 1 January 2024	2,754,310,162.46	627,895,983.34	27,590,092.06	41,655,969.41	3,877,406,311.70	7,328,858,518.97

Note: It represents the disposal of 100.00% equity in Yichang Company, resulting in a decrease in related fixed assets. Refer to Note V, 12.



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. Fixed assets (Continued)

#### (2) Fixed assets without certificates of ownership

RMB

Item	Carrying amount (Unaudited)	Reason for not yet obtaining the certificate of ownership
Buildings	1,000,286,691.10	As all toll roads and the affiliated buildings and structures would be returned to the government when the approved operating periods expire, the Group has no intention to acquire the related property ownership certificates except that the handling procedures for certificates of buildings of Qiantai Company and Mulei Project as well as Hesongxuan apartments purchased by the Company are in process.

### 16. Construction in progress

#### (1) Details of construction in progress

RMB

Item	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Langfang factory project	–	–	–	101,040,359.73	–	101,040,359.73
Special electromechanical project	32,475,287.02	–	32,475,287.02	33,571,207.10	–	33,571,207.10
Office building rectification						
civil engineering	19,225,941.79	–	19,225,941.79	19,655,958.92	–	19,655,958.92
Xuanwei project	25,167,669.00	11,966,109.70	13,201,559.30	25,167,669.00	–	25,167,669.00
Congestion control project for key toll stations in directly-managed sections	9,845,815.80	–	9,845,815.80	9,829,025.97	–	9,829,025.97
R&D project on BIM modeling and digital management regarding existing highways	1,647,169.84	–	1,647,169.84	30,819,627.11	–	30,819,627.11
Others	49,453,008.15	2,195,969.80	47,257,038.35	71,802,356.41	2,195,969.80	69,606,386.61
<b>Total</b>	<b>137,814,891.60</b>	<b>14,162,079.50</b>	<b>123,652,812.10</b>	<b>291,886,204.24</b>	<b>2,195,969.80</b>	<b>289,690,234.44</b>





## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 16. Construction in progress (Continued)

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

RMB

Item	1 January 2024 (Audited)	Additions in the current period	Reductions in the current period	30 June 2024 (Unaudited)	Reason for change
Xuanwei project	-	11,966,109.70	-	11,966,109.70	It is expected that the recoverable amount is less than the carrying amount
Kunshan environmental protection engineering construction project	2,195,969.80	-	-	2,195,969.80	
<b>Total</b>	2,195,969.80	11,966,109.70	-	14,162,079.50	

### 17. Right-of-use assets

RMB

Item	Buildings	Land	Total
<b>I. Cost</b>			
1. 1 January 2024	224,162,289.44	-	224,162,289.44
2. Additions	9,137,428.19	6,865,818.58	16,003,246.77
(1) Acquisitions	9,137,428.19	6,865,818.58	16,003,246.77
3. Reductions	61,982,314.42	-	61,982,314.42
(1) Others	61,982,314.42	-	61,982,314.42
4. 30 June 2024	171,317,403.21	6,865,818.58	178,183,221.79
<b>II. Accumulated depreciation</b>			
1. 1 January 2024	143,207,062.75	-	143,207,062.75
2. Additions	16,003,444.26	171,645.46	16,175,089.72
(1) Provision	16,003,444.26	171,645.46	16,175,089.72
3. Reductions	61,982,314.42	-	61,982,314.42
(1) Others	61,982,314.42	-	61,982,314.42
4. 30 June 2024	97,228,192.59	171,645.46	97,399,838.05
<b>III. Provision for impairment</b>			
1. 1 January 2024	14,754,044.72	-	14,754,044.72
2. 30 June 2024	14,754,044.72	-	14,754,044.72
<b>IV. Carrying amount</b>			
1. 30 June 2024	59,335,165.90	6,694,173.12	66,029,339.02
2. 1 January 2024	66,201,181.97	-	66,201,181.97

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 18. Intangible assets

##### (1) Details of intangible assets

RMB

Item	Franchise rights	Office software and others	Billboard land use rights	Land use right	Contract rights	Patent use right	Total
<b>I. Cost</b>							
1. 1 January 2024	44,579,071,287.03	58,761,223.46	59,953,840.88	209,612,666.95	71,938,085.78	165,693,403.17	45,145,030,507.72
2. Additions	301,815,504.08	36,966,009.81	-	-	-	-	338,781,513.89
(1) Purchases	10,005,743.36	2,040,894.86	-	-	-	-	12,046,638.22
(2) Constructions	291,809,760.72	34,925,114.95	-	-	-	-	326,734,875.67
3. Reductions	3,195,519,358.13	100,000.00	58,319,739.88	-	-	-	3,253,939,098.01
(1) Disposals	33,988.50	-	58,319,739.88	-	-	-	58,353,728.38
(2) Other reductions (Note)	3,195,485,369.63	100,000.00	-	-	-	-	3,195,585,369.63
4. 30 June 2024	41,685,367,432.98	95,627,233.27	1,634,101.00	209,612,666.95	71,938,085.78	165,693,403.17	42,229,872,923.15
<b>II. Accumulated amortization</b>							
1. 1 January 2024	14,300,494,862.82	36,544,731.09	59,836,822.47	14,701,828.42	29,542,899.64	65,529,763.33	14,506,650,907.77
2. Additions	844,129,287.68	8,733,916.83	69,518.28	6,540,855.06	83,122.69	10,137,013.31	869,693,713.85
(1) Provision	844,129,287.68	8,733,916.83	69,518.28	6,540,855.06	83,122.69	10,137,013.31	869,693,713.85
3. Reductions	1,079,389,805.30	6,111.23	58,272,239.75	-	-	-	1,137,668,156.28
(1) Disposals	4,333.86	-	58,272,239.75	-	-	-	58,276,573.61
(2) Other reductions (Note)	1,079,385,471.44	6,111.23	-	-	-	-	1,079,391,582.67
4. 30 June 2024	14,065,234,345.20	45,272,536.69	1,634,101.00	21,242,683.48	29,626,022.33	75,666,776.64	14,238,676,465.34
<b>III. Provision for impairment</b>							
1. 1 January 2024	3,811,235,491.81	-	-	-	-	18,050,000.00	3,829,285,491.81
2. Additions	-	-	-	-	-	5,664,061.39	5,664,061.39
3. 30 June 2024	3,811,235,491.81	-	-	-	-	23,714,061.39	3,834,949,553.20
<b>IV. Carrying amount</b>							
1. 30 June 2024	23,808,897,595.97	50,354,696.58	-	188,369,983.47	42,312,063.45	66,312,565.14	24,156,246,904.61
2. 1 January 2024	26,467,340,932.40	22,216,492.37	117,018.41	194,910,838.53	42,395,186.14	82,113,639.84	26,809,094,107.69

Note: Other reductions are due to the Company's disposal of 100.00% equity in Yichang Company, decrease in related intangible assets, and the settlement adjustment of the carrying amount that were provisionally estimated in the bookkeeping for the kitchen waste disposal project of the Company's subsidiary, Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd. ("Bioland Environmental").

##### (2) Land use right without the certificate of ownership is listed as follows:

As at 30 June 2024, the Group had no land use rights for which the certificate of property has not been obtained.



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Intangible assets (Continued)

#### (3) Information of franchise rights

RMB

Item	Cost	1 January 2024 (Audited)	Additions in the current period	Reductions in the current period	Amortization in the current period	Impairment in the current period	30 June 2024 (Unaudited)	Accumulated amortization	Provision for impairment
<b>I. Franchise rights associated with toll roads</b>									
Qinglian Expressway (Note 1)	9,286,165,486.15	5,209,558,219.32	-	-	176,282,314.14	-	5,033,275,905.18	3,632,889,580.97	620,000,000.00
Airport-Heao Expressway	5,443,528,905.95	1,997,924,715.57	84,180,453.45	-	91,906,522.85	-	1,990,198,646.17	3,453,330,259.78	-
Meiguan Expressway	604,588,701.64	108,072,693.59	-	-	14,219,947.01	-	93,852,746.58	510,735,955.06	-
Outer Ring Expressway (Note 1)	5,994,138,231.78	5,294,390,843.86	42,785,175.58	-	84,308,952.43	-	5,252,867,067.01	741,271,164.77	-
Shuiquan Expressway (Note 1)	4,448,811,774.58	921,702,818.20	-	-	199,166,216.94	-	722,536,601.26	3,174,275,173.32	552,000,000.00
Yichang Expressway	-	2,128,286,122.09	-	2,080,426,635.08	47,859,487.01	-	-	-	-
Changsha Ring Road	614,374,358.81	366,366,774.30	-	-	20,767,453.89	-	345,599,320.41	268,775,038.40	-
Coastal Expressway Shenzhen Section (Note 1)	10,091,947,533.44	5,800,817,058.79	143,201,932.35	-	103,115,520.40	-	5,840,903,470.74	1,612,808,768.09	2,638,235,294.61
Longda Expressway	251,559,214.13	51,968,296.79	-	-	8,031,025.02	-	43,937,271.77	207,621,942.36	-
<b>Sub-total</b>	<b>36,735,114,206.48</b>	<b>21,879,087,542.51</b>	<b>270,167,561.38</b>	<b>2,080,426,635.08</b>	<b>745,657,439.69</b>	<b>-</b>	<b>19,323,171,029.12</b>	<b>13,601,707,882.75</b>	<b>3,810,235,294.61</b>
<b>II. Franchise rights associated with kitchen waste disposal</b>									
Kitchen waste disposal of Bioland Company (Note 1)	3,552,462,256.57	3,267,589,246.70	5,743.36	35,702,917.75	78,910,688.51	-	3,152,981,383.80	398,476,341.71	1,000,197.20
Kitchen waste disposal of Guangming	755,808,550.94	736,764,559.13	19,043,991.81	-	-	-	755,808,550.94	-	-
Kitchen waste disposal of Shaoyang	320,000,000.00	310,000,000.00	10,000,000.00	-	888,960.00	-	319,111,040.00	888,960.00	-
Kitchen waste disposal of Lisai Environmental Protection	275,597,376.62	229,573,797.13	2,598,207.53	-	17,434,045.90	-	214,737,958.76	60,859,417.86	-
<b>Sub-total</b>	<b>4,903,868,184.13</b>	<b>4,543,927,602.96</b>	<b>31,647,942.70</b>	<b>35,702,917.75</b>	<b>97,233,694.41</b>	<b>-</b>	<b>4,442,638,933.50</b>	<b>460,224,719.57</b>	<b>1,000,197.20</b>
<b>III. Other franchise rights</b>									
Shenzhen Guangming welfare institute project	46,389,376.23	44,325,786.93	-	-	1,238,153.58	-	43,087,633.35	3,301,742.88	-
<b>Sub-total</b>	<b>46,389,376.23</b>	<b>44,325,786.93</b>	<b>-</b>	<b>-</b>	<b>1,238,153.58</b>	<b>-</b>	<b>43,087,633.35</b>	<b>3,301,742.88</b>	<b>-</b>
<b>Total</b>	<b>41,685,371,766.84</b>	<b>26,467,340,932.40</b>	<b>301,815,504.08</b>	<b>2,116,129,552.83</b>	<b>844,129,287.68</b>	<b>-</b>	<b>23,808,897,595.97</b>	<b>14,065,234,345.20</b>	<b>3,811,235,491.81</b>

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 18. Intangible assets (Continued)

##### (3) Information of franchise rights (Continued)

Note 1: For the pledge of charging rights/equity/rights of management related to Qinglian Expressway, Coastal Expressway Shenzhen Section, Shuiguan Expressway, and the kitchen waste disposal projects of Bioland Company, please refer to Notes V, 22.

Note 2: For the six months ended 30 June 2024, both the amount of intangible assets amortized and the amount included in profit or loss was RMB869,693,713.85 (for the six months ended 30 June 2023: RMB899,397,799.87).

Note 3: For the six months ended 30 June 2024, the Group capitalized borrowing costs on intangible assets amounting to RMB4,231,493.66 (for the six months ended 30 June 2023: RMB3,679,635.85).

#### 19. Goodwill

##### (1) Cost of goodwill

RMB

Investee	1 January 2024 (Audited)	Additions in the current period	Reductions in the current period	30 June 2024 (Unaudited)
Shenzhen Investment Holdings International Capital Holding Infrastructure Company Limited ("SIHICH")	202,893,131.20	–	–	<b>202,893,131.20</b>
Nanjing Wind Power Technology Co., Ltd. ("Nanjing Wind Power")	156,039,775.24	–	–	<b>156,039,775.24</b>
<b>Total</b>	<b>358,932,906.44</b>	<b>–</b>	<b>–</b>	<b>358,932,906.44</b>

##### (2) Provision for impairment of goodwill

RMB

Investee	1 January 2024 (Audited)	Additions in the current period	Reductions in the current period	30 June 2024 (Unaudited)
Nanjing Wind Power	156,039,775.24	–	–	<b>156,039,775.24</b>

##### (3) Information about the asset group or a set of asset groups to which the goodwill is allocated

Name	Composition of the asset group or a set of asset groups to which it is allocated and its basis	Operating segment to which it is allocated and its basis	Is it consistent with that of the prior period?
SIHICH	Bay Area Development asset group/Generated from acquisition of the asset group	Toll road	Yes
Nanjing Wind Power	Wind turbines manufacturing asset group/Generated from acquisition of the asset group	Environmental protection	Yes



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 20. Deferred tax assets/deferred tax liabilities

#### (1) Deferred tax assets before offsetting

RMB

Item	30 June 2024 30 June 2024 (Unaudited)		31 December 2023 30 June 2024 (Audited)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment and amortization of franchise rights of Coastal Expressway	289,143,780.20	72,285,945.05	373,750,686.76	93,437,671.69
Deductible losses	231,897,271.68	57,974,317.92	294,222,156.72	73,555,539.18
Compensation for operating expenses of newly-built toll stations on Nanguang Expressway, Yanba Expressway and Yanpai Expressway ("Three Expressways") (Note 1)	159,324,931.35	39,831,232.84	178,104,931.35	44,526,232.84
Compensation for operating expenses of newly-built toll station on Longda Expressway (Note 1)	104,457,285.13	26,114,321.25	119,248,638.49	29,812,159.59
Adjustments to fair values of net assets of merged enterprises such as Shenchang Expressway Co., Ltd in Changsha, Hunan ("Shenchang Company"), etc.	105,291,430.39	26,322,857.60	111,904,206.11	27,976,051.53
Payroll accrued but not paid	119,945,892.12	29,986,473.03	121,079,026.88	30,269,756.72
Amortization of other franchise rights	58,365,072.88	14,591,268.22	60,062,682.48	15,015,670.62
Bad debt provision	91,004,087.09	18,887,112.07	87,560,678.69	17,980,972.08
Property compensation of Meiguan Company (Note 2)	43,557,234.64	10,889,308.66	43,557,234.64	10,889,308.66
Provisions (Note 3)	67,868,975.92	14,012,161.83	79,299,874.80	16,869,886.55
Compensation for operating expenses of newly-built road ramp on Meiguan Expressway (Note 4)	35,971,080.28	8,992,770.07	42,511,276.60	10,627,819.15
Expenses accrued but not paid	105,685,005.36	26,421,251.34	66,810,750.80	16,702,687.70
Provision for impairment loss of assets	70,814,838.07	15,278,390.55	70,814,838.07	15,278,390.55
Interest receivable due to capital reduction of United Land Company (Note 5)	8,832,704.08	2,208,176.02	8,832,704.08	2,208,176.02
Compensation for demolition costs of old toll stations on Three Expressways and Longda Expressway	7,176,461.64	1,794,115.41	7,176,461.64	1,794,115.41
Lease liabilities	84,384,168.00	20,729,586.12	79,847,804.74	19,862,036.21
Others	56,318,717.92	9,236,375.29	70,745,195.21	12,842,994.61
<b>Total</b>	<b>1,640,038,936.75</b>	<b>395,555,663.27</b>	<b>1,815,529,148.06</b>	<b>439,649,469.11</b>



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 20. Deferred tax assets/deferred tax liabilities (Continued)

##### (1) Deferred tax assets before offsetting (Continued)

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

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

Note 3: It represents the deferred tax assets accrued by Bioland Company for provisions recognized for pending litigation or arbitration and subsequent expenditures of BOT project.

Note 4: In 2015, the Group received a compensation for operating expenses of newly-built toll station on Meiguan Expressway, and recognized the corresponding deferred tax assets for the temporary difference between the tax base and carrying amount.

Note 5: United Land Company capitalized the interest on capital reduction payable to the Company. Considering the impact of the unrealized profits of the associate, the Group recognized the corresponding deferred tax assets for the temporary difference arising from the difference between the tax base and carrying amount based on its shareholding ratio of 34.30%.

##### (2) Deferred tax liabilities before offsetting

RMB

Item	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not involving entities under common control				
– Shenzhen Qinglong Expressway Co., Ltd. (“Qinglong Company”)	443,872,683.47	110,968,170.88	566,007,301.73	141,501,825.44
– Yichang Company	–	–	763,325,569.58	190,831,392.40
– Guangdong Qinglian Highway Development Co., Ltd. (“Qinglian Company”)	467,514,756.96	113,573,882.33	483,888,689.04	117,667,365.35
– Airport-Heao Eastern Company	278,046,850.52	69,511,714.62	332,874,013.36	83,218,505.33
– Bioland Company	447,077,605.87	109,948,151.10	458,710,721.31	112,856,429.96
– Lisai Environmental Protection	139,483,958.00	20,922,593.70	147,309,697.07	22,096,454.56
– Qiantai Company	117,173,329.80	17,575,999.47	122,116,558.20	18,317,483.73
– Nanjing Wind Power	3,255,546.07	488,331.91	12,097,673.20	1,814,650.98
– Baotou Nanfeng	27,978,431.52	6,994,607.88	28,801,244.80	7,200,311.20
– Meiguan Company	–	–	215,034.44	53,758.61
– Mulei Project	12,970,895.72	3,242,723.93	13,450,767.32	3,362,691.83
Amortization of franchise rights (Note)	47,291,495.96	11,822,873.99	436,336,407.00	109,084,101.75
Compensation for valuation adjustment mechanism	148,419,868.53	33,495,084.95	148,419,868.53	32,824,283.13
Right-of-use assets	66,029,339.02	13,773,293.30	66,201,181.97	13,693,864.03
Others	2,202,453,437.76	483,259,442.07	2,118,103,775.04	462,172,026.39
<b>Total</b>	<b>4,401,568,199.20</b>	<b>995,576,870.13</b>	<b>5,697,858,502.59</b>	<b>1,316,695,144.69</b>

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

## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 20. Deferred tax assets/deferred tax liabilities (Continued)

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

RMB

Item	Offset amount of deferred tax assets and liabilities as at 30 June 2024	Deferred tax assets or liabilities after offset as at 30 June 2024	Offset amount of deferred tax assets and liabilities as at 31 December 2023	Deferred tax assets or liabilities after offset as at 31 December 2023
Deferred tax assets	(158,837,445.97)	236,718,217.30	(168,204,359.74)	271,445,109.37
Deferred tax liabilities	(158,837,445.97)	836,739,424.16	(168,204,359.74)	1,148,490,784.95

#### (4) Details of unrecognized deferred tax assets

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Deductible losses	1,673,206,975.54	1,326,713,339.21
Deductible temporary differences	488,200,637.06	365,258,835.46
<b>Total</b>	<b>2,161,407,612.60</b>	<b>1,691,972,174.67</b>

#### (5) Deductible losses for which deferred tax assets are not recognized will expire in the following years:

RMB

Year	30 June 2024 (Unaudited)	31 December 2023 (Audited)
2024	46,107,931.37	46,885,054.42
2025	59,229,762.99	59,229,762.99
2026	186,818,451.79	186,818,451.79
2027	527,306,480.37	527,306,480.37
2028	506,473,589.64	506,473,589.64
2029	347,270,759.38	–
<b>Total</b>	<b>1,673,206,975.54</b>	<b>1,326,713,339.21</b>

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 21. Other non-current assets

RMB

Item	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Contract assets over one year (Note 1)	1,717,600,103.67	-	1,717,600,103.67	2,661,993,597.28	-	2,661,993,597.28
Meiguan Company – property relocation compensation (Note 2)	342,599,500.00	-	342,599,500.00	342,599,500.00	-	342,599,500.00
Pending deduction of input tax over one year	182,827,952.60	-	182,827,952.60	210,869,870.90	-	210,869,870.90
Others	2,126,890.64	-	2,126,890.64	1,149,104.11	-	1,149,104.11
<b>Total</b>	<b>2,245,154,446.91</b>	<b>-</b>	<b>2,245,154,446.91</b>	<b>3,216,612,072.29</b>	<b>-</b>	<b>3,216,612,072.29</b>

Note 1: It mainly includes the contract assets corresponding to the toll fee revenue recognized by the Group based on relevant documents issued by Guangdong Provincial Transportation Management Department, as well as the contract assets corresponding to the revenue that are recognized for Bimeng Construction Project.

Note 2: According to the *Compensation Agreement for Meilinguan Urban Renewal Project of Shenzhen Longhua District Minzhi Office*, United Land Company paid the compensation for demolition of RMB28,328,230.00 to Meiguan Company, a subsidiary of the Company, in July 2016. On 27 April 2018, the two parties entered into the *Supplementary Agreement to the Compensation Agreement for Meilinguan Urban Renewal Project of Shenzhen Longhua District Minzhi Office*, which agrees that United Land Company will pay property relocation compensation on the basis of the above monetary compensation, the compensated relocated property is the office building to be constructed by United Land Company, and the compensated building area is 9,120 square meters. The relocated property is expected to be completed in 2024. On the date of signing the supplementary agreement, according to the evaluation report issued by Shenzhen Pengxin Assets Appraisal Co., Ltd. (Peng Xin Zi Gu Bao Zi [2018] No. 062), the fair value of the relocated property was RMB342,599,500.00, which kept unchanged during the period.

#### 22. Assets with ownership or use right restricted

RMB

Item	30 June 2024 (Unaudited)				31 December 2023 (Audited)			
	Gross carrying amount	Carrying amount	Type of restriction	Status of restriction	Gross carrying amount	Carrying amount	Type of restriction	Status of restriction
Cash at banks and on hand	182,860,645.37	182,860,645.37	Note 1	Note 1	197,147,405.73	197,147,405.73	Note 1	Note 1
Long-term receivables	639,353,642.16	628,034,993.20	Pledge	Pledge for borrowings	842,781,250.01	827,438,727.29	Pledge	Pledge for borrowings
Intangible assets	26,770,696,589.00	14,372,175,356.67	Pledge	Pledge for borrowings and finance leases	26,696,110,631.65	14,695,939,786.11	Pledge	Pledge for borrowings and finance leases
Intangible assets	-	-			90,228,000.00	88,096,114.82	Mortgage	Mortgage for borrowings
<b>Total</b>	<b>27,592,910,876.53</b>	<b>15,183,070,995.24</b>			<b>27,826,267,287.39</b>	<b>15,808,622,033.95</b>		



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 22. Assets with ownership or use right restricted (Continued)

Note 1: Refer to Note V, 1 for details.

Note 2: In addition to those mentioned above, the Group pledged with the 100% equity and charging rights to electric charge of Qianxin Company, 100% equity and charging rights to electric charge of Qianzhi Company, 100% equity and charging rights to electric charge of Qianhui Company, 50.04% equity of SIHICH, 45.00% equity of JEL, equity of kitchen waste disposal projects of certain subsidiaries of Bioland Company, and charging rights to electric charge of Yongcheng Zhuneng and wind power enterprises under Baotou Nanfeng.

Note 3: The principal of bank borrowings obtained by the Group through mortgages and pledges of the aforesaid assets and the balance of liabilities arising from sale and leaseback transactions totaled RMB13,838,156,437.03.

### 23. Short-term borrowings

#### (1) Categories of short-term borrowings

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Pledged borrowings	4,835,632,298.42	9,226,577,924.66
Guaranteed borrowings	1,477,788,737.74	1,471,934,733.60
Credit borrowings	486,351,118.49	368,993,001.88
Borrowings in the form of discounted notes	–	38,120,176.71
<b>Total</b>	<b>6,799,772,154.65</b>	<b>11,105,625,836.85</b>

#### (2) Details of pledged borrowings

RMB

Name of entity	30 June 2024 (Unaudited)	Pledged by
China Merchants Bank Co., Ltd. Hong Kong Branch	1,870,809,343.77	Equity of SIHICH
Bank of China Limited Macao Branch	1,377,298,258.99	Equity of SIHICH
Ping An Bank Co., Ltd. Hong Kong Branch	975,317,165.36	Equity of SIHICH
China Merchants Bank Co., Ltd. Hong Kong Branch	502,598,600.00	Equity of SIHICH
The Hongkong and Shanghai Banking Corporation Limited	109,608,930.30	45% equity of JEL
<b>Total</b>	<b>4,835,632,298.42</b>	

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 23. Short-term borrowings (Continued)

##### (3) Details of guaranteed borrowings

RMB

Name of entity	30 June 2024 (Unaudited)	Guaranteed by
Ping An Bank Co., Ltd. Hong Kong Branch	841,278,744.00	Bay Area Development
Bank of China (Hong Kong) Limited	440,211,620.14	Bay Area Development
Shanghai Pudong Development Bank Co., Ltd.	196,298,373.60	Bay Area Development
<b>Total</b>	<b>1,477,788,737.74</b>	

#### 24. Transactional financial liabilities

RMB

Item	1 January 2024 (Audited)	Additions in the current period	Reductions in the current period	30 June 2024 (Unaudited)	Reason and basis for designation
Obligation to pay the difference	148,117,309.14	–	23,043,003.06	125,074,306.08	N/A
<b>Total</b>	148,117,309.14	–	23,043,003.06	125,074,306.08	

Note: In January 2022, the Group acquired 100% equity interest in SIHICH held by Shenzhen Investment Holdings International Capital Holding Co., Ltd. (“Shenzhen Investment Holdings International”) and assumed the obligation to make up the difference for CMF Global Quantitative Multi-Asset Segregated Portfolio Company and CMF Global Quantitative Stable Segregated Portfolio (collectively, “CMF Global”). And, the Group renewed such obligation to 17 August 2028 or earlier maturity date as determined by the Company and either of Mei Wah Company and CMF Global in accordance with the written notice on Agreement for Make-Up of the Earnings during the Renewal Period or other covenants of the agreement. If CMF Global disposes of its 9.45% equity interest in Bay Area Development before 17 August 2028, the difference between the transfer price and the agreed investment cost of HKD1,075,713,016.54 will be made up by the Group. Meanwhile, during the renewal period, the portion of the annual investment return obtained by CMF Global through Bay Area Development that does not reach the agreed level will be made up by the Group. As at 30 June 2024, the Group recognized the liabilities arising from difference make-up obligation amounting to RMB125,074,306.08 accordingly.

#### 25. Bills payable

##### Presentation of bills payable

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Commercial acceptance bills	28,230,000.00	26,729,231.57
Bank acceptance bills	48,010,537.23	63,006,281.67
<b>Total</b>	<b>76,240,537.23</b>	89,735,513.24

As at 30 June 2024, the Group had no overdue bills payable.



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 26. Accounts payable

#### (1) Presentation of accounts payable:

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Payables for construction projects, quality deposits and security deposits	1,653,997,305.31	1,883,158,134.56
Payables for goods	540,931,893.15	563,431,778.05
Others	100,301,211.70	141,955,611.06
<b>Total</b>	<b>2,295,230,410.16</b>	<b>2,588,545,523.67</b>

#### (2) Significant accounts payable aged over 1 year:

RMB

Item	30 June 2024 (Unaudited)	Reason for failure in repayment or carry-forward
Total significant accounts payable	436,656,399.61	Unsettled project funds

### 27. Contract liabilities

#### (1) Details of contract liabilities

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Advances from sales of goods	43,269,327.17	45,554,145.00
Advances from sales of real estate	16,846,238.52	12,621,993.58
Advances from sales of wind turbine	5,993,361.00	5,993,361.00
Others	9,314,753.97	2,979,775.76
<b>Total</b>	<b>75,423,680.66</b>	<b>67,149,275.34</b>

#### (2) There were no significant changes in carrying amounts for the period.



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 28. Employee benefits payable

##### (1) Presentation of employee benefits payable

RMB

Item	1 January 2024 (Audited)	Additions in the current period	Reductions in the current period	30 June 2024 (Unaudited)
I. Short-term wages	373,665,847.33	428,555,119.40	567,375,398.35	<b>234,845,568.38</b>
II. Post-employment benefits – defined contribution plans	5,025,553.50	48,835,913.35	48,861,027.87	<b>5,000,438.98</b>
<b>Total</b>	<b>378,691,400.83</b>	<b>477,391,032.75</b>	<b>616,236,426.22</b>	<b>239,846,007.36</b>

##### (2) Presentation of short-term benefits

RMB

Item	1 January 2024 (Audited)	Additions in the current period	Reductions in the current period	30 June 2024 (Unaudited)
I. Wages and salaries, bonuses, allowances and subsidies	346,279,253.32	327,773,774.41	453,931,797.90	<b>220,121,229.83</b>
II. Staff welfare	6,694,491.42	42,170,220.92	47,148,132.50	<b>1,716,579.84</b>
III. Social security contributions	1,263,590.41	18,853,790.50	19,451,873.77	<b>665,507.14</b>
Including: Medical insurance	1,068,753.66	15,946,668.61	16,452,531.65	<b>562,890.62</b>
Work injury insurance	108,622.44	1,620,734.62	1,672,147.85	<b>57,209.21</b>
Maternity insurance	86,214.31	1,286,387.27	1,327,194.27	<b>45,407.31</b>
IV. Housing funds	1,619,264.14	31,872,892.08	32,885,500.81	<b>606,655.41</b>
V. Labor union funds and employee education funds	11,842,676.71	5,765,978.41	9,037,301.54	<b>8,571,353.58</b>
VI. Others	5,966,571.33	2,118,463.08	4,920,791.83	<b>3,164,242.58</b>
<b>Total</b>	<b>373,665,847.33</b>	<b>428,555,119.40</b>	<b>567,375,398.35</b>	<b>234,845,568.38</b>



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****28. Employee benefits payable (Continued)****(3) Presentation of defined contribution plans**

RMB

Item	1 January 2024 (Audited)	Additions in the current period	Reductions in the current period	30 June 2024 (Unaudited)
1. Basic pensions	2,413,620.98	36,013,176.56	37,155,593.02	<b>1,271,204.52</b>
2. Unemployment insurance	120,776.00	1,802,075.56	1,859,241.32	<b>63,610.24</b>
3. Enterprise annuities	2,491,156.52	11,020,661.23	9,846,193.53	<b>3,665,624.22</b>
<b>Total</b>	<b>5,025,553.50</b>	<b>48,835,913.35</b>	<b>48,861,027.87</b>	<b>5,000,438.98</b>

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

For the six months ended 30 June 2024, the Group should contribute pension insurance and unemployment plans amounting to RMB36,013,176.56 and RMB1,802,075.56 (for the six months ended 30 June 2023: RMB35,815,276.35 and RMB1,792,331.20). As at 30 June 2024, the Group has outstanding contributions to pension insurance and unemployment plans that are due as at the reporting period amounting to RMB1,271,204.52 and RMB63,610.24 (31 December 2023: RMB2,413,620.98 and RMB120,776.00), which have been fulfilled subsequent to the reporting date.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 29. Taxes payable

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Enterprise income tax	157,004,153.07	238,064,126.25
VAT	165,512,932.63	155,442,202.53
Land appreciation tax	43,121,785.69	61,231,620.93
City maintenance and construction tax	2,575,849.04	2,785,914.16
Educational surcharge	1,929,758.77	2,134,895.26
Others	5,948,010.61	2,384,764.01
<b>Total</b>	<b>376,092,489.81</b>	<b>462,043,523.14</b>

#### 30. Other payables

##### 30.1 Presentation of other payables

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Dividends payable	1,314,315,236.22	5,622,222.18
Other payables	760,922,569.35	1,053,822,933.32
<b>Total</b>	<b>2,075,237,805.57</b>	<b>1,059,445,155.50</b>

##### 30.2 Dividends payable

Presentation by category

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Common stock dividends	1,309,204,125.12	–
Perpetual bond dividends classified as equity instruments	5,111,111.10	5,622,222.18
Including: Perpetual bond dividends	5,111,111.10	5,622,222.18
<b>Total</b>	<b>1,314,315,236.22</b>	<b>5,622,222.18</b>



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****30. Other payables (Continued)****30.3 Other payables**(1) *Presentation of other payables by nature*

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Payables for tender and performance deposits and warranty	<b>151,097,579.79</b>	183,088,858.68
Payables related to maintenance for roads	<b>78,316,215.36</b>	125,346,026.75
Accounts payable to related parties (Note XI, 6(2))	<b>79,531,506.46</b>	113,218,230.30
Accrued project expenditure and special administrative expenses	<b>58,034,651.32</b>	109,851,547.96
Payables for the cost of provincial toll station cancellation project	<b>29,182,658.08</b>	29,182,658.08
Payables for mechanical and electrical costs	<b>25,743,412.36</b>	53,598,750.10
Receipts of liquidated damages for equity transfer of Guizhou Xinhe Lifu Real Estate Development Co., Ltd. ("Xinhe Lifu")	<b>20,412,000.00</b>	20,412,000.00
Payable for agent-construction fee of Coastal Expressway Phase II Project	<b>19,378,599.38</b>	19,378,599.38
Payables related to independent costs of construction projects	<b>10,915,545.35</b>	10,915,545.35
Payables for equity acquisition	<b>6,475,000.00</b>	6,910,811.23
Payable for demolition fee of old stations	<b>6,273,174.30</b>	6,486,749.57
Payables for country road construction fee and management service fee of Hunan Province	<b>3,041,574.14</b>	3,041,574.14
Project funds retained for construction management contracts	<b>2,830,039.01</b>	6,550,866.02
Subscription funds and down deposits received for real estate sales	<b>2,645,545.21</b>	2,653,070.10
Payables for the construction cost of the Shenzhen World Exhibition & Convention Center toll station	–	139,855,284.60
Others	<b>267,045,068.59</b>	223,332,361.06
<b>Total</b>	<b>760,922,569.35</b>	1,053,822,933.32

(2) *Significant other payables aged over 1 year*

As at 30 June 2024, the Group has no significant other payables aged over 1 year.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 31. Non-current liabilities due within one year

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Long-term borrowings due within one year (Note V, 33)	<b>1,309,468,204.46</b>	997,739,421.30
Including: Pledged borrowings	<b>463,033,515.60</b>	139,786,703.19
Credit borrowings	<b>563,590,708.49</b>	626,403,768.06
Guaranteed borrowings	<b>282,843,980.37</b>	227,548,950.05
Mortgage borrowings	–	4,000,000.00
Bonds payable due within one year (Note V, 34)	<b>113,442,142.81</b>	1,335,987,865.40
Lease liabilities due within one year (Note V, 35)	<b>39,095,968.00</b>	34,233,673.74
Long-term payables due within one year (Note V, 36)	<b>23,995,832.50</b>	24,061,952.56
<b>Total</b>	<b>1,486,002,147.77</b>	2,392,022,913.00

#### 32. Other current liabilities

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Ultra-short term financing bonds (Note)	<b>1,504,481,032.87</b>	1,512,594,613.40
Output tax to be transferred	<b>49,814,190.27</b>	21,884,154.50
<b>Total</b>	<b>1,554,295,223.14</b>	1,534,478,767.90

Note: RMB1.5 billion of ultra-short term financing bonds was issued by the Company on 25 April 2024 with an annual interest rate of 1.79% and a term of 180 days.



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****33. Long-term borrowings****Categories of long-term borrowings**

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)	Range of interest rate
Pledged borrowings	<b>5,419,790,607.15</b>	5,114,340,659.80	2.90%-4.11%
Guaranteed borrowings	<b>5,324,554,370.00</b>	2,375,405,546.00	2.10%-3.40%
Credit borrowings	<b>2,353,023,003.20</b>	2,378,084,182.40	2.90%-6.88%
Guaranteed and pledged borrowings	<b>523,960,490.00</b>	538,551,740.00	3.25%-4.55%
Mortgage borrowings	<b>70,738,594.90</b>	54,600,000.00	3.50%-3.80%
Guaranteed, mortgage and pledged borrowings	–	96,000,000.00	3.30%
Accrued interest	<b>9,547,816.45</b>	8,465,102.89	
<b>Total</b>	<b>13,701,614,881.70</b>	10,565,447,231.09	
Less: Long-term borrowings due within one year (Note V, 31)	<b>1,309,468,204.46</b>	997,739,421.30	
<b>Long-term borrowings due after one year</b>	<b>12,392,146,677.24</b>	9,567,707,809.79	

**34. Bonds payable****(1) Categories of bonds payable:**

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Long-term corporate bonds	<b>6,760,506,990.86</b>	6,469,450,498.51
Medium-term notes	<b>2,026,720,438.26</b>	2,025,640,823.60
<b>Total</b>	<b>8,787,227,429.12</b>	8,495,091,322.11
Less: Bonds payable due within one year (Note V, 31)	<b>113,442,142.81</b>	1,335,987,865.40
<b>Bonds payable due after one year</b>	<b>8,673,785,286.31</b>	7,159,103,456.71

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 34. Bonds payable (Continued)

##### (2) Changes in bonds payable:

Name of bonds	Par value	Coupon rate (%)	Date of issuance	Maturity	Issued amount	1 January 2024 (Audited)	Issue amount in the current period	Accrual of interest by par value	Discount and issue fee amortization	Effects of foreign currency translation	Payment amount in the current period	30 June 2024 (Unaudited)	Is it in breach of contract	RMB	
Long-term corporate bonds	USD300,000,000.00	1.75	8 July 2021	5 years	USD300,000,000.00	2,134,132,769.18	-	20,561,644.87	1,849,895.32	13,230,000.00	20,473,576.03	2,149,300,733.34	No		
Long-term corporate bonds	1,500,000,000.00	3.18	20 January 2022	7 years	1,500,000,000.00	1,542,235,252.07	-	23,851,125.00	279,544.61	-	47,702,250.00	1,518,663,671.68	No		
Long-term corporate bonds	1,200,000,000.00	3.49	15 April 2021	5 years	1,200,000,000.00	1,228,007,183.59	-	12,569,660.39	1,359,759.90	-	1,241,880,000.00	56,603.88	No		
Long-term corporate bonds	1,000,000,000.00	3.35	23 July 2021	5 years	1,000,000,000.00	1,012,947,590.30	-	16,750,000.02	276,104.34	-	-	1,029,973,694.66	No		
Long-term corporate bonds	550,000,000.00	2.88	17 October 2023	3 years	550,000,000.00	552,127,703.37	-	7,920,373.56	198,853.68	-	-	560,246,930.61	No		
Long-term corporate bonds (Note 1)	550,000,000.00	2.25	27 May 2024	3 years	550,000,000.00	-	550,000,000.00	1,203,181.75	(507,572.59)	-	-	550,695,609.16	No		
Long-term corporate bonds (Note 1)	950,000,000.00	2.70	27 May 2024	10 years	950,000,000.00	-	950,000,000.00	2,493,867.63	(924,120.10)	-	-	951,569,747.53	No		
Medium-term notes	1,000,000,000.00	2.89	22 May 2023	3 years	1,000,000,000.00	1,016,700,922.25	-	14,450,238.54	156,339.38	-	28,900,000.00	1,002,407,500.17	No		
Medium-term notes	1,000,000,000.00	3.05	4 September 2023	5 years	1,000,000,000.00	1,008,939,901.35	-	15,250,251.78	122,784.96	-	-	1,024,312,938.09	No		
<b>Total</b>					8,495,091,322.11	1,590,000,000.00	115,050,343.54	2,811,589.50	13,230,000.00	1,338,955,826.03	8,787,227,429.12				

Note 1: The Company was permitted to publicly issue corporate bonds with a face value of not more than RMB8 billion to professional investors upon approval of Shanghai Stock Exchange and registration by the China Securities Regulatory Commission [2024] No. 576). On 27 May 2024, the Company completed the issuance of "24 Shen Gao 01" and the actual issuance scale was RMB550,000,000.00. The bond was issued at the rate of 2.25%. The term of the bond is 3 years, and the interest-bearing term is from 27 May 2024 to 27 May 2027. The bonds bear interest on a fixed interest basis, and the interest is repaid annually, with a lump sum repayment of principal at maturity. On 27 May 2024, the Company completed the issuance of "24 Shen Gao 02", and the actual issuance scale was RMB950,000,000.00. The bond was issued at the rate of 2.70%. The term of the bond is 10 years, and the interest-bearing term is from 27 May 2024 to 27 May 2034. The bonds bear interest on a fixed interest basis, and the interest is repaid annually, with a lump sum repayment of principal at maturity.



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****35. Lease liabilities**

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Lease liabilities	<b>84,384,168.00</b>	79,847,804.74
Less: Lease liabilities included in non-current liabilities due within one year (Note V, 31)	<b>39,095,968.00</b>	34,233,673.74
<b>Net amount</b>	<b>45,288,200.00</b>	45,614,131.00

The analysis of the Group's lease liabilities based on the maturity period of the undiscounted remaining contractual obligations is as follows:

RMB

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
30 June 2024	40,602,948.14	19,698,576.76	28,571,921.73	3,410,307.22	92,283,753.85
31 December 2023	35,091,767.30	23,098,237.92	39,419,890.62	3,836,515.45	101,446,411.29

**36. Long-term payables****(1) Presentation of long-term payables by nature:**

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Borrowings from associates and joint ventures (Note XI, 5(4))	<b>696,286,715.85</b>	824,596,715.85
Financial liabilities arising from sale and leaseback transactions (Note 1)	<b>94,223,476.56</b>	106,743,102.98
<b>Total</b>	<b>790,510,192.41</b>	931,339,818.83
Less: Long-term payables due within one year (Note V, 31)	<b>23,995,832.50</b>	24,061,952.56
<b>Long-term payables due after one year</b>	<b>766,514,359.91</b>	907,277,866.27

Note 1: As at 30 June 2024, the balance arising from sale and leaseback transactions represents the long-term payables arising from the sale and leaseback of the equipment of Guangxi Bioland, a subsidiary of Bioland Company, for which Shenzhen Expressway Environment Co., Ltd. ("Environment Company") provided joint and several liability guarantee.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 37. Long-term employee benefits payable

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Other long-term employee benefits (Note)	<b>115,649,911.45</b>	115,649,911.45

Note: Other long-term employee benefits are the Group's long-term incentive bonuses, which are expected to be paid in subsequent years.

#### 38. Provisions

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Cost of services in the future (Note 1)	<b>141,764,311.32</b>	151,602,590.20
Subsequent expenditure for kitchen waste disposal project (Note 2)	<b>54,748,539.28</b>	47,505,506.46
Pending litigation or arbitration	<b>3,363,042.97</b>	3,805,664.91
Product warranty	–	207,378.06
<b>Total</b>	<b>199,875,893.57</b>	203,121,139.63

Note 1: The estimated cost of services of toll roads in the future accrued by the Group according to relevant government documents.

Note 2: It represents the expenditure expected to be incurred by the Group to maintain a certain service capacity of the kitchen waste disposal assets it holds or to maintain a certain state of use of these assets before they are handed over to the contract grantor.



## V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39. Deferred revenue

RMB

Item	1 January 2024 (Audited)	Additions in the current period	Reductions in the current period	30 June 2024 (Unaudited)	Reason
Compensation for future operating expenses of new stations on Nanguang Expressway and Yanpai Expressway	178,104,931.35	-	18,780,000.00	159,324,931.35	Compensation from Shenzhen government for future operating costs of new stations on Nanguang and Yanpai Expressway
Compensation for future operating expenses of new stations on the free section of Longda Expressway	119,248,638.49	-	14,791,353.36	104,457,285.13	Compensation from Shenzhen government for future operating expenses of new station due to toll adjustment of the Shenzhen section of Longda Expressway
Compensation for operating expenses regarding the new ramp on the free section of Meiguan Expressway	42,511,276.60	-	6,540,196.32	35,971,080.28	Compensation from Shenzhen government for future operating expenses of new ramp constructed due to toll adjustment of Meiguan Expressway
Central subsidy funds for cancellation of the provincial expressway toll station project	23,122,673.06	-	7,675,236.67	15,447,436.39	The Ministry of Transport's cash subsidies for cancellation of the provincial expressway toll station project regarding the toll roads of the Company
Government economic grants for Bioland Company	19,717,768.95	1,000,000.00	1,179,887.22	19,537,881.73	Government grants for equipment received by Bioland Company
Government compensation for demolition	5,493,977.82	-	1,373,494.44	4,120,483.38	Government compensation for demolition received by Qinglong Company
Government financial grants for Guizhou Land	476,361.30	-	2,741.07	473,620.23	Government financial grants received by Guizhou Land from Guizhou Longli County Government
<b>Total</b>	<b>388,675,627.57</b>	<b>1,000,000.00</b>	<b>50,342,909.08</b>	<b>339,332,718.49</b>	

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 40. Equity

RMB

Item	1 January 2024 (Audited)	Movement					30 June 2024 (Unaudited)
		New shares issued	Bonus issue	Transfer from reserve	Others	Sub-total	
Equity	2,180,770,326.00	–	–	–	–	–	2,180,770,326.00

#### 41. Other equity instruments

As at 30 June 2024, the specific situation of the Group's outstanding perpetual bonds is as follows:

RMB

Item	Issue date	Accounting classification	Interest rate	Amount	Expiry day or renewal situation	Transfer conditions	General information of transfer
Perpetual bonds	4 December 2020	Other equity instruments	4.6%	4,000,000,000.00	No fixed deadline	Nil	Nil

#### 42. Capital reserve

RMB

Item	1 January 2024 (Audited)	Additions in the current period	Reductions in the current period	30 June 2024 (Unaudited)
Share premium	4,112,260,438.36	–	–	4,112,260,438.36
Including: Contributions from investors	1,444,510,961.24	–	–	1,444,510,961.24
Business combination involving entities under common control	2,759,887,122.51	–	–	2,759,887,122.51
Acquisition of minority interests in subsidiaries	(91,126,124.06)	–	–	(91,126,124.06)
Capital injection in the investee	(1,011,521.33)	–	–	(1,011,521.33)
Other capital reserve (Note)	277,078,323.57	–	320,755.56	276,757,568.01
<b>Total</b>	<b>4,389,338,761.93</b>	<b>–</b>	<b>320,755.56</b>	<b>4,389,018,006.37</b>

Note: The Group recognized a decrease in capital reserve of RMB320,755.56 based on the change in capital reserve of joint ventures and associates held by it.



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****43. Other comprehensive income**

RMB

Item	Amount incurred in the current year						30 June 2024 (Unaudited)
	1 January 2024 (Audited)	Pre-tax amount incurred during the period	Less: Amount included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: Income tax expenses	Amount attributable to the Company, net of tax	Amount attributable to minority shareholders, net of tax	
I. Other comprehensive income that may not be reclassified to profit or loss	-	-	-	-	-	-	-
Including: Changes from remeasurement of defined benefit plans	-	-	-	-	-	-	-
II. Other comprehensive income that may be reclassified to profit or loss	(542,304,991.67)	(176,002,069.49)	-	-	(161,659,791.94)	(14,342,277.55)	(703,964,783.61)
Including: Appreciation of initial equity interest upon business combination	893,132,218.74	-	-	-	-	-	893,132,218.74
- Other comprehensive income that will be reclassified to profit or loss under the equity method (Note V, 12)	(17,372,564.63)	(840,357.03)	-	-	(840,357.03)	-	(18,212,921.66)
- Translation differences of financial statements denominated in foreign currencies	(1,418,470,825.78)	(175,161,712.46)	-	-	(160,819,434.91)	(14,342,277.55)	(1,579,290,260.69)
Others	406,180.00	-	-	-	-	-	406,180.00
<b>Total other comprehensive income</b>	<b>(542,304,991.67)</b>	<b>(176,002,069.49)</b>	<b>-</b>	<b>-</b>	<b>(161,659,791.94)</b>	<b>(14,342,277.55)</b>	<b>(703,964,783.61)</b>

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 44. Surplus reserve

RMB

Item	1 January 2024 (Audited)	Additions in the current period	Reductions in the current period	30 June 2024 (Unaudited)
Statutory surplus reserve	2,764,799,902.82	288,734,726.30	–	3,053,534,629.12
Discretionary surplus reserve	453,391,330.06	–	–	453,391,330.06
<b>Total</b>	<b>3,218,191,232.88</b>	<b>288,734,726.30</b>	<b>–</b>	<b>3,506,925,959.18</b>

In accordance with the Company Law of the People's Republic of China, the Company's Articles of Association and the resolution of the shareholders' meeting, the Company should appropriate 10% of the net profit for the year to the statutory surplus reserve, where the appropriation can cease when the statutory surplus reserve reaches 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase capital after approval from the appropriate authorities. The Company has appropriated statutory surplus reserve of RMB288,734,726.30 for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB114,539,572.89).

The amount of the Company's discretionary surplus reserve was proposed by the Board of Directors and has been approved by the Annual General Meeting. The discretionary surplus reserve can be used to make up for previous years' loss or increase capital upon approval. The Company has not appropriated any discretionary surplus reserve in the current period (for the six months ended 30 June 2023: Nil).

#### 45. Undistributed profits

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	2023 (Audited)
Balance of undistributed profits at the end of the prior period before adjustment	9,112,002,127.97	8,079,278,802.54
Total opening balance of undistributed profits adjusted	–	2,179,848.75
Opening balance of undistributed profits after adjustment	9,112,002,127.97	8,081,458,651.29
Add: Net profit attributable to shareholders of the Company in the current period	773,857,169.47	2,327,197,196.81
Less: Appropriation for statutory surplus reserve	288,734,726.30	114,539,572.89
Ordinary share dividend payable (Note)	1,199,423,679.30	1,007,515,890.61
Dividends paid to other equity instruments	93,022,222.25	186,555,555.55
Others	–	(11,957,298.92)
<b>Closing balance of undistributed profits</b>	<b>8,304,678,669.59</b>	<b>9,112,002,127.97</b>

Note: According to the resolution of the annual shareholders' meeting on 26 June 2024, the Company distributed 2023 cash dividends to all shareholders at RMB0.55 per share. Based on the 2,180,770,326 shares issued, a total of RMB1,199,423,679.30 cash dividends were distributed, of which a cash dividend of RMB788,298,679.30 was distributed for 1,433,270,326 A shares issued, and a cash dividend of RMB103,964,300.00 and HKD336,871,410.96 (equivalent to RMB307,160,700.00) was distributed for 747,500,000 H shares issued. As at 30 June 2024, the above dividends have not been paid.



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****46. Operating income and cost of services****(1) Details of operating income and cost of services**

RMB

Item	For the six months ended 30 June 2024 (Unaudited)		For the six months ended 30 June 2023 (Unaudited)	
	Income	Cost	Income	Cost
Main business – Toll road	2,433,892,615.28	1,205,699,322.00	2,598,948,376.71	1,219,675,497.71
Main business – Environmental protection	734,698,183.52	591,055,589.35	752,407,236.14	570,845,555.62
– Sales of wind turbine equipment	–	–	530,973.45	8,188,019.57
– Wind power	301,575,768.72	134,585,284.32	347,535,561.51	128,623,370.47
– Construction of kitchen waste disposal projects	(24,895,566.28)	13,434,107.84	–	33,005,317.07
– Operation of kitchen waste disposal projects	327,532,364.34	291,979,457.77	281,217,446.22	262,981,169.24
– Sales of kitchen waste disposal equipment	6,527,191.16	14,596,824.83	1,091,334.69	9,839,387.72
– Others	123,958,425.58	136,459,914.59	122,031,920.27	128,208,291.55
Other services	588,301,502.50	518,912,273.19	773,524,352.43	690,092,989.73
– Entrusted construction and management services	116,716,359.36	104,845,755.62	184,805,753.22	172,438,374.42
– Construction service under franchise arrangements	287,490,973.77	287,490,973.77	403,764,785.26	403,764,785.26
– Financial leasing	35,301,783.71	25,408,855.15	46,196,396.09	17,040,489.65
– Real estate development	7,807,079.82	7,005,345.44	14,103,100.92	12,146,056.17
– Advertising	2,002,066.20	1,665,667.66	5,922,992.37	2,550,068.66
– Others	138,983,239.64	92,495,675.55	118,731,324.57	82,153,215.57
<b>Total</b>	<b>3,756,892,301.30</b>	<b>2,315,667,184.54</b>	<b>4,124,879,965.28</b>	<b>2,480,614,043.06</b>



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 46. Operating income and cost of services (Continued)

##### (2) Breakdown of operating income

For the six months ended 30 June 2024

RMB

Reporting segment	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	2,220,703,457.44	195,426,551.41	108,024,319.25	35,301,783.71	271,434,424.03	135,636,869.11	2,966,527,404.95
Hunan Province	213,189,157.84	19,273,323.07	6,589,698.09	-	-	5,030,954.32	244,083,133.32
Guizhou Province	-	45,920,301.13	2,102,342.02	-	2,288,999.39	7,807,079.82	58,118,722.36
Hubei Province	-	6,477,029.57	-	-	-	-	6,477,029.57
Jiangsu Province	-	22,476,300.41	-	-	1,143,007.29	317,482.41	23,936,790.11
Inner Mongolia Autonomous Region	-	114,968,123.96	-	-	316,938.94	-	115,285,062.90
Guangxi Zhuang Autonomous Region	-	50,843,240.32	-	-	8,428,601.32	-	59,271,841.64
Shandong Province	-	22,480,147.72	-	-	456,759.20	-	22,936,906.92
Zhejiang Province	-	14,517,139.67	-	-	-	-	14,517,139.67
Sichuan Province	-	10,451,662.39	-	-	2,188,991.26	-	12,640,653.65
Jiangxi Province	-	21,340,085.94	-	-	265,776.39	-	21,605,862.33
Hebei Province	-	8,274,761.58	-	-	134,964.12	-	8,409,725.70
Xinjiang Uygur Autonomous Region	-	171,371,795.47	-	-	-	-	171,371,795.47
Henan Province	-	13,485,060.51	-	-	-	-	13,485,060.51
Ningxia Hui Autonomous Region	-	14,626,628.02	-	-	-	-	14,626,628.02
Anhui Province	-	2,766,032.35	-	-	832,511.83	-	3,598,544.18
<b>Total</b>	<b>2,433,892,615.28</b>	<b>734,698,183.52</b>	<b>116,716,359.36</b>	<b>35,301,783.71</b>	<b>287,490,973.77</b>	<b>148,792,385.66</b>	<b>3,756,892,301.30</b>

Main service categories	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of revenue recognition							
Revenue recognized at a point in time	2,433,892,615.28	759,593,749.80	-	-	-	55,572,626.31	3,249,058,991.39
Revenue recognized over time	-	(24,895,566.28)	116,716,359.36	-	287,490,973.77	91,217,693.15	470,529,460.00
<b>Total</b>	<b>2,433,892,615.28</b>	<b>734,698,183.52</b>	<b>116,716,359.36</b>	<b>-</b>	<b>287,490,973.77</b>	<b>146,790,319.46</b>	<b>3,719,588,451.39</b>



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****46. Operating income and cost of services (Continued)****(2) Breakdown of operating income (Continued)**

For the six months ended 30 June 2023

RMB

Reporting segment	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	2,257,071,146.38	181,228,350.67	179,126,139.75	46,196,396.09	381,022,970.47	122,240,584.75	3,166,885,588.11
Hunan Province	341,772,010.56	7,021,341.94	-	-	-	2,325,077.67	351,118,430.17
Guizhou Province	-	42,881,949.28	5,679,613.47	-	2,346,911.11	14,191,755.44	65,100,229.30
Hubei Province	105,219.77	6,796,657.12	-	-	-	-	6,901,876.89
Jiangsu Province	-	15,994,450.15	-	-	-	-	15,994,450.15
Inner Mongolia Autonomous Region	-	148,228,862.32	-	-	2,345,816.04	-	150,574,678.36
Guangxi Zhuang Autonomous Region	-	51,821,489.06	-	-	11,315,966.27	-	63,137,455.33
Shandong Province	-	17,116,394.91	-	-	-	-	17,116,394.91
Zhejiang Province	-	11,173,755.90	-	-	-	-	11,173,755.90
Sichuan Province	-	19,973,640.01	-	-	1,235,570.41	-	21,209,210.42
Jiangxi Province	-	23,246,916.39	-	-	-	-	23,246,916.39
Hebei Province	-	8,632,465.18	-	-	-	-	8,632,465.18
Xinjiang Uygur Autonomous Region	-	159,913,638.08	-	-	-	-	159,913,638.08
Henan Province	-	24,428,238.23	-	-	-	-	24,428,238.23
Ningxia Hui Autonomous Region	-	33,949,086.90	-	-	-	-	33,949,086.90
Anhui Province	-	-	-	-	5,497,550.96	-	5,497,550.96
<b>Total</b>	<b>2,598,948,376.71</b>	<b>752,407,236.14</b>	<b>184,805,753.22</b>	<b>46,196,396.09</b>	<b>403,764,785.26</b>	<b>138,757,417.86</b>	<b>4,124,879,965.28</b>

Main service categories	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Engineering construction	Others	Total
Timing of revenue recognition							
Revenue recognized at a point in time	2,598,948,376.71	752,407,236.14	-	-	-	64,670,677.73	3,416,026,290.58
Revenue recognized over time	-	-	184,805,753.22	-	403,764,785.26	68,163,747.76	656,734,286.24
<b>Total</b>	<b>2,598,948,376.71</b>	<b>752,407,236.14</b>	<b>184,805,753.22</b>	<b>403,764,785.26</b>	<b>403,764,785.26</b>	<b>132,834,425.49</b>	<b>4,072,760,576.82</b>

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 46. Operating income and cost of services (Continued)

##### (3) Breakdown of cost of services

For the six months ended 30 June 2024

RMB

Reporting segment	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	1,104,944,957.75	197,139,573.54	101,369,628.45	25,408,855.15	271,434,424.03	94,161,343.21	1,794,458,782.13
Hunan Province	100,632,886.81	8,448,464.58	-	-	-	-	109,081,351.39
Guizhou Province	-	51,785,347.39	3,476,127.17	-	2,288,999.39	7,005,345.44	64,555,819.39
Hubei Province	121,477.44	6,558,592.21	-	-	-	-	6,680,069.65
Jiangsu Province	-	23,009,101.67	-	-	1,143,007.29	-	24,152,108.96
Inner Mongolia Autonomous Region	-	56,829,217.10	-	-	316,938.94	-	57,146,156.04
Guangxi Zhuang Autonomous Region	-	57,651,832.69	-	-	8,428,601.32	-	66,080,434.01
Shandong Province	-	27,234,972.99	-	-	456,759.20	-	27,691,732.19
Zhejiang Province	-	17,142,481.22	-	-	-	-	17,142,481.22
Sichuan Province	-	15,151,647.90	-	-	2,188,991.26	-	17,340,639.16
Jiangxi Province	-	34,929,128.77	-	-	265,776.39	-	35,194,905.16
Hebei Province	-	11,090,280.76	-	-	134,964.12	-	11,225,244.88
Xinjiang Uygur Autonomous Region	-	64,026,282.59	-	-	-	-	64,026,282.59
Henan Province	-	6,019,905.15	-	-	-	-	6,019,905.15
Ningxia Hui Autonomous Region	-	10,899,587.78	-	-	-	-	10,899,587.78
Anhui Province	-	3,139,173.01	-	-	832,511.83	-	3,971,684.84
<b>Total</b>	<b>1,205,699,322.00</b>	<b>591,055,589.35</b>	<b>104,845,755.62</b>	<b>25,408,855.15</b>	<b>287,490,973.77</b>	<b>101,166,688.65</b>	<b>2,315,667,184.54</b>

Main service categories	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of cost recognition							
Cost recognized at a point in time	1,205,699,322.00	577,621,481.51	-	-	-	70,626,473.77	1,853,947,277.28
Cost recognized over time	-	13,434,107.84	104,845,755.62	-	287,490,973.77	28,874,547.22	434,645,384.45
<b>Total</b>	<b>1,205,699,322.00</b>	<b>591,055,589.35</b>	<b>104,845,755.62</b>	<b>-</b>	<b>287,490,973.77</b>	<b>99,501,020.99</b>	<b>2,288,592,661.73</b>



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****46. Operating income and cost of services (Continued)****(3) Breakdown of cost of services (Continued)**

For the six months ended 30 June 2023

RMB

Reporting segment	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	1,095,945,969.81	196,833,663.55	157,796,707.26	17,040,489.65	381,022,970.47	84,703,284.23	1,933,343,084.97
Hunan Province	122,128,015.08	5,409,619.88	-	-	-	-	127,537,634.96
Guizhou Province	-	38,068,140.71	14,641,667.16	-	2,346,911.11	12,146,056.17	67,202,775.15
Hubei Province	1,601,512.82	7,280,307.50	-	-	-	-	8,881,820.32
Jiangsu Province	-	27,159,843.03	-	-	-	-	27,159,843.03
Inner Mongolia							
Autonomous Region	-	60,395,495.02	-	-	2,345,816.04	-	62,741,311.06
Guangxi Zhuang Autonomous Region							
Region	-	38,475,336.46	-	-	11,315,966.27	-	49,791,302.73
Shandong Province	-	32,581,201.90	-	-	-	-	32,581,201.90
Zhejiang Province	-	16,205,847.43	-	-	-	-	16,205,847.43
Sichuan Province	-	11,900,372.43	-	-	1,235,570.41	-	13,135,942.84
Jiangxi Province	-	30,891,578.86	-	-	-	-	30,891,578.86
Hebei Province	-	20,469,580.48	-	-	-	-	20,469,580.48
Xinjiang Uygur							
Autonomous Region	-	61,820,382.39	-	-	-	-	61,820,382.39
Henan Province	-	6,822,989.16	-	-	-	-	6,822,989.16
Ningxia Hui Autonomous Region	-	12,209,730.48	-	-	-	-	12,209,730.48
Anhui Province	-	4,321,466.34	-	-	5,497,550.96	-	9,819,017.30
<b>Total</b>	<b>1,219,675,497.71</b>	<b>570,845,555.62</b>	<b>172,438,374.42</b>	<b>17,040,489.65</b>	<b>403,764,785.26</b>	<b>96,849,340.40</b>	<b>2,480,614,043.06</b>

Main service categories	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of cost recognition							
Cost recognized at a point in time	1,219,675,497.71	537,840,238.55	-	-	-	44,799,176.92	1,802,314,913.18
Cost recognized over time	-	33,005,317.07	172,438,374.42	-	403,764,785.26	49,500,094.82	658,708,571.57
<b>Total</b>	<b>1,219,675,497.71</b>	<b>570,845,555.62</b>	<b>172,438,374.42</b>	<b>-</b>	<b>403,764,785.26</b>	<b>94,299,271.74</b>	<b>2,461,023,484.75</b>

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 46. Operating income and cost of services (Continued)

##### (4) Descriptions on performance obligations

The main businesses of the Group are toll highways, environmental protection, etc. Please refer to Note III, 28.

There is no major financing component in the revenue contract of the Group.

##### (5) Descriptions on allocation to remaining performance obligations

At the end of the period, the amount of contract liabilities corresponding to the performance obligations for which the Group has entered into a contract but which has not been fulfilled or completely fulfilled was RMB75,423,680.66, and the revenue will be recognized when the customer obtains control of the product.

#### 47. General and administrative expenses

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Salaries and wages	<b>80,070,426.36</b>	93,557,127.50
Depreciation and amortization	<b>59,524,088.35</b>	56,549,375.67
Legal and advisory fees	<b>6,205,708.76</b>	6,863,937.42
Office building management fees	<b>6,484,293.46</b>	7,363,492.90
Office and communication charges	<b>5,841,788.41</b>	2,740,548.16
Audit fees	<b>2,305,831.17</b>	2,441,466.55
Stock exchange fees	<b>1,731,883.16</b>	1,703,182.56
Travel fees	<b>1,180,842.45</b>	1,745,925.81
Business entertainment fees	<b>1,122,969.27</b>	1,469,658.82
Vehicle fees	<b>909,699.22</b>	870,222.00
Rents	–	354,457.02
Others	<b>5,341,490.07</b>	7,006,702.65
<b>Total</b>	<b>170,719,020.68</b>	182,666,097.06



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****48. Financial expenses**

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Interest expenses	<b>581,843,975.71</b>	592,157,021.73
Including: Interest expenses on borrowings	<b>426,411,573.31</b>	383,455,599.65
Interest expenses on bonds payable	<b>134,395,553.71</b>	154,556,726.92
Interest expenses on long-term payables	<b>3,414,900.37</b>	40,713,926.48
Unrecognized financing expenses of compensation for newly-built toll station of Longda Expressway and Three Expressways	<b>11,114,812.74</b>	7,920,000.00
Interest expenses on lease liabilities	<b>1,539,617.19</b>	2,277,437.01
Interest expenses on provisions	<b>4,967,518.39</b>	3,087,823.67
Interest expenses on notes discounted	–	145,508.00
Less: Interest income	<b>43,167,197.31</b>	34,123,240.65
Less: Interest capitalized	<b>9,487,336.48</b>	3,679,635.85
Including: Interest expense capitalized	<b>9,560,377.50</b>	3,713,143.91
Interest income capitalized	<b>73,041.02</b>	33,508.06
Exchange losses	<b>24,824,915.79</b>	104,086,163.57
Others	<b>5,034,860.24</b>	6,049,034.98
<b>Total</b>	<b>559,049,217.95</b>	664,489,343.78

For the six months ended 30 June 2024, the capitalization amount of the Group's borrowing costs included in inventories and intangible assets is set out in Note V, 6 (3) and Note V, 18 (3).

Details of interest income are listed as follows:

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Interest on deposits	<b>16,801,127.93</b>	23,428,474.86
Interest income on other non-current assets	<b>26,366,069.38</b>	10,694,765.79
Less: Interest income capitalized	<b>73,041.02</b>	33,508.06
<b>Total</b>	<b>43,094,156.29</b>	34,089,732.59

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 49. Investment income

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Income from long-term equity investments under the equity method (Note V, 12)	420,147,326.09	341,367,589.39
Investment income from disposal of long-term equity investments	149,336,186.05	1,160,214.26
Investment income from other non-current financial assets during the holding period	5,346,759.75	9,554,747.72
Investment income from transactional financial assets	4,336,920.55	11,867,748.85
Others	493,176.82	205,901.81
<b>Total</b>	<b>579,660,369.26</b>	<b>364,156,202.03</b>

#### 50. Gains (losses) from changes in fair value

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Financial assets (liabilities) at FVTPL	(29,341,842.39)	148,232,568.84
Including: Other non-current financial assets (Note V, 13)	(53,328,746.37)	100,429,019.47
Obligation to pay the difference	23,986,903.98	47,803,549.37
<b>Total</b>	<b>(29,341,842.39)</b>	<b>148,232,568.84</b>

#### 51. Credit impairment gains (losses)

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Impairment losses of accounts receivable (Note V, 3(3))	(47,298,268.62)	(8,491,882.33)
Impairment losses of long-term receivables (Note V, 11(3))	(4,549,761.25)	(204,105.57)
Impairment losses of other receivables (Note V, 5.3(4))	(36,951,629.99)	(1,838,619.58)
Impairment losses of contract assets	–	(5,018,309.96)
<b>Total</b>	<b>(88,799,659.86)</b>	<b>(15,552,917.44)</b>





**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****52. Gains (losses) on impairment of assets**

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Losses on decline in value of inventories (Note V, 6(2))	<b>(26,687,104.36)</b>	(41,237,184.70)
Impairment losses of intangible assets	<b>(5,664,061.39)</b>	–
Impairment losses of construction in progress	<b>(11,966,109.70)</b>	–
<b>Total</b>	<b>(44,317,275.45)</b>	(41,237,184.70)

**53. Income tax expenses****(1) Classification of income tax expenses**

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Current tax expense	<b>233,465,273.48</b>	256,388,986.19
Deferred tax expense	<b>15,081,762.53</b>	13,856,065.68
<b>Total</b>	<b>248,547,036.01</b>	270,245,051.87

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

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Total profit	<b>1,099,724,969.99</b>	1,201,068,449.34
Income tax expenses calculated at the statutory/applicable tax rate	<b>274,931,242.50</b>	300,267,112.34
Effect of different tax rates applicable to certain subsidiaries	<b>(61,366,608.90)</b>	(57,377,152.62)
Effect of income not subject to tax	<b>(90,109,935.85)</b>	(76,403,028.72)
Effect of deductible temporary differences or deductible losses for which deferred tax assets not recognized for the period	<b>117,358,859.48</b>	75,764,538.36
Effect of adjusting income tax of the previous year	<b>7,066,304.79</b>	27,534,186.17
Effect of cost, expenses and losses not deductible	<b>667,173.99</b>	459,396.34
<b>Income tax expenses</b>	<b>248,547,036.01</b>	270,245,051.87

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 54. Items in the statement of cash flows

##### (1) Cash relating to operating activities

*Other cash received relating to operating activities*

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Security deposit received and recovered	16,255,201.55	67,310,586.48
Funds temporarily received	9,410,038.06	20,007,556.79
Interest income	8,057,580.35	3,681,446.71
Government grants received	1,720,875.03	7,096,200.00
Others	43,873,611.04	47,047,264.39
<b>Total</b>	<b>79,317,306.03</b>	145,143,054.37

*Other cash payments relating to operating activities*

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Proxy project funds paid	40,464,412.03	105,063,359.69
Security deposit paid and refunded	42,856,158.29	85,983,833.42
Expenditures	33,647,252.77	20,480,359.60
Intermediary service fee	29,426,895.09	26,123,424.73
Withholding payments paid	7,925,611.84	12,444,449.49
Others	65,723,988.42	90,193,262.01
<b>Total</b>	<b>220,044,318.44</b>	340,288,688.94



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****54. Items in the statement of cash flows (Continued)****(2) Cash relating to investing activities***Cash received relating to significant investing activities*

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Structured deposits recovered during the period	<b>1,470,000,000.00</b>	1,650,000,000.00
<b>Total</b>	<b>1,470,000,000.00</b>	1,650,000,000.00

*Cash payments relating to significant investing activities*

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Increase in long-term equity investments	<b>819,000,000.00</b>	–
Increase in structured deposits and certificates of time deposits for the period	<b>1,410,000,000.00</b>	1,270,000,000.00
Payments made by Financial Leasing Company during the period for purchase of equipment under finance lease	<b>116,202,270.00</b>	136,969,412.21
<b>Total</b>	<b>2,345,202,270.00</b>	1,406,969,412.21

*Other cash received relating to investing activities*

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Loan principal recovered	<b>450,000,000.00</b>	210,000,000.00
Interest income	<b>4,240,774.16</b>	13,198,916.54
Others	–	1,032,532.06
<b>Total</b>	<b>454,240,774.16</b>	224,231,448.60

*Other cash payments relating to investing activities*

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Payment of expenses related to the construction of Shaoyang project	–	1,308,251.91
Others	–	419,055.33
<b>Total</b>	–	1,727,307.24

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 54. Items in the statement of cash flows (Continued)

##### (3) Cash relating to financing activities

*Other cash received relating to financing activities*

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Funds on discounted bills received	19,671,833.33	–
<b>Total</b>	<b>19,671,833.33</b>	<b>–</b>

*Other cash payments relating to financing activities*

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Repayment for capital contribution from minority shareholders	30,409,109.58	20,608,632.95
Repayment of principal and interest on lease liabilities	11,557,146.91	12,449,726.71
Payment of interest on USD bonds and withholding taxes on annual trust fees	3,302,600.00	–
Brokerage fees for issuing bonds	2,696,750.96	618,322.66
Payment for principal and interest on sale and leaseback financing	–	46,296,842.40
Others	130,335,522.68	3,880,538.09
<b>Total</b>	<b>178,301,130.13</b>	<b>83,854,062.81</b>

*Changes in liabilities arising from financing activities*

RMB

Item	Opening balance (Audited)	Additions in cash changes for the period	Reductions in cash changes for the period	Non-cash changes, net	Closing balance (Unaudited)
Short-term borrowings	11,105,625,836.85	3,443,342,870.81	8,060,427,523.92	311,230,970.91	6,799,772,154.65
Other current liabilities					
– Ultra-short term financing bonds	1,512,594,613.40	1,500,000,000.00	1,524,897,540.98	16,783,960.45	1,504,481,032.87
Long-term borrowings (including long-term borrowings due within one year)	10,565,447,231.09	3,767,764,070.95	824,687,399.27	193,090,978.93	13,701,614,881.70
Bonds payable (including bonds payable due within one year)	8,495,091,322.11	1,500,000,000.00	1,343,346,950.96	135,483,057.97	8,787,227,429.12
Lease liabilities (including lease liabilities due within one year)	79,847,804.74		11,557,146.91	16,093,510.17	84,384,168.00
Long-term payables (including long-term payables due within one year)	931,339,818.83		171,421,565.89	30,591,939.47	790,510,192.41
Dividends payable	5,622,222.18		172,798,728.33	1,481,491,742.37	1,314,315,236.22

**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****55. Supplementary information to the statement of cash flows****(1) Supplementary information to the statement of cash flows**

RMB

Supplementary information	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
<b>1. Reconciliation from net profit to cash flows from operating activities:</b>		
Net profit	<b>851,177,933.98</b>	930,823,397.47
Add: Credit impairment losses	<b>88,799,659.86</b>	15,552,917.44
Impairment loss of assets	<b>44,317,275.45</b>	41,237,184.70
Depreciation of fixed assets	<b>246,469,168.47</b>	242,695,348.13
Depreciation of right-of-use assets	<b>16,175,089.72</b>	16,840,436.93
Depreciation of investment properties	<b>665,250.86</b>	707,144.18
Amortization of intangible assets	<b>869,693,713.85</b>	899,397,799.87
Amortization of long-term prepaid expenses	<b>9,604,412.13</b>	9,908,945.21
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	<b>95,131.08</b>	(12,747,724.64)
Losses on damage and retirement of non-current assets	<b>207,873.84</b>	87,824.14
Losses (gains) on changes in fair value	<b>29,341,842.39</b>	(148,232,568.84)
Financial expenses	<b>572,283,598.21</b>	588,443,877.82
Investment loss (income)	<b>(579,660,369.26)</b>	(364,156,202.03)
Decrease in deferred tax assets	<b>34,726,892.07</b>	61,140,769.40
Increase (decrease) in deferred tax liabilities	<b>(19,645,129.54)</b>	(47,284,703.72)
Decrease (increase) in inventories	<b>30,170,773.77</b>	(81,615,327.90)
Decrease (increase) in operating receivables	<b>(392,724,745.18)</b>	(269,481,125.55)
Increase (decrease) in operating payables	<b>(40,876,287.28)</b>	20,033,793.47
<b>Net cash flows from operating activities</b>	<b>1,760,822,084.42</b>	1,903,351,786.08
<b>2. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	<b>2,123,641,437.66</b>	3,562,940,475.29
Less: Opening balance of cash	<b>1,955,220,227.32</b>	3,197,002,667.41
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>168,421,210.34</b>	365,937,807.88

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 55. Supplementary information to the statement of cash flows (Continued)

##### (2) Net cash received from disposals of subsidiaries in the current period

RMB

Item	Amount
Cash and cash equivalents received from disposals of subsidiaries in the current period	1,397,449,490.52
Less: Cash and cash equivalents held by subsidiaries when controls are lost	122,808,329.50
Add: Cash and cash equivalents received (current period) from disposals of subsidiaries in prior period	–
Net cash received from disposals of subsidiaries	1,274,641,161.02

##### (3) Composition of cash and cash equivalents

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>I. Cash</b>	<b>2,123,641,437.66</b>	1,955,220,227.32
Including: Cash on hand	<b>6,380,574.31</b>	6,881,214.18
Cash at banks that can be withdrawn on demand	<b>2,117,260,863.35</b>	1,948,339,013.14
<b>II. Balance of cash and cash equivalents at the end of the period</b>	<b>2,123,641,437.66</b>	1,955,220,227.32
Add: Restricted cash and cash equivalents held by the Company and subsidiaries of the Group (Note V, 1)	<b>182,860,645.37</b>	197,147,405.73
<b>III. Cash at banks and on hand</b>	<b>2,306,502,083.03</b>	2,152,367,633.05



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****56. Monetary items denominated in foreign currencies****(1) Monetary items denominated in foreign currencies***RMB*

Item	30 June 2024	Exchange rate	Equivalent to RMB
Cash at banks and on hand			
HKD	<b>54,529,832.20</b>	0.91	49,768,287.25
USD	<b>133,815.76</b>	7.13	953,678.13
EUR	<b>12.00</b>	7.66	91.94
FRF	<b>11.70</b>	7.95	92.98
ESP	<b>446.34</b>	0.05	20.88
JPY	<b>379.77</b>	0.04	16.99
Other receivables			
HKD	<b>934,020.17</b>	0.91	852,461.53
Short-term borrowings			
HKD	<b>6,874,240,618.70</b>	0.91	6,273,981,927.88
Transactional financial liabilities			
HKD	<b>137,040,700.00</b>	0.91	125,074,306.08
Employee benefits payable			
HKD	<b>12,000.00</b>	0.91	10,952.16
USD	<b>102,416.62</b>	7.13	729,902.79
Dividends payable			
HKD	<b>456,831,688.89</b>	0.91	416,941,145.82
Other payables			
HKD	<b>120,435.00</b>	0.91	109,918.62
USD	<b>2,688.44</b>	7.13	19,159.95
Non-current liabilities due within one year			
HKD	<b>80,000,000.00</b>	0.91	73,014,400.00
USD	<b>2,526,280.50</b>	7.13	18,004,295.87
Bonds payable			
USD	<b>300,000,000.00</b>	7.13	2,138,040,000.00
Long-term borrowings			
HKD	<b>640,000,000.00</b>	0.91	584,115,200.00



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 56. Monetary items denominated in foreign currencies (Continued)

##### (2) Overseas operating entities

The significant overseas operating entities of the Group include Mei Wah Company, SIHICH and Bay Area Development, among which Mei Wah Company, an overseas investment and financing platform company of the Group, chooses HKD as its functional currency. SIHICH is an investment company which chooses HKD as its functional currency, and its principal subsidiaries and joint ventures determine RMB as their functional currency on the basis of the primary economic environment in which they operate. Bay Area Development is an investment company whose investment entities have their principal operating activities in mainland China and choose RMB as their functional currency.

#### 57. Leases

##### (1) As a lessee

The Group has lease contracts for various items of houses and buildings, vehicles, machinery and other equipment used in the operating process. Leases of buildings, machinery and equipment generally have lease terms of 1 to 9 years, while those of vehicles and other equipment generally have lease terms of 1 to 3 years. The above right-of-use assets cannot be used as mortgages and guarantees for borrowings.

Short-term lease expenses or expenses on leases of low-value assets that are accounted for using simplified approach:

Short-term lease expenses and expenses on leases of low-value assets that are accounted for using simplified approach and included in profit or loss for the period amounted to RMB6,267,705.00 (for the six months ended 30 June 2023: RMB16,479,855.91) and RMB0 (for the six months ended 30 June 2023: Nil), respectively.

Total cash outflows relating to leases for the period amounted to RMB17,824,851.91 (for the six months ended 30 June 2023: RMB28,929,582.62).

##### (2) As a lessor

*Operating leases*

RMB

Item	Lease income	Including: Income related to variable lease payments that are not included in lease receipts
Parking spaces, buildings and premises	21,224,082.94	–

The Group leases out some parking spaces, buildings and premises for indefinite lease term and lease term of 1 to 10 years, forming an operating lease.



**V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****57. Leases (Continued)****(2) As a lessor (Continued)***Operating leases (Continued)*

Income related to operating leases for the period amounted to RMB21,224,082.94 (for the six months ended 30 June 2023: RMB13,597,955.83), of which income related to variable lease payments that are not included in lease receipts was RMB0 (for the six months ended 30 June 2023: RMB0).

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
1 <sup>st</sup> year subsequent to the balance sheet date	3,746,399.81	15,680,756.97
2 <sup>nd</sup> year subsequent to the balance sheet date	5,079,631.29	8,908,499.86
3 <sup>rd</sup> year subsequent to the balance sheet date	3,675,379.53	4,040,344.65
4 <sup>th</sup> year subsequent to the balance sheet date	3,675,379.53	3,675,379.53
5 <sup>th</sup> year subsequent to the balance sheet date	3,675,379.53	3,675,379.53
Subsequent years	16,964,315.38	15,877,354.29
<b>Total undiscounted lease receipts</b>	<b>36,816,485.07</b>	<b>51,857,714.83</b>

*Finance lease*

RMB

Item	Gains/losses on sales	Financing income	Income related to variable lease payments excluding net lease investment
Direct leases	–	9,892,928.56	

The Group, as a lessor, entered into lease contracts on fixed assets with customers, with lease term ranging from 2 to 13 years. The contracts do not contain options for renewal and termination.

*Reconciliation of undiscounted lease receipts to net lease investment*

RMB

	Undiscounted lease receipts	
	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Total undiscounted lease receipts	1,666,882,542.50	1,698,296,991.17
Unguaranteed residual value	–	–
Total lease investment	1,666,882,542.50	1,698,296,991.17
Less: Unrealized financing income	365,207,668.04	384,860,063.07
Net lease investment	1,301,674,874.46	1,313,436,928.10
Including: Finance lease receivables due within 1 year	139,237,835.81	260,026,234.70
Finance lease receivables due after 1 year	1,162,437,038.65	1,053,410,693.40

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 57. Leases (Continued)

##### (2) As a lessor (Continued)

*Finance lease (Continued)*

Undiscounted lease receipts for the next five years

RMB

Item	Undiscounted lease receipts per year	
	30 June 2024 (Unaudited)	31 December 2023 (Audited)
1 <sup>st</sup> year subsequent to the balance sheet date	211,785,760.97	272,364,778.91
2 <sup>nd</sup> year subsequent to the balance sheet date	248,218,784.79	249,530,049.40
3 <sup>rd</sup> year subsequent to the balance sheet date	200,367,265.77	155,815,412.58
4 <sup>th</sup> year subsequent to the balance sheet date	180,736,876.40	209,612,201.52
5 <sup>th</sup> year subsequent to the balance sheet date	152,156,790.57	197,293,343.45
<b>Total undiscounted lease receipts after five years</b>	<b>673,617,064.00</b>	<b>613,681,205.31</b>

Gains relating to finance lease are as follows:

RMB

	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Gains/losses on sales	–	–
Financing income from net lease investment	9,892,928.56	29,155,906.44
<b>Total</b>	<b>9,892,928.56</b>	<b>29,155,906.44</b>



## VI. CHANGES IN SCOPE OF CONSOLIDATION

### 1. Disposal of subsidiaries

#### Lost control over subsidiaries

RMB

Name of subsidiaries	Date when control is lost	Disposal price when control is lost	Disposal ratio when control is lost (%)	Disposal method when control is lost	Determining basis of loss of control	The difference between the disposal price and the share of the subsidiary's net assets enjoyed at the consolidated financial statement level corresponding to the disposal investment	The proportion of remaining equity on the date when control is lost (%)	Carrying amount of remaining equity at the date when control is lost	Fair value of remaining equity at the date when control is lost	Gains or losses arising from the re-measurement of remaining equity at fair value	The method and main assumptions for determining the fair value of remaining equity interest at the consolidated financial statement level on the date when control is lost	The amount of other comprehensive income related to equity investments in subsidiaries that is transferred to investment gains or losses or retained earnings
Yichang Company	21 March 2024	1,397,449,490.52	100.00	Transfer through agreement	Changes in control	149,336,185.05	-	-	-	-	/	-

Note: On 22 February 2023, as approved by the Board of Directors, the Company, which is also the originator, launched a pilot declaration of Real Estate Investment Trust ("REITs") in the field of infrastructure with Yichang Expressway owned by a wholly-owned subsidiary of the Company as the infrastructure project, through E Fund Management Co., Ltd. ("E Fund"), the fund manager. On 29 December 2023, E Fund received the Reply on approving the Registration of the Close-end Infrastructure Securities Investment Funds for Expressways of E Fund – Shenzhen Expressway (Zheng Jian Xu Ke No. 2927 [2023]) issued by the China Securities Regulatory Commission, which approved the registration of the Publicly-offered Infrastructure REITs. The offering of E Fund – Shenzhen Expressway REIT was completed on 7 March 2024, with 300000000 fund shares ultimately raised at an offering price of RMB6.825 per share, and the fund raised totaled RMB2,047.5 million. The fund contract for E Fund – Shenzhen Expressway REIT is effective on 12 March 2024. The Company, as the originator, participated in the strategic allocation with a subscription of 120000000 shares, accounting for 40% of the total offering. E Fund – Shenzhen Expressway REIT was listed on the Shanghai Stock Exchange on 29 March 2024, with the trading code of "508033" and the fund's simplified name as "Shen Gao REIT".

The Company signed an equity transfer agreement with Changde Yichang and Yichang Company, disposing of 100% equity of Yichang Company for RMB1,397,449,490.52. The settlement procedure was completed on 21 March 2024, and the Company lost control over Yichang Company. Therefore, the Group will no longer include Yichang Company in the consolidated financial statements from 21 March 2024.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### VII. INTERESTS IN OTHER ENTITIES

#### 1. Interests in subsidiaries

##### (1) Composition of the Group

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)		
					Direct	Indirect	Acquired through
Outer Ring Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	6,500,000,000.00	100.00	-	Incorporation
Investment Company	Guizhou Province, PRC	Shenzhen, Guangdong Province, PRC	Investment	1,000,000,000.00	100.00	-	Incorporation
Guizhou Guishen Investment Development Company Limited ("Guishen Company")	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Infrastructure construction	500,000,000.00	-	70.00	Incorporation
Guizhou Land Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	158,000,000.00	-	100.00	Incorporation
Property Management Company	Longli County, Guizhou Province, PRC	Shenzhen, Guangdong Province, PRC	Property management	1,000,000.00	-	100.00	Incorporation
Environment Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Environmental projects and advisory	6,550,000,000.00	100.00	-	Incorporation
JEL Company	Hubei Province, PRC	Cayman Islands	Investment holding	USD30,000,000.00	-	100.00	Business combinations under common control
Hubei Magerk Expressway Management Co., Ltd.	Hubei Province, PRC	Hubei Province, PRC	Toll road operation	USD28,000,000.00	-	100.00	Business combinations under common control
Qinglian Company	Qingyuan, Guangdong Province, PRC	Qingyuan, Guangdong Province, PRC	Toll road operation	3,361,000,000.00	51.37	25.00	Business combinations not under common control
Meiguan Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	332,400,000.00	100.00	-	Business combinations not under common control
Mei Wah Company	Hubei Province and Guangdong Province, PRC	Hong Kong, PRC	Investment holding	HKD5,795,381,300.00	100.00	-	Business combinations not under common control
Maxprofit Company	Guangdong Province, PRC	British Virgin Islands	Investment holding	USD85,360,000.00	-	100.00	Business combinations not under common control
Fameluxe Company	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD10,000.00	-	100.00	Business combinations not under common control
Shenzhen Expressway Operation Development Co., Ltd. ("Operation Development Company")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	60,000,000.00	98.70	1.30	Incorporation
Qinglong Company (Note 1)	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	324,000,000.00	40.00	10.00	Business combinations not under common control
Shenchang Company	Changsha, Hunan Province, PRC	Changsha, Hunan Province, PRC	Toll road operation	200,000,000.00	51.00	-	Business combinations not under common control
Shenzhen Expressway Construction Development Company Limited ("Construction Development Company")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Infrastructure construction	30,000,000.00	100.00	-	Incorporation
Infrastructure Environment Protection Development Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Infrastructure and environment protection business	500,000,000.00	51.00	49.00	Incorporation
Shenzhen Express Private Equity Industry Investment Fund Management Co., Ltd. ("Fund Company")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Capital market services	19,607,800.00	51.00	-	Incorporation
Shenzhen Guangshen Coastal Expressway Investment Company Limited ("Coastal Expressway")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	5,714,285,714.00	49.00	51.00	Business combination under common control
Guishen Expressway Investment	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	1,000,000.00	-	100.00	Incorporation



## VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in subsidiaries (Continued)

#### (1) Composition of the Group (Continued)

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)		
					Direct	Indirect	Acquired through
Shenzhen Expressway Yijia Apartment Management Limited Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Apartment leases and management	10,000,000.00	-	60.00	Incorporation
Guizhou Yefengrui Land Co., Ltd.	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	1,000,000.00	-	100.00	Incorporation
Nanjing Wind Power	Nanjing, Jiangsu Province, PRC	Nanjing, Jiangsu Province, PRC	Manufacturing	357,142,900.00	-	98.04	Business combinations not under common control
Baotou Jinling Wind Power Technology Co., Ltd.	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Manufacturing	20,000,000.00	-	100.00	Business combinations not under common control
Shangzhi Nanfeng New Energy Technology Co., Ltd.	Shangzhi, Heilongjiang Province, PRC	Shangzhi, Heilongjiang Province, PRC	Manufacturing	5,000,000.00	-	100.00	Incorporation
Baotou Nanfeng	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	632,800,000.00	0.95	99.05	Business combinations not under common control
Baotou Lingxiang	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	148,100,000.00	-	100.00	Business combinations not under common control
Nanchuan Wind Power	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	128,200,000.00	-	100.00	Business combinations not under common control
Ningyuan Wind Power	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	179,000,000.00	-	100.00	Business combinations not under common control
Ningxiang Wind Power	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	129,500,000.00	-	100.00	Business combinations not under common control
Ningfeng Wind Power	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	126,000,000.00	-	100.00	Business combinations not under common control
Bioland Company	Shenzhen, Guangdong Province, PRC	Zhengzhou, Henan Province, PRC	Environment and facility services	505,439,108.00	-	92.29	Business combinations not under common control
Guangxi Bioland	Nanning, Guangxi Zhuang Autonomous Region, PRC	Nanning, Guangxi Zhuang Autonomous Region, PRC	Kitchen waste disposal	123,000,000.00	-	100.00	Business combinations not under common control
Dezhou Bioland	Dezhou, Shandong Province, PRC	Dezhou, Shandong Province, PRC	Kitchen waste disposal	50,000,000.00	-	100.00	Business combinations not under common control
Guiyang Beier Bioland	Guiyang, Guizhou Province, PRC	Guiyang, Guizhou Province, PRC	Kitchen waste disposal	110,923,700.00	-	100.00	Business combinations not under common control
Taizhou Bioland Taizhou Bioland Environmental Technology Co., Ltd.	Taizhou, Jiangsu Province, PRC	Taizhou, Jiangsu Province, PRC	Kitchen waste disposal	68,000,000.00	-	100.00	Business combinations not under common control
Dezhou Zhonghe Environmental Protection Equipment Manufacturing Co., Ltd.	Dezhou, Shandong Province, PRC	Dezhou, Shandong Province, PRC	Equipment manufacturing	30,000,000.00	-	100.00	Business combinations not under common control
Kunshan Beier Bioland Environmental Technology Co., Ltd.	Kunshan, Jiangsu Province, PRC	Kunshan, Jiangsu Province, PRC	Kitchen waste disposal	25,000,000.00	-	95.00	Business combinations not under common control
Longyou Bioland	Quzhou, Zhejiang Province, PRC	Quzhou, Zhejiang Province, PRC	Kitchen waste disposal	10,500,000.00	-	100.00	Business combinations not under common control
Langfang Waterland	Langfang, Hebei Province, PRC	Langfang, Hebei Province, PRC	Equipment manufacturing	30,000,000.00	-	100.00	Business combinations not under common control

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

#### 1. Interests in subsidiaries (Continued)

##### (1) Composition of the Group (Continued)

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)		
					Direct	Indirect	Acquired through
Shangrao Bioland	Shangrao, Jiangxi Province, PRC	Shangrao, Jiangxi Province, PRC	Kitchen waste disposal	25,000,000.00	-	100.00	Business combinations not under common control
Huangshi Bioland	Huangshi, Hubei Province, PRC	Huangshi, Hubei Province, PRC	Kitchen waste disposal	24,274,980.00	-	70.00	Business combinations not under common control
Pingyu Beier Environmental Technology Co., Ltd.	Zhumadian, Henan Province, PRC	Zhumadian, Henan Province, PRC	Kitchen waste disposal	500,000.00	-	100.00	Business combinations not under common control
Handan Bioland	Handan, Hebei Province, PRC	Handan, Hebei Province, PRC	Kitchen waste disposal	50,000,000.00	-	90.00	Business combinations not under common control
Guilin Bioland	Guilin, Guangxi Zhuang Autonomous Region, PRC	Guilin, Guangxi Zhuang Autonomous Region, PRC	Kitchen waste disposal	54,600,000.00	-	100.00	Business combinations not under common control
Xinyu Bioland	Xinyu, Jiangxi Province, PRC	Xinyu, Jiangxi Province, PRC	Kitchen waste disposal	23,940,000.00	-	100.00	Business combinations not under common control
Zhuji Bioland	Zhuji, Zhejiang Province, PRC	Zhuji, Zhejiang Province, PRC	Kitchen waste disposal	100,000,000.00	-	90.00	Business combinations not under common control
Fuzhou Bioland	Fuzhou, Jiangxi Province, PRC	Fuzhou, Jiangxi Province, PRC	Kitchen waste disposal	24,000,000.00	-	100.00	Business combinations not under common control
Nanjing Shenlu Environmental Technology Co., Ltd.	Nanjing, Jiangsu Province, PRC	Nanjing, Jiangsu Province, PRC	Environment and facility services	100,000,000.00	-	100.00	Business combinations not under common control
Sichuan Lansheng	Zigong, Sichuan Province, PRC	Zigong, Sichuan Province, PRC	Kitchen waste disposal	45,039,000.00	-	84.57	Business combinations not under common control
Shenzhen Shengao Lande Engineering Co., Ltd. (formerly known as "Jiangsu Bioland Construction Engineering Co., Ltd.")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Environment and facility services	10,000,000.00	-	100.00	Business combinations not under common control
Logistics Finance Company	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD1.00	-	100.00	Business combinations under common control
Financial Leasing Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Financial leasing and commercial factoring	902,500,000.00	72.30	27.70	Business combinations under common control
Shenzhen High Speed Engineering Development Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road construction	40,500,000.00	-	60.00	Business combinations not under common control
New Energy Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Wind power	2,619,441,000.00	100.00	-	Incorporation
Inner Mongolia Chenghuan Bioland	Hohhot, Inner Mongolia Autonomous Region, PRC	Hohhot, Inner Mongolia Autonomous Region, PRC	Environment and facility services	43,360,000.00	-	51.00	Incorporation
Bioland Environmental Protection Technology	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Environmental and ecological monitoring, agricultural science research	10,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Gao Le Health Care Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Health, elderly care and nursing services	30,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Construction Technology Development Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Construction and Engineering	40,000,000.00	-	51.00	Incorporation
Guangdong New Energy	Liannan Yao Autonomous County, Guangdong Province, PRC	Liannan Yao Autonomous County, Guangdong Province, PRC	Investment holding	1,956,550,000.00	-	100.00	Incorporation
Qiantai Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Comprehensive utilization of resources	307,692,300.00	-	63.33	Business combinations not under common control



## VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

### 1. Interests in subsidiaries (Continued)

#### (1) Composition of the Group (Continued)

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)		
					Direct	Indirect	Acquired through
Shenzhen Longda Expressway Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	50,000,000.00	89.93	–	Business combinations under common control
Qianxin Company	Mulei County, Changji Prefecture, Xinjiang, PRC	Mulei County, Changji Prefecture, Xinjiang, PRC	Wind power	181,120,000.00	–	100.00	Business combinations not under common control
Qianzhi Company	Mulei County, Changji Prefecture, Xinjiang, PRC	Mulei County, Changji Prefecture, Xinjiang, PRC	Wind power	479,183,100.00	–	100.00	Business combinations not under common control
Qianhui Company	Mulei County, Changji Prefecture, Xinjiang, PRC	Mulei County, Changji Prefecture, Xinjiang, PRC	Wind power	264,376,900.00	–	100.00	Business combinations not under common control
Shenzhen Guangming Shenzhen Expressway Environment Technology Co., Ltd. (“Guangming Environment Technology”)	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Kitchen waste disposal	200,000,000.00	100.00	–	Incorporation
Shenzhen High Speed Asphalt Technology Development Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Asphalt materials	30,000,000.00	–	55.00	Incorporation
Beihai Zhonglan Environmental Technology Co., Ltd.	Beihai, Guangxi Zhuang Autonomous Region, PRC	Beihai, Guangxi Zhuang Autonomous Region, PRC	Kitchen waste disposal	16,390,000.00	–	90.00	Incorporation
Yongcheng Zhuneng	Yongcheng, Shangqiu, Henan Province, PRC	Yongcheng, Shangqiu, Henan Province, PRC	Wind power	102,450,000.00	–	100.00	Business combinations not under common control
Shenzhen Zhuneng New Energy Technology Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Investment holding	100,000.00	–	100.00	Incorporation
Shanghai Zhuneng	Shanghai, PRC	Shanghai, PRC	Investment holding	2,450,000.00	–	100.00	Business combinations not under common control
Ningxia Zhongwei	Zhongwei, Ningxia Hui Autonomous Region, PRC	Zhongwei, Ningxia Hui Autonomous Region, PRC	Wind power	175,920,236.88	–	100.00	Business combinations not under common control
Harbin Nengchuang Fenglian New Energy Co., Ltd.	Harbin, Heilongjiang Province, PRC	Harbin, Heilongjiang Province, PRC	Manufacturing	5,000,000.00	–	51.00	Incorporation
Chuzhou Bioland	Chuzhou, Anhui Province, PRC	Chuzhou, Anhui Province, PRC	Kitchen waste disposal	25,492,400.00	–	89.10	Incorporation
Shenzhen Expressway Business Co., Ltd. (“Shenzhen Expressway Business”)	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Business services	8,000,000.00	100.00	–	Incorporation
Shengao Lekang	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Health, elderly care and nursing services	15,000,000.00	–	80.00	Incorporation
SIHICH	Shenzhen, Guangdong Province, PRC	British Virgin Islands	Investment holding	USD641,075,642.00	–	100.00	Business combinations under common control
Bay Area Development	Hong Kong, PRC	Cayman Islands	Investment holding	HKD1,000,000,000.00	–	71.83	Business combinations under common control
Wilberforce	Hong Kong, PRC	British Virgin Islands	Investment holding	USD1.00	–	100.00	Business combinations under common control
Jiehao	Hong Kong, PRC	British Virgin Islands	Investment holding	USD1.00	–	100.00	Business combinations under common control
Bay Area Management	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD1.00	–	100.00	Business combinations under common control
Bay Area Service	Hong Kong, PRC	Hong Kong, PRC	Office service	HKD2.00	–	100.00	Business combinations under common control

## Notes to Financial Statements

For the six months ended 30 June 2024  
RMB

### VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

#### 1. Interests in subsidiaries (Continued)

##### (1) Composition of the Group (Continued)

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Equity interest (%)		
					Direct	Indirect	Acquired through
Bay Area Financing	Hong Kong, PRC	Hong Kong, PRC	Loan financing	HKD1.00	-	100.00	Business combinations under common control
Hopewell Guangzhou-Zhuhai Expressway Guanxia	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD2.00	-	100.00	Business combinations under common control
Hopewell China Development	Hong Kong, PRC	British Virgin Islands	Investment holding	USD1.00	-	97.50	Business combinations under common control
Shenzhen Bay Infrastructure	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Investment holding	4,498,000,000.00	-	100.00	Business combinations under common control
Expressway Digital Technology	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Information technology service	30,000,000.00	51.00	-	Incorporation
Lisai Environmental Protection	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Environmental technology service	17,441,900.00	-	70.00	Business combinations not under common control
Shaoyang Shengao Environmental Technology Co., Ltd.	Shaoyang, Hunan Province, PRC	Shaoyang, Hunan Province, PRC	Kitchen waste disposal	100,000,000.00	-	100.00	Incorporation
Guangdong Qizhen Toll Road Construction Co., Ltd.	Foshan, Guangdong Province, PRC	Foshan, Guangdong Province, PRC	Toll road construction	100,000,000.00	-	100.00	Acquisition
Shenzhen Jingmao Infrastructure Operation and Maintenance Co., Ltd.	Guangzhou, Guangdong Province, PRC	Guangzhou, Guangdong Province, PRC	Construction and Engineering	10,000,000.00	-	100.00	Acquisition
Guizhou Ziyun Jinshen New Energy Co., Ltd.	Anshun, Guizhou Province, PRC	Anshun, Guizhou Province, PRC	Production and supply of electricity and heat	50,000,000.00	-	100.00	Incorporation
Xingren Yuansheng New Energy Co., Ltd.	Xingren, Guizhou Province, PRC	Xingren, Guizhou Province, PRC	Production and supply of electricity and heat	2,000,000.00	-	100.00	Incorporation
Duyun Jinxin New Energy Co., Ltd.	Duyun, Guizhou Province, PRC	Duyun, Guizhou Province, PRC	Production and supply of electricity and heat	1,000,000.00	-	100.00	Incorporation
Shenzhen Bay City Investment (Shenzhen) Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Real estate	1,300,000,000.00	-	100.00	Incorporation
Shenzhen Jinshen New Energy Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Production and supply of electricity and heat	1,000,000,000.00	-	65.00	Incorporation
Shenzhen Expressway Shengneng Technology Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Manufacturing of electrical machinery and equipment	15,000,000.00	-	100.00	Incorporation
Pingshan Jishen New Energy Technology Co., Ltd.	Shijiazhuang, Hebei Province, PRC	Shijiazhuang, Hebei Province, PRC	Science and technology promotion and application services	110,000,000.00	-	100.00	Incorporation
Hunan Yichang Expressway Operation & Management Co., Ltd.	Changde, Hunan Province, PRC	Changde, Hunan Province, PRC	Toll road operation	5,000,000.00	100.00	-	Incorporation
Ya'an Shenlan Environmental Protection Technology Co., Ltd.	Ya'an, Sichuan Province, PRC	Ya'an, Sichuan Province, PRC	Ecological protection and environmental governance	25,000,000.00	-	100.00	Incorporation
Zhangshu Gaochuan New Energy Co., Ltd.	Zhangshu, Jiangxi Province, PRC	Zhangshu, Jiangxi Province, PRC	Wind power	1,000,000.00	-	100.00	Business combinations not under common control

Note 1: The Board of Directors of Qinglong Company is composed of 7 directors, and the Group is entitled to nominate 5 directors and the voting on business matters made by the Board of Directors is effective only after it is approved by more than half of all directors. The Group substantially controls Qinglong Company.



**VII. INTERESTS IN OTHER ENTITIES (CONTINUED)****1. Interests in subsidiaries (Continued)****(2) Significant non-wholly-owned subsidiaries****30 June 2024 (Unaudited)***RMB*

Name of subsidiary	Equity interest held by minority shareholders	Profit or loss attributable to minority shareholders	Dividend declared to minority shareholders	Balance of minority interests at the end of the period
Qinglian Company	23.63%	10,358,726.78	–	717,340,182.90
Shenchang Company	49.00%	32,977,927.74	–	202,464,267.07
Qinglong Company	50.00%	14,476,535.84	–	445,913,698.84
Bioland Company	7.71%	(6,978,131.36)	–	170,889,616.39
Bay Area Development	28.17%	22,015,443.41	(100,266,953.64)	3,314,423,161.14
Nanjing Wind Power	1.96%	(1,965,868.27)	–	495,308.83
<b>Total</b>		<b>70,884,634.14</b>	<b>(100,266,953.64)</b>	<b>4,851,526,235.17</b>

30 June 2023 (Unaudited)

Name of subsidiary	Equity interest held by minority shareholders	Profit or loss attributable to minority shareholders	Dividend declared to minority shareholders	Balance of minority interests at the end of the period
Qinglian Company	23.63%	12,340,701.68	–	736,512,048.12
Shenchang Company	49.00%	32,667,270.53	(14,700,000.00)	182,141,448.88
Qinglong Company	50.00%	14,597,879.91	–	536,605,110.55
Bioland Company	7.71%	(5,438,852.52)	–	182,431,122.62
Bay Area Development	28.17%	(16,147,509.48)	(34,313,838.69)	3,382,331,043.57
Nanjing Wind Power	49.00%	(55,798,155.37)	–	166,769,068.95
<b>Total</b>		<b>(17,778,665.25)</b>	<b>(49,013,838.69)</b>	<b>5,186,789,842.69</b>

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

#### 1. Interests in subsidiaries (Continued)

##### (3) Major financial information of significant non-wholly-owned subsidiaries

RMB

Name of subsidiary	30 June 2024 (Unaudited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qinglian Company	89,574,890.88	5,442,769,229.41	5,532,344,120.29	311,799,913.83	2,254,968,300.79	2,566,768,214.62
Shenchang Company	89,363,812.60	407,271,045.63	496,634,858.23	83,392,824.19	226,591.09	83,619,415.28
Qinglong Company	369,846,176.12	965,056,836.25	1,334,903,012.37	152,139,483.51	290,936,131.17	443,075,614.68
Bay Area Development	1,227,974,453.40	15,341,495,418.86	16,569,469,872.26	2,628,282,074.46	2,289,186,806.67	4,917,468,881.13
Bioland Company	589,574,416.73	3,486,780,666.99	4,076,355,083.72	706,711,191.28	1,028,157,851.37	1,734,869,042.65
Nanjing Wind Power	816,802,470.42	231,234,154.65	1,048,036,625.07	822,714,102.82	202,628,556.16	1,025,342,658.98

RMB

Name of subsidiary	31 December 2023 (Audited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qinglian Company	138,386,950.72	5,619,516,244.92	5,757,903,195.64	319,251,272.71	2,361,392,088.93	2,680,643,361.64
Shenchang Company	21,270,794.11	434,663,902.37	455,934,696.48	110,221,146.87	-	110,221,146.87
Qinglong Company	253,942,904.75	1,169,757,423.32	1,423,700,328.07	189,348,799.17	371,477,202.88	560,826,002.05
Bay Area Development	1,285,079,694.83	15,309,911,442.91	16,594,991,137.74	2,336,495,801.28	2,386,635,945.94	4,723,131,747.22
Bioland Company	647,206,245.11	3,608,707,313.39	4,255,913,558.50	895,289,843.73	929,829,083.98	1,825,118,927.71
Nanjing Wind Power	911,225,840.74	253,586,193.86	1,164,812,034.60	847,125,884.03	194,692,783.14	1,041,818,667.17



**VII. INTERESTS IN OTHER ENTITIES (CONTINUED)****1. Interests in subsidiaries (Continued)****(3) Major financial information of significant non-wholly-owned subsidiaries (Continued)**

RMB

Name of subsidiary	For the six months ended 30 June 2024 (Unaudited)			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Qinglian Company	331,216,848.42	43,837,184.85	43,837,184.85	244,619,449.18
Shenchang Company	132,496,506.73	67,301,893.34	67,301,893.34	83,688,873.53
Qinglong Company	302,880,709.25	28,953,071.67	28,953,071.67	190,420,077.62
Bay Area Development	447,960,416.29	172,404,624.17	122,357,141.94	287,664,496.62
Bioland Company	236,568,788.80	(75,540,436.19)	(75,540,436.19)	62,250,545.51
Nanjing Wind Power	11,446,172.03	(100,299,401.34)	(100,299,401.34)	(7,004,786.37)

RMB

Name of subsidiary	For the six months ended 30 June 2023 (Unaudited)			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Qinglian Company	347,687,074.62	52,224,721.45	52,224,721.45	253,887,161.16
Shenchang Company	129,115,088.55	66,667,899.04	66,667,899.04	87,277,588.99
Qinglong Company	307,990,385.15	29,195,759.82	29,195,759.82	199,559,785.91
Bay Area Development	451,824,493.84	72,401,969.41	(5,492,311.39)	301,714,247.84
Bioland Company	239,302,310.80	(87,253,888.27)	(87,253,888.27)	29,841,971.26
Nanjing Wind Power	2,494,433.40	(113,873,786.47)	(113,873,786.47)	61,088,600.36

**(4) Substantial restriction to the usage of assets or the settlement of liabilities of the Group**

As at 30 June 2024, there was no substantial restriction which prohibited the usage of assets or the settlement of liabilities of the Group.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

#### 2. Interests in associates and joint ventures

##### (1) Significant associates and joint ventures

Name	Place of main business	Place of registration	Nature of business	Equity interest (%)		Method of accounting treatment
				Direct	Indirect	
Derun Environment	Chongqing, China	Chongqing, China	Environmental governance and resource recovery	-	20.00	Equity method
Guangzhou-Shenzhen-Zhuhai Expressway	Guangdong Province	Guangzhou, Guangdong Province	Toll road operation	-	45.00	Equity method
Guangzhou-Zhuhai West Line Expressway	Guangdong Province	Guangzhou, Guangdong Province	Toll road operation	-	50.00	Equity method
United Land Company	Guangdong Province	Shenzhen, Guangdong Province	Real estate development	34.30	-	Equity method



**VII. INTERESTS IN OTHER ENTITIES (CONTINUED)**
**2. Interests in associates and joint ventures (Continued)**
**(2) Major financial information of significant associates and joint ventures**

RMB

Item	30 June 2024/2024 (Unaudited)				31 December 2023/2023 (Audited)			
	Derun Environment (Note)	Guangzhou-Shenzhen-Zhuhai Expressway	Guangzhou-Zhuhai West Line Expressway	United Land Company	Derun Environment (Note)	Guangzhou-Shenzhen-Zhuhai Expressway	Guangzhou West Line Expressway	United Land Company
Current assets	14,361,317,348.39	1,634,746,888.23	560,826,667.77	6,090,859,817.42	14,043,801,415.95	1,272,156,375.42	489,478,896.41	7,454,904,093.07
Including: Cash and cash equivalents	6,306,576,340.67	1,096,513,199.03	498,783,844.72	46,849,681.97	6,279,078,823.65	776,264,696.16	457,809,780.60	184,863,951.76
Non-current assets	52,534,956,004.85	13,968,043,478.76	10,971,139,796.57	1,408,599,336.29	51,406,022,296.12	14,348,059,774.01	11,274,866,099.67	295,906,325.38
Total assets	66,896,273,353.24	15,602,790,366.99	11,531,966,464.34	7,499,459,153.71	65,449,823,712.07	15,620,216,149.43	11,764,344,996.08	7,750,810,418.45
Current liabilities	14,262,860,576.84	1,467,662,121.03	1,283,900,702.16	5,524,664,148.26	12,699,222,538.16	1,579,391,632.65	953,295,683.23	5,615,128,028.80
Non-current liabilities	18,703,543,746.05	2,295,704,598.23	3,427,409,738.30	-	19,308,590,551.06	2,492,153,431.23	3,763,325,563.91	-
Total liabilities	32,966,404,322.89	3,763,366,719.26	4,711,310,440.46	5,524,664,148.26	32,007,813,089.22	4,071,545,063.88	4,716,621,247.14	5,615,128,028.80
Minority interests	15,392,793,657.48	-	-	-	15,365,656,834.29	-	-	-
Equity attributable to shareholders of the Company	18,537,075,372.87	11,839,423,647.73	6,820,656,023.88	1,974,795,005.45	18,076,353,788.56	11,548,671,085.55	7,047,723,748.94	2,135,682,389.65
Share of net assets calculated according to shareholding ratio	3,707,415,074.57	5,327,740,641.48	3,410,328,011.94	677,354,686.87	3,615,270,757.71	5,196,901,988.50	3,523,861,874.47	732,539,059.65
Adjustments	1,462,953,999.22	(62,150,324.78)	-	-	1,462,953,999.22	(62,323,729.96)	-	(54,882,407.98)
- Goodwill	1,462,953,999.22	-	-	-	1,462,953,999.22	-	-	-
- Unrealized profits from internal transactions	-	(63,137,824.76)	-	-	-	(63,311,229.94)	-	(54,882,407.98)
- Others	-	987,499.98	-	-	-	987,499.98	-	-
Carrying amount of equity investment in associates and joint ventures	5,160,454,077.02	5,265,590,316.70	3,410,328,011.94	677,354,686.87	5,078,224,756.93	5,134,578,258.54	3,523,861,874.47	677,656,651.67
Fair value of equity investment in associates and joint ventures with publicly quoted prices	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Operating income	6,495,296,163.69	2,551,849,056.16	648,424,003.69	47,725,427.62	13,515,672,679.62	2,892,202,770.25	1,303,868,084.44	6,572,072,557.51
Income tax expenses	242,896,502.58	209,811,972.37	57,018,433.15	(293,454.62)	365,712,676.72	459,001,374.34	94,301,802.52	604,465,440.39
Net profit	1,018,494,625.77	291,137,905.96	105,909,872.36	(880,363.85)	893,787,963.60	435,558,677.38	212,477,344.13	1,821,206,411.25
Net profit from discontinued operations	-	-	-	-	-	-	-	-
Other comprehensive income	38,108,256.53	-	-	-	50,894,843.05	-	-	-
Total comprehensive income	1,056,602,882.30	291,137,905.96	105,909,872.36	(880,363.85)	944,682,806.65	435,558,677.38	212,477,344.13	1,821,206,411.25
Dividends received from associates and joint ventures in the current period	-	-	-	-	168,000,000.00	289,376,782.72	111,822,142.97	-

Note: The Group shares the net profit of Derun Environment attributable to shareholders of the Company at a 20% shareholding ratio. After deducting the current-period premium amortization of RMB19,479,146.46, the Group recognized the investment income from Derun Environment of RMB81,833,668.73. The Group shares, based on the 20% shareholding ratio, other comprehensive income net of tax of Derun Environment attributable to shareholders of the Company amounting to RMB716,406.92, and decreases the capital reserve of the Group by RMB320,755.56 as a result of a decrease in capital reserve of Derun Environment. Please refer to Note V, 12.



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

#### 2. Interests in associates and joint ventures (Continued)

##### (3) Major financial information of insignificant associates and joint ventures

RMB

Item	30 June 2024/2024 (Unaudited)	30 June 2023/2023 (Audited)
Associates and joint ventures:		
Total carrying amount of investments	<b>5,110,284,856.88</b>	4,301,500,579.13
Total of the following items calculated according to the shareholding ratio		
– Net profit	<b>154,648,627.81</b>	372,096,274.67
– Other comprehensive income	<b>(1,556,763.95)</b>	18,567,363.70
– Total comprehensive income	<b>153,091,863.86</b>	390,663,638.37

As at 30 June 2024, there was no substantial restriction on transferring funds between the Group and associates and its joint ventures.

### VIII. GOVERNMENT GRANTS

#### 1. Government grants recognized at the amount of receivables at the end of the reporting period

RMB

Item	
Closing balance of receivables	–

#### 2. Liabilities involving government grants

RMB

Item	Opening balance	Amount of new government grants	Amount included in non-operating income	Amount included in other income	Other changes	Closing balance	Related to assets/income
Central subsidy funds for cancellation of the provincial expressway toll station project	23,122,673.06	–	–	3,116,276.77	(4,558,959.90)	15,447,436.39	Related to assets
Government financial grants for Guizhou Land	476,361.30	–	–	2,741.07	–	473,620.23	Related to assets
Government economic grants for Bioland Company	19,717,768.95	1,000,000.00	–	1,179,887.22	–	19,537,881.73	Related to assets
<b>Total</b>	<b>43,316,803.31</b>	<b>1,000,000.00</b>	<b>–</b>	<b>4,298,905.06</b>	<b>(4,558,959.90)</b>	<b>35,458,938.35</b>	

Note: It mainly represents the disposal of 100.00% equity interest in Yichang Company, resulting in a decrease in deferred revenue. Please refer to Note V, 12.



**VIII. GOVERNMENT GRANTS (CONTINUED)****3. Government grants included in profit or loss**

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Central government subsidy for cancellation of provincial expressway toll station project	<b>3,116,276.77</b>	3,564,699.06
Immediate refund upon payment of VAT	<b>1,984,647.37</b>	1,350,580.73
Government financial aid for Bioland Company	<b>1,179,887.22</b>	965,972.94
Government grants for Lisai Environmental Protection project	<b>31,570.00</b>	590,000.00
Financial grants for Guizhou Land	<b>2,741.07</b>	4,752.53
Others	<b>3,700,812.69</b>	8,255,774.92
<b>Total</b>	<b>10,015,935.12</b>	14,731,780.18

**IX. FINANCIAL INSTRUMENTS AND RISKS**

The Group's major financial instruments include cash at banks and on hand, transactional financial assets, bills receivable, accounts receivable, other receivables, non-current assets due within one year, long-term receivables, other non-current financial assets, short-term borrowings, transactional financial liabilities, bills payable, accounts payable, other payables, non-current liabilities due within one year, other current liabilities, long-term borrowings, bonds payable, long-term payables, etc. At the end of the period, the Group has the following financial instruments. Please refer to Note V. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure the risks are monitored at a certain level.

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>Financial assets</b>		
Measured at fair value through profit or loss		
Transactional financial assets	<b>248,870,005.52</b>	468,792,208.25
Other non-current financial assets	<b>841,740,555.89</b>	895,069,302.26
Measured at amortized cost		
Cash at banks and on hand	<b>2,306,502,083.03</b>	2,152,367,633.05
Bills receivable	–	500,000.00
Accounts receivable	<b>970,542,523.26</b>	967,487,093.08
Other receivables	<b>953,548,458.04</b>	602,215,140.81
Other current assets	<b>368,929,500.00</b>	204,392,500.00
Non-current assets due within one year	<b>430,959,041.38</b>	264,774,570.13
Long-term receivables	<b>3,200,220,067.34</b>	2,334,935,756.66

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### IX. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>Financial liabilities</b>		
Measured at fair value through profit or loss		
Transactional financial liabilities	<b>125,074,306.08</b>	148,117,309.14
Measured at amortized cost		
Short-term borrowings	<b>6,799,772,154.65</b>	11,105,625,836.85
Bills payable	<b>76,240,537.23</b>	89,735,513.24
Accounts payable	<b>2,295,230,410.16</b>	2,588,545,523.67
Other payables	<b>2,075,237,805.57</b>	1,059,445,155.50
Non-current liabilities due within one year	<b>1,486,002,147.77</b>	2,392,022,913.00
Other current liabilities	<b>1,504,481,032.87</b>	1,512,594,613.40
Long-term borrowings	<b>12,392,146,677.24</b>	9,567,707,809.79
Bonds payable	<b>8,673,785,286.31</b>	7,159,103,456.71
Lease liabilities	<b>45,288,200.00</b>	45,614,131.00
Long-term payables	<b>766,514,359.91</b>	907,277,866.27

The Group adopts sensitivity analysis technique to analyze how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

#### 1. Risk management objectives, policies and procedures, and changes during the period

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitor regularly and effectively these exposures to ensure the risks are monitored at a certain level.



**IX. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)****1. Risk management objectives, policies and procedures, and changes during the period (Continued)****1.1 Market risk****1.1.1 Currency risk**

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with HKD and USD. Except for the purchases and sales of several subsidiaries of the Group in HKD and USD, other principal operating activities of the Group are denominated and settled in RMB. As at 30 June 2024, the Group's assets or liabilities are all denominated in functional currency, except for the balances of assets or liabilities set out below, which are in currencies other than functional currency.

*RMB*

Item	30 June 2024 (Audited)	31 December 2023 (Audited)
Cash at banks and on hand	<b>30,600,046.11</b>	14,393,915.63
Other receivables	<b>5,823.97</b>	7,800.50
Other payables	<b>2,689,654.75</b>	2,560,215.27
Non-current liabilities due within one year	<b>18,004,295.87</b>	17,869,061.62
Dividends payable	<b>416,941,145.82</b>	–
Bonds payable	<b>2,156,044,295.87</b>	2,116,263,707.56

Sensitivity analysis on currency risk

The assumption for the sensitivity analysis on currency risk is that all hedges of net investments in foreign operations and the cash flow hedges are highly effective.

Based on the above assumptions, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

*RMB*

Items	Changes in exchange rate	For the six months ended 30 June 2024 (Unaudited)		For the six months ended 30 June 2023 (Unaudited)	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
USD	10% increase against RMB	<b>(214,142,538.45)</b>	<b>(214,142,538.45)</b>	(325,833,424.82)	(325,833,424.82)
USD	10% decrease against RMB	<b>214,142,538.45</b>	<b>214,142,538.45</b>	325,833,424.82	325,833,424.82
HKD	10% increase against RMB	<b>(39,690,027.93)</b>	<b>(39,690,027.93)</b>	(27,714,990.88)	(27,714,990.88)
HKD	10% decrease against RMB	<b>39,690,027.93</b>	<b>39,690,027.93</b>	27,714,990.88	27,714,990.88

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### IX. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

#### 1. Risk management objectives, policies and procedures, and changes during the period (Continued)

##### 1.1 Market risk (Continued)

##### 1.1.2 Interest rate risk – risk of changes in cash flows

The Group's risk of changes in the cash flow of financial instruments caused by changes in interest rates is mainly related to the Group's floating rate bank borrowings. The Group continues to pay close attention to the impact of interest rate changes on the Group's interest rate risk. The Group's policy is to maintain floating interest rates for these borrowings. Currently, there are no arrangements such as interest rate swaps.

Sensitivity analysis on interest rate risk

Where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

RMB

Item	Interest rate changes	For the six months ended 30 June 2024 (Unaudited)		For the six months ended 30 June 2023 (Unaudited)	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
RMB	100 basis points higher	(133,141,612.40)	(133,141,612.40)	(135,908,703.34)	(135,908,703.34)
RMB	100 basis points lower	133,141,612.40	133,141,612.40	135,908,703.34	135,908,703.34

##### 1.2 Credit risk

As at 30 June 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group (without considering the available collateral or other credit enhancements) is arising from cash at banks and on hand, bills receivable, accounts receivable, other receivables, long-term receivables, etc. For financial instruments measured at fair value, the carrying amount reflects their risk exposure, but it is not the maximum risk exposure. The maximum risk exposure will change with changes in the fair value in the future. In addition, the Group's maximum exposure to credit risk includes the amount of financial guarantee contract as disclosed in Note XII, 2 "Contingencies".

In order to reduce credit risk, the Group deals only with recognized and reputable third parties. In accordance with the Group's policy, all customers requiring credit transactions are subject to credit checking. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group does not face significant risk of bad debts. For transactions that are not settled in functional currencies of the relevant business units, the Group will not provide conditions for credit transactions unless the Group's credit control department specifically approves them.

The Group continuously conducts credit assessment on the financial status of customers, and the bad debt loss is maintained within the amount expected by the management.

The credit risk on liquid funds is limited because they are deposited with banks with high credit ratings.



**IX. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)****1. Risk management objectives, policies and procedures, and changes during the period (Continued)****1.3 Liquidity risk**

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the use of financial liabilities and ensures compliance with loan agreements and other related documents.

As at 30 June 2024, the Group has unused bank credit lines totaling RMB42,730,000,000.00, which can satisfy the Group's debt and capital commitments. The Group can solve the lack of working capital through reasonable financing arrangements.

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

RMB

Item	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term borrowings	6,820,090,258.08	–	–	–	6,820,090,258.08
Bills payable	76,240,537.23	–	–	–	76,240,537.23
Accounts payable	2,295,230,410.16	–	–	–	2,295,230,410.16
Other payables	2,075,237,805.57	–	–	–	2,075,237,805.57
Non-current liabilities due					
within one year	1,516,123,452.47	–	–	–	1,516,123,452.47
Other current liabilities	1,513,154,671.00	–	–	–	1,513,154,671.00
Long-term borrowings	403,839,201.75	2,487,674,470.55	11,173,929,894.97	–	14,065,443,567.27
Bonds payable	231,649,175.00	1,214,790,841.67	5,562,500,768.75	2,582,225,000.00	9,591,165,785.42
Lease liabilities	40,602,948.14	19,698,576.76	28,571,921.73	3,410,307.22	92,283,753.85
Long-term payables	4,315,184.32	21,293,763.33	753,285,923.97	–	778,894,871.62
Transactional financial liabilities	125,074,306.08	–	–	–	125,074,306.08
<b>Total</b>	<b>15,101,557,949.80</b>	<b>3,743,457,652.31</b>	<b>17,518,288,509.42</b>	<b>2,585,635,307.22</b>	<b>38,948,939,418.75</b>

Given that the Group has stable and abundant operating cash flow and sufficient credit lines, and has made appropriate financing arrangements to meet debt repayment and capital expenditures, the management of the Company believes that the Group does not have significant liquidity risk.

**2. Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, repurchase shares or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or procedures for managing capital for the six months ended 30 June 2024 and 2023.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### IX. FINANCIAL INSTRUMENTS AND RISKS (CONTINUED)

#### 2. Capital management (Continued)

The Group monitors capital using an asset-liability ratio, which is total liabilities divided by total assets. The Group's asset-liability ratio as at the balance sheet date is as follows:

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Total assets	65,869,267,280.47	67,507,469,090.77
Total liabilities	38,620,117,411.20	39,508,787,105.65
Asset-liability ratio	58.63%	58.53%

### X. DISCLOSURE OF FAIR VALUE

#### 1. Closing balance of fair value of financial assets and liabilities measured at fair value

30 June 2024

RMB

	Closing balance of fair value			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Fair value measurement on a recurring basis				
Transactional financial assets	100,450,136.99	–	148,419,868.53	248,870,005.52
Other non-current financial assets	268,962,589.00	–	572,777,966.89	841,740,555.89
Transactional financial liabilities	–	–	125,074,306.08	125,074,306.08
<b>Total</b>	<b>369,412,725.99</b>	<b>–</b>	<b>596,123,529.34</b>	<b>965,536,255.33</b>

The fair value of level 3 financial instrument is estimated using the market approach, discounted cash flow method, etc. Unobservable inputs mainly include discount rate, liquidity discount, etc. The Group believes that the fair value estimated based on valuation techniques and its changes are reasonable and it is the most appropriate value at 30 June 2024.

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 in the current period.

As at 30 June 2024, the management of the Company considers that the carrying amounts of financial assets and financial liabilities in the Group's financial statements approximate their fair values.





**XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS****1. General information of the parent company**

HKD

<b>Name of parent company</b>	<b>Place of registration</b>	<b>Nature of business</b>	<b>Registered capital</b>	<b>Interest held</b>	<b>Voting rights</b>
Shenzhen International	Bermuda	Investment holding	HKD2,000,000,000.00	51.561%	51.561%

The controlling shareholder of the Company is Shenzhen International, and the ultimate controlling party of the Company is Shenzhen SASAC.

**2. Information about subsidiaries**

The information about the subsidiaries is set out in Note VII, 1.

**3. Information about associates and joint ventures**

The situation of the associates and joint ventures that have related party transactions with the Group in the current period or have related party transactions with the Group in the previous period is as follows:

<b>Name</b>	<b>Relationship with the Company</b>
Yunji Smart	Associate or joint venture
Huayu Company	Associate or joint venture
Huai'an Zhongheng	Associate or joint venture
Yangmao Company	Associate or joint venture
United Land Company	Associate or joint venture
Nanjing Anvis Transmission Technology Co., Ltd. ("Nanjing Anvis")	Subsidiary of the associate or joint venture
Guangzhou-Shenzhen-Zhuhai Expressway	Associate or joint venture
Guangzhou-Zhuhai West Line Expressway	Associate or joint venture
Xintang Joint Venture	Associate or joint venture
Nanjing Third Bridge Company	Associate or joint venture
Nanning Sanfeng Energy Co., Ltd.	Subsidiary of the associate or joint venture

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 4. Information about other related parties

Name	Relationship with the Company
Shenzhen International South-China Logistics Co., Ltd. ("SC Logistics Company") 深國際有限公司 (以下簡稱「深國際香港」)	Wholly-owned subsidiary of the controlling shareholder Wholly-owned subsidiary of the controlling shareholder
Shenzhen International Modern Logistics Petty Loan Co. Ltd. ("Shenzhen International Modern Logistics Petty Loan")	Wholly-owned subsidiary of the controlling shareholder
Henan Yudong Shenan Port Co., Ltd. ("Henan Yudong")	Holding subsidiary of the controlling shareholder
Xin Tong Chan Company	Wholly-owned subsidiary of the controlling shareholder
United Electronic	Participating company
Water Planning & Design Institute	Participating company

#### 5. Related party transactions

##### (1) Related transactions for procurement and sale of goods, rendering and receipt of labor services

*Procurement of goods/receipt of labor services*

RMB

Name of related party	Content of transaction	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
United Electronic (Note 1)	Receiving network tolling settlement services	12,360,163.49	13,464,599.55
Yunji Smart (Note 2)	Receiving engineering survey, design, and consulting services	7,188,933.21	15,005,440.65
Guangzhou-Shenzhen-Zhuhai Expressway (Note 4)	Receiving corporate management services and brokerage services	1,270,208.68	8,763,860.01
Nanning Sanfeng	Receiving sewage, sludge, and waste disposal services	569,530.00	891,053.00
Water Planning & Design Institute (Note 3)	Receiving technical services regarding flood control for projects and water-related impact	–	982,500.00
Guangzhou West Line Expressway (Note 4)	Receiving corporate management services	–	628,875.94
Xintang Joint Venture (Note 4)	Receiving corporate management services	–	931,603.78
Others (Note 5)	Receiving power supply services and others	1,031,607.28	166,743.16
<b>Total</b>		<b>22,420,442.66</b>	<b>40,834,676.09</b>



**XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)****5. Related party transactions (Continued)****(1) Related transactions for procurement and sale of goods, rendering and receipt of labor services (Continued)***Procurement of goods/receipt of labor services (Continued)*

Note 1: The Guangdong Provincial People's Government has designated United Electronic to take charge of the sub-account management of highway tolls across the province and unified management of non-cash settlement systems. The Company and its subsidiaries have entered into a series of agreements with United Electronic and entrusted it to provide toll settlement services for Coastal Expressway, Meiguan Expressway, Airport-Heao Expressway, Qinglian Expressway, Outer Ring Expressway, Longda Expressway and Shuiguan Expressway invested by the Group. The service periods end on the expiry dates of toll collection periods of each toll road. The related service charges are determined by the commodity price bureau of the Guangdong Province.

Note 2: The Group has entered into service contracts with Yunji Smart to receive engineering survey and design, consulting, highway inspection and special maintenance services for Outer Ring Expressway and other roads of the Group.

Note 3: The Company has entered into a service contract with Water Planning & Design Institute to receive technical consulting services regarding flood control impact assessment and safety assessment on water-related projects of Airport-Heao Expressway reconstruction and expansion project.

Note 4: Bay Area Development, a subsidiary of the Company, received the corporate management services and brokerage services provided by Guangzhou-Shenzhen-Zhuhai Expressway, Xintang Joint Venture and Guangzhu West Line Expressway.

Note 5: Operation Development Company and Qinglong Company, subsidiaries of the Company, received the water and electricity resources and power supply services for its billboards provided by Xin Tong Chan Company and Huayu Company. The respective transaction amounts were not presented separately as they were not material.

*Sale of goods/rendering of labor services:*

RMB

Name of related party	Content of transaction	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Yunji Smart (Note 1)	Engineering supervision fees, water and electricity services	<b>12,891.28</b>	–
Huai'an Zhongheng (Note 2)	Operation and maintenance services	<b>317,482.41</b>	–
Others (Note 3)	Commission sale of water and electricity for office and others	<b>412,795.43</b>	1,225,561.42
<b>Total</b>		<b>743,169.12</b>	1,225,561.42

Note 1: Outer Ring Company, a subsidiary of the Company, provided water and electricity resources to Yunji Smart.

Note 2: Nanjing Wind Power, a subsidiary of the Company, entered into an entrusted operation contract with Huai'an Zhongheng, under which it provides entrusted operation services for Huai'an Zhongheng's wind power plants.

Note 3: The Group provided water and electricity services and other services to Xin Tong Chan Company, Huayu Company and United Electronic. The water and electricity service is charged and calculated based on the price paid to the water supply agency and power supply agency. The respective transaction amounts were not presented separately as they were not material.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 5. Related party transactions (Continued)

##### (2) Related leases

(a) The Group as a lessor

RMB

Lessee	Type of assets leased	Lease income recognized in the current period	Lease income recognized in the prior period
Henan Yudong	Equipment	555,516.14	1,018,989.39
<b>Total</b>		<b>555,516.14</b>	<b>1,018,989.39</b>

(b) The Group as a lessee

RMB

Lessor	Type of assets leased	Lease costs recognized in the current period	Lease costs recognized in the prior period
SC Logistics Company and Huayu Company	Billboard land use rights	498,234.58	422,790.05

##### \* (3) Remuneration of key management personnel

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Remuneration of key management personnel	3,725,825.82	3,755,277.02

Key management personnel include directors, supervisors and senior management personnel. The Company has a total of 20 (corresponding period in 2023: 19) key management personnel during the period.

##### (4) Borrowings from/to related parties

Borrowings from related parties:

RMB

Related party	Amount of borrowings	30 June 2024 (Unaudited)	Interest rate	Inception date	Due date
United Land Company (Note)	-	696,286,715.85	-	29 December 2021	-
<b>Total</b>	-	<b>696,286,715.85</b>			

Note: As at 30 June 2024, the balance of the Company's interest-free borrowing from United Land Company was RMB696,286,715.85.



**XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)****6. Receivables due from and payables due to related parties****(1) Receivable items**

RMB

Item	Related parties	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
		Gross carrying amount	Bad debt provision	Gross carrying amount	Bad debt provision
Accounts receivable	Huai'an Zhongheng	-	-	1,096,043.99	-
Accounts receivable	Huayu Company	<b>132,619.02</b>	-	94,495.02	-
Prepayments	United Electronic	<b>67,982.98</b>	-	79,608.86	-
Prepayments	Yunji Smart	<b>1,533,345.90</b>	-	1,533,345.90	-
Other receivables (Note V, 5.3)	Huai'an Zhongheng	<b>88,331,191.80</b>	<b>7,066,495.34</b>	88,331,191.80	7,066,495.34
Other receivables (Note V, 5.3)	Xintang Joint Venture	<b>425,000.00</b>	-	425,000.00	-
Other receivables (Note V, 5.3)	Guangzhou-Shenzhen-Zhuhai Expressway	-	-	188,000.00	-
Other receivables (Note V, 5.3)	Yunji Smart	<b>84,050.00</b>	-	84,050.00	-
Other receivables (Note V, 5.3)	United Electronic	<b>80,876.88</b>	-	79,340.08	-
Other receivables (Note V, 5.3)	Huayu Company	<b>900,067.26</b>	-	20,000.00	-
Long-term receivables	Henan Yudong	-	-	77,735,004.96	-
Other non-current assets	United Land Company	<b>342,599,500.00</b>	-	342,599,500.00	-

**(2) Payable items**

RMB

Item	Related parties	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Accounts payable	Yunji Smart	<b>16,607,140.96</b>	16,423,528.16
Accounts payable	United Electronic	<b>339,847.50</b>	321,898.41
Accounts payable	Nanjing Anvis Transmission Technology Co., Ltd.	<b>1,348,004.00</b>	-
Accounts payable	Nanning Sanfeng Energy Co., Ltd.	<b>165,000.00</b>	143,300.00
Other payables (Note V, 30.3(1))	Yunji Smart	<b>50,151,294.30</b>	58,432,627.86
Other payables (Note V, 30.3(1))	United Electronic	<b>1,868,923.27</b>	1,824,949.44
Other payables (Note V, 30.3(1))	Xin Tong Chan Company	<b>5,000.00</b>	5,000.00
Other payables (Note V, 30.3(1))	Shenzhen International Hong Kong	<b>254,092.77</b>	253,456.88
Other payables (Note V, 30.3(1))	Nanjing Third Bridge Company	<b>8,050,000.00</b>	-
Other payables (Note V, 30.3(1))	Shenzhen International Modern Logistics Petty Loan	<b>2,196.12</b>	2,196.12
Other payables (Note V, 30.3(1))	Yangmao Company	-	37,500,000.00
Other payables (Note V, 30.3(1))	Huayu Company	<b>19,200,000.00</b>	15,200,000.00
Long-term payables (Note V, 36.(1))	United Land Company	<b>696,286,715.85</b>	824,596,715.85

Amounts due from/to related parties above are non-interest bearing, unsecured and have no fixed repayment terms.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 7. Commitments to related parties

The following table presents the commitment related to related parties that have been contracted but have not been presented on the balance sheet:

##### (1) Receiving service

RMB

Related party	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Yunji Smart	79,935,649.92	87,124,583.13
Nanning Sanfeng Energy Co., Ltd.	1,230,470.00	–
<b>Total</b>	<b>81,166,119.92</b>	<b>87,124,583.13</b>

### XII. COMMITMENTS AND CONTINGENCIES

#### 1. Significant commitments

In addition to the related party commitments disclosed in Note XI, 7, other significant commitments of the Group are as follows:

##### (1) Capital commitments

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Capital commitments that have been entered into but have not been recognized in the financial statements:		
– Expressway construction projects	4,099,101,018.84	2,667,853,887.92
– Kitchen waste disposal projects	660,130,561.97	1,044,303,762.52
– Acquisition of equity	6,475,000.00	6,475,000.00
<b>Total</b>	<b>4,765,706,580.81</b>	<b>3,718,632,650.44</b>

#### 2. Contingencies

##### (1) Significant contingencies at the balance sheet date

- (a) As at 30 June 2024, the Group's guarantees for the performance of certain projects are in effect, with a total guarantee amount of approximately RMB117 million.
- (b) As at 30 June 2024, the Group provided a periodic joint and several liability guarantee amounting to RMB395 million to the bank for house mortgage loans granted by the bank to the Group's property buyers. Under the terms of guarantee, the Group is responsible for paying the outstanding mortgage loans and any accrued interest and penalties owed to the bank by the buyers in arrears if the buyers default in the mortgage payments, and the Group can then receive legal ownership of the property. The Group's guarantee period commences on the date on which the relevant mortgage loan is granted by the bank and ends on the date on which the buyer obtains the title deeds of the individual properties. The management believes that if the payment is in arrears, the net realizable value of the property is sufficient to cover the outstanding mortgage loans together with any accrued interest and penalties, and therefore no provision is made for these guarantees.

**XII. COMMITMENTS AND CONTINGENCIES (CONTINUED)****2. Contingencies (Continued)****(1) Significant contingencies at the balance sheet date (Continued)**

- (c) In December 2019, PowerChina Jiangxi Electric Power Construction Co., Ltd. (“PowerChina Jiangxi”) entered into a *Contract on Procurement of Wind Turbine Equipment for 50MW Wind Farm Project (Phase I) in Gudian Town, Yungang, Datong* (the “Procurement Contract”) with Nanjing Wind Power to purchase equipment for Datong Power Station (Phase I). The specifications of the equipment hereunder was twenty NJ140-2.5MW wind turbines, the unit price of the equipment was fixed at RMB3,900/KW, and the total price of the contract including tax was RMB195 million. On 8 October 2023, PowerChina Jiangxi filed a lawsuit to Nanchang Intermediate People’s Court for reason that Nanjing Wind Power has breached the contract due to delayed delivery of goods, serious quality issues of the goods supplied, etc., which led to the delay in grid connection for project involved and resulted in huge losses in electricity price, and requested that: (1) Nanjing Wind Power shall be ordered by law to bear all costs incurred by PowerChina Jiangxi for repairing the wind turbine blades purchased by it on its own or by entrusting a third party to do so, or for replacing the relevant wind turbine blades (tentatively amounting to RMB1,000,000, subject to the appraisal opinion or actual amount incurred); (2) Nanjing Wind Power shall be ordered by law to compensate PowerChina Jiangxi for losses in electricity price of RMB90,329,400 during the 3-year service cycle as a result of failure in grid connection as scheduled; (3) Nanjing Wind Power shall be ordered by law to compensate PowerChina Jiangxi for losses in electric quantity of RMB6,714,000 due to the quality issue; (4) Nanjing Wind Power shall be ordered by law to pay liquidated damages of RMB9,750,000 for the delayed delivery of goods to PowerChina Jiangxi; (5) Nanjing Wind Power shall be ordered by law to compensate PowerChina Jiangxi for losses in deduction of payment of RMB1,306,600 (tentative); and (6) Nanjing Wind Power shall be ordered by law to bear the legal costs, preservation fees, preservation insurance fees, appraisal fees and notarial fees for the case. As of the date of approval for issue of the financial statements, the case is in the first-instance stage, and the Board of Directors believes that the outcome of the lawsuit and the compensation obligation (if any) cannot be reliably estimated;
- (d) In January 2019, Guishen Company and Guizhou Land entered into an Equity and Creditor’s Rights Transfer Contract with Xinhe Lifu to transfer the 100% equity and creditor’s rights held by Guishen Company in Guizhou Shengbo Land Co., Ltd. and the 100% equity and creditor’s rights held by Guizhou Land in three companies including Guizhou Hengfengxin Real Estate Co., Ltd., Guizhou Henghongda Real Estate Co., Ltd. and Guizhou Hengda Real Estate Co., Ltd. to Xinhe Lifu. In October 2023, Xinhe Lifu filed an arbitration with the Shenzhen Court of International Arbitration, requesting Guizhou Land and Guishen Company to (1) refund the amount of RMB112,112,000.00 by which the contract price should be decreased as agreed upon in the *Equity and Creditor’s Rights Transfer Contract*; (2) pay RMB112,112,000.00 for losses from capital occupation, which is temporarily calculated at RMB77,801,053.00 as of 31 July 2023; (3) compensate for losses of RMB12,200,000.00 in respect of the payment for index on linking the increase and decrease of land use and the corresponding losses from capital occupation amounting to RMB4,589,369.00 (tentative); (4) compensate for losses from capital occupation in respect of the delay in development of eight pieces of land amounting to RMB195,829,556.00; (5) compensate for losses from house expropriation, land expropriation and grave relocation totaling RMB23,972,800.00; (6) compensate for losses from fines for forest land, forest land revegetation expenses, and technical service fees for preparing the feasibility report on forest land totaling RMB1,721,927.00, and the corresponding losses from capital occupation amounting to RMB640,302.00 (tentative); (7) compensate for losses on land VAT and enterprise income tax amounting to RMB23,282,900.00 due to the fact that the land-transferring fee amounting to RMB43,930,000.00 of Guizhou Hengfengxin Real Estate Co., Ltd. could not be deducted against the corresponding taxes; and (8) refund RMB20,412,000.00 paid by Xinhe Lifu on 13 May 2019 and the corresponding losses from capital occupation amounting to RMB13,484,394.00 (tentative). The above requests totaled RMB486,046,301.00 approximately. As of the date of approval for issue of the financial statements, the case is still under arbitration, and the Board of Directors believes that the outcome of the arbitration and the compensation obligation (if any) cannot be reliably estimated.



## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### XII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### 2. Contingencies (Continued)

##### (1) Significant contingencies at the balance sheet date (Continued)

- (e) Environment Company, a subsidiary of the Company, entered into the Capital Increase and Share Transfer Agreement Regarding Acquisition of up to 68.1045% Shares of Bioland Company between Shenzhen Expressway Environment Construction Management Co., Ltd., and Zhengzhou Cida Environmental Technology Co., Ltd., Beijing Shuiqi Lande Technology Co., Ltd., Shi Junying, Shi Junhua, and Bioland Company (the “Capital Increase and Equity Transfer Agreement”) with Bioland Company and its 4 shareholders (i.e., Shi Junying, Shi Junhua, Zhengzhou Cida Environmental Technology Co., Ltd., and Beijing Shuiqi Lande Technology Co., Ltd., collectively referred to as “Original Shareholders”) on 8 January 2020, which stipulated equity compensation for valuation adjustment mechanism and other matters. Environment Company obtained 22,640,000 shares held by the Original Shareholders as compensation because Bioland Company failed to achieve the expected performance in 2021. In May 2023, the Original Shareholders submitted an arbitration application to the Shenzhen International Arbitration Court, requesting (1) to change the formula for calculating the performance compensation under the Capital Increase and Equity Transfer Agreement, i.e., to bear the liability of 1% in respect of the performance compensation for 2021 only; (2) Environment Company to return the 22,640,000 shares that had been compensated, or to compensate the Original Shareholders RMB129,727,200.00 if such shares could not be returned due to transfer or pledge, etc.; (3) Environment Company shall bear the Original Shareholders’ attorney fees, notary fees and other expenses for defending their rights; (4) Environment Company shall bear the arbitration costs of this case. As of the date of approval for issue of the financial statements, the case is in arbitration and the Board of Directors considers that the outcome of the arbitration and the compensation obligation, if any, cannot be reliably estimated.
- (f) On 4 March 2020, Xinqing Environmental Technology (Lianyungang) Co., Ltd. (“Xinqing Company”) entered into two blade procurement contracts with Nanjing Wind Power at a total amount of RMB641,000,000.00. After the contract was concluded, Nanjing Wind Power placed three purchase orders to Xinqing Company, products have been produced for two of them at a price of RMB54,100,000.00, and Nanjing Wind Power made an advance payment of RMB48,940,000.00. In June 2022, Xinqing Company filed a lawsuit to the court for reason that Nanjing Wind Power refused to pick up the goods and did not pay the remaining payment, which constituted a breach of contract, and requested that: (1) the two blade procurement contracts involved in the case shall be terminated; and (2) Nanjing Wind Power shall pay the remaining payment for goods of RMB5,160,000.00, the demurrage fee of RMB17,719,500.00, and the loss arising from the breach of contract of RMB127,863,700.00 to Xinqing Company and shall bear the litigation costs as well. Nanjing Wind Power then filed a counterclaim requesting that (1) the two contracts involved in the case and the two purchase orders that have not been completed under the contract shall be terminated; (2) Xinqing Company shall return the payment for goods of RMB48,940,000.00, bear the liquidated damages for late delivery of RMB1,411,300.00, the increased cost for separate purchase of RMB735,000.00, the loss for late delivery of RMB703,000.00 and the inspection cost for stock blades of RMB637,600.00; (3) Xinqing Company shall return 3 sets of blade moulds; (4) Xinqing Company shall issue the warranty letter for LZ64.2 blades which have been picked up; and (5) Xinqing Company shall bear all litigation costs for the case. On 24 August 2023, the court issued the first-instance judgment, the content of which includes that: (1) the unperformed part of the contract shall be terminated; (2) Nanjing Wind Power shall pay a total of RMB53,210,400.00 to Xinqing Company for the loss arising from payment for goods, the demurrage fee, the loss from raw material inventory and the loss of expected benefits; and (3) Xinqing Company shall return a total of RMB49,292,600.00 to Nanjing Wind Power for the advance payment and the inspection cost paid. Upon offsetting, Nanjing Wind Power shall pay RMB3,917,800.00 to Xinqing Company. Subsequent to the first-instance judgment, Nanjing Wind Power and Xinqing Company both filed an appeal to the Jiangsu Higher People’s Court. As at 30 June 2024, the case is in the second-instance stage, and the Board of Directors believes that the outcome of the lawsuit and the compensation obligation (if any) cannot be reliably estimated.

In addition to the above matters, as at 30 June 2024, the amount of the pending litigation and arbitration cases in which the Group is the defendant totaled RMB161,189,100.00. After consulting the relevant attorney, the Company’s Board of Directors believes that the outcome of the aforesaid litigation and arbitration and the compensation obligations, if any, cannot be reliably estimated.

### **XIII. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

1. As approved and authorized at the general meeting of shareholders, the Company issued the second tranche of 2024 ultra-short term financing bonds on 22 July 2024, at an issuance scale of RMB1.5 billion and a term of 270 days. The bonds were issued at the rate of 1.75% and were listed on 24 July 2024. The code of the bonds is "012482229" while the short name of the bonds is "24 Shenzhen Expressway SCP002". The Company plans to use the raised funds to repay its outstanding debts.
2. On 26 July 2024, the Company called for bids for contract sections 1-6 of the main works of Airport-Heao Expressway reconstruction and expansion project ("Airport-Heao Project") in accordance with legal procedures, with the bid winning result finalized. After review on an item-by-item basis, the Board of Directors agreed that the Company shall enter into a construction agreement with the successful bidder for the sections involved based on the plan in the proposal, with the contract amount of approximately RMB18.161 billion..

### **XIV. OTHER SIGNIFICANT MATTERS**

#### **1. Segment information**

##### **(1) Basis for determination and accounting policies of reporting segments**

According to the Group's internal organizational structure, management requirements and internal reporting system, the Group's operating business is divided into two operating segments. The Group's management regularly evaluates the operating results of these segments to determine the allocation of resources and evaluation of their performance. On the basis of operating segments, the Group has identified two reporting segments, namely the toll road segment and the environmental protection segment. These reporting segments are determined on the basis of their main business. The main products and services provided by each reporting segment of the Group: toll road segment takes charge of operation and management of toll roads in Mainland China; environmental protection segment takes charge of the operation and management of environment-related infrastructure, mainly including solid waste treatment, clean energy and other related fields; and other businesses principally comprise the provision of entrusted management services, advertising services, property development, finance leases, construction services under franchise arrangement and other services. These businesses cannot be separated into reportable segments.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria is consistent with the accounting and measurement criteria in the preparation of the financial statements.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### XIV. OTHER SIGNIFICANT MATTERS (CONTINUED)

#### 1. Segment information (Continued)

##### (2) Financial information of reporting segment

For the six months ended 30 June 2024

RMB

Item	Environmental				Total
	Toll road	protection	Others	Unallocated	
Revenue from external customers	2,433,892,615.28	734,698,183.52	588,301,502.50	–	3,756,892,301.30
Cost of services	1,205,699,322.00	591,055,589.35	518,912,273.19	–	2,315,667,184.54
Interest income	27,496,838.88	1,314,774.82	7,447,722.27	6,834,820.32	43,094,156.29
Interest expenses	46,958,377.86	87,671,552.41	437,653,667.94	–	572,283,598.21
Income from investment in associates and joint ventures	268,209,769.54	66,384,539.12	85,553,017.43	–	420,147,326.09
Credit impairment gains (losses)	–	(88,914,932.19)	115,272.33	–	(88,799,659.86)
Gains (losses) on impairment of assets	–	(44,317,275.45)	–	–	(44,317,275.45)
Gains (losses) on disposal of assets	23,678.24	13,405.51	(132,214.83)	–	(95,131.08)
Depreciation and amortization	824,725,838.18	235,199,293.32	47,586,137.92	35,096,365.61	1,142,607,635.03
Total profit (loss)	1,261,773,154.08	(136,483,238.68)	88,998,831.42	(114,563,776.83)	1,099,724,969.99
Income tax expenses	277,726,977.91	8,559,271.41	(37,739,213.31)	–	248,547,036.01
Net profit (loss)	984,046,176.17	(145,042,510.09)	126,738,044.73	(114,563,776.83)	851,177,933.98
Total assets	35,401,755,218.57	18,773,012,625.84	9,564,939,841.17	2,129,559,594.89	65,869,267,280.47
Total liabilities	27,664,966,730.91	8,320,612,676.64	2,401,598,137.37	232,939,866.28	38,620,117,411.20
Long-term equity investments in associates and joint ventures	10,836,644,853.66	5,214,233,586.65	3,573,133,509.10	–	19,624,011,949.41
Amount of non-current assets (exclusive of financial assets, long-term equity investments, and deferred tax assets)	11,289,444,338.16	9,161,124,668.71	12,180,650,334.31	1,922,232,827.10	34,553,452,168.28



**XIV. OTHER SIGNIFICANT MATTERS (CONTINUED)****1. Segment information (Continued)****(2) Financial information of reporting segment (Continued)**

For the six months ended 30 June 2023

RMB

Item	Toll road	Environmental protection	Others	Unallocated	Total
Revenue from external customers	2,598,948,376.71	752,407,236.14	773,524,352.43	–	4,124,879,965.28
Cost of services	1,219,675,497.71	570,845,555.62	690,092,989.73	–	2,480,614,043.06
Interest income	14,578,672.81	3,014,880.30	6,562,842.57	9,933,336.91	34,089,732.59
Interest expenses	38,668,904.02	102,946,082.48	446,828,891.32	–	588,443,877.82
Income from investment in associates and joint ventures	151,204,163.95	108,219,997.49	81,943,427.95	–	341,367,589.39
Credit impairment gains (losses)	–	(15,771,677.03)	218,759.59	–	(15,552,917.44)
Gains (losses) on impairment of assets	–	(41,237,184.70)	–	–	(41,237,184.70)
Gains (losses) on disposal of assets	12,924,778.56	(177,474.90)	209.94	211.04	12,747,724.64
Depreciation and amortization	867,930,824.44	217,084,199.92	46,297,220.20	38,237,429.76	1,169,549,674.32
Total profit	1,394,640,082.19	38,876,423.38	(200,478,581.57)	(31,969,474.66)	1,201,068,449.34
Income tax expenses	292,639,564.41	19,462,185.34	(41,856,697.88)	–	270,245,051.87
Net profit	1,102,000,517.78	19,414,238.04	(158,621,883.69)	(31,969,474.66)	930,823,397.47
Total assets	40,084,686,360.14	19,207,604,593.11	7,424,455,667.60	1,444,869,119.02	68,161,615,739.87
Total liabilities	29,202,934,854.39	8,489,803,558.84	2,180,163,095.37	1,553,009,644.88	41,425,911,153.48
Long-term equity investments in associates and joint ventures	10,678,797,340.64	5,287,803,432.42	1,972,202,147.16	–	17,938,802,920.22
Amount of non-current assets (exclusive of financial assets, long-term equity investments, and deferred tax assets)	14,607,664,285.09	8,934,019,895.71	12,789,714,709.28	1,709,094,043.13	38,040,492,933.21

**(3) Other descriptions**

The Group's revenue from external customers and the non-current assets other than financial assets and deferred tax assets are all derived from the PRC. The Group did not generate revenue from sales to any single customer that reaches or exceeds 10% of the Group's revenue.

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

#### 1. Accounts receivable

##### (1) Accounts receivable disclosed by aging

RMB

Aging	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 1 year	92,167,698.50	69,093,426.74
Over 3 years	4,838,866.44	4,838,866.44
<b>Total</b>	<b>97,006,564.94</b>	<b>73,932,293.18</b>

##### (2) Accounts receivable disclosed by method of bad debt provision

RMB

Category	30 June 2024 (Unaudited)					31 December 2023 (Audited)				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on a portfolio basis according to credit risk characteristics										
Portfolio I	13,962,047.50	14.39	-	-	13,962,047.50	51,377,582.42	69.49	-	-	51,377,582.42
Portfolio IV	83,044,517.44	85.61	-	-	83,044,517.44	22,554,710.76	30.51	-	-	22,554,710.76
<b>Total</b>	<b>97,006,564.94</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>97,006,564.94</b>	<b>73,932,293.18</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>73,932,293.18</b>

##### (3) Top five accounts receivable and contract assets categorized by debtor

RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts
Total of top five accounts receivable and contract assets as at 30 June 2024	87,580,216.94	123,501,712.18	211,081,929.12	95.77	-



**XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****2. Other receivables****2.1 Presentation of other receivables**

RMB

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Dividends receivable	809,410,569.88	703,407,059.90
Other receivables	1,700,328,167.43	2,621,381,133.37
<b>Total</b>	<b>2,509,738,737.31</b>	<b>3,324,788,193.27</b>

**2.2 Dividends receivable***(1) Dividends receivable*

RMB

Investee	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Mei Wah Company	450,000,000.00	450,000,000.00
Outer Ring Company	332,499,697.88	–
Bank of Guizhou	21,300,000.00	–
Yangmao Company	5,610,872.00	–
Yichang Company	–	253,407,059.90
<b>Total</b>	<b>809,410,569.88</b>	<b>703,407,059.90</b>

*(2) Significant dividends receivable aged over 1 year*

RMB

Item (or investee)	Closing balance	Aging	Reason for failure in recovery	Impaired or not and the basis for determination
Mei Wah Company	450,000,000.00	Over 3 years	The Group's integrated management of capital	No. They are dividends receivable from wholly-owned subsidiaries, which are recoverable

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 2. Other receivables (Continued)

##### 2.3 Other receivables

(1) Other receivables disclosed by aging

RMB

Aging	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 1 year	1,248,115,231.97	2,003,720,634.00
1 to 2 years	349,128,357.20	251,393,771.10
2 to 3 years	55,329,342.32	93,741,580.24
Over 3 years	47,755,235.94	272,525,148.03
<b>Total</b>	<b>1,700,328,167.43</b>	<b>2,621,381,133.37</b>

(2) Other receivables analyzed by nature

RMB

Nature	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Borrowings receivable	1,582,819,147.13	2,548,110,193.91
Advances receivable	111,152,990.58	72,480,388.29
Others	6,356,029.72	790,551.17
<b>Total</b>	<b>1,700,328,167.43</b>	<b>2,621,381,133.37</b>

(3) Top five other receivables categorized by debtor

RMB

Name of entity	Nature	Closing balance	Aging	Proportion to total other receivables (%)	Closing balance of provision for bad debts
Customer I	Borrowings receivable, advances receivable	858,102,305.54	Within 1 year, 1-2 years, 2-3 years, over 3 years	50.47	-
Customer II	Borrowings receivable	359,015,652.53	Within 1 year, 1-2 years	21.11	-
Customer III	Borrowings receivable	265,000,000.00	Within 1 year	15.59	-
Customer IV	Borrowings receivable	105,200,000.00	Within 1 year	6.19	-
Customer V	Advances receivable	40,475,719.76	2-3 years	2.38	-
<b>Total</b>		<b>1,627,793,677.83</b>		<b>95.74</b>	<b>-</b>





## XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 3. Long-term equity investments

RMB

Investee	1 January 2024 (Audited)	Changes in the period								30 June 2024 (Unaudited)	Closing balance of provision for impairment
		Addition	Reduction	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividend or profit declared	Provision for impairment	Others		
<b>Associates and joint ventures:</b>											
Nanjing Third Bridge Company	454,338,007.63	-	-	29,884,594.00	-	-	(42,928,232.82)	-	-	441,294,368.81	-
Yangmao Company	836,776,215.81	-	-	26,830,679.61	-	-	-	-	-	863,606,895.42	-
GZ W2 Company	334,376,765.77	-	-	27,486,599.67	-	-	-	-	-	361,863,365.44	-
United Land Company	648,066,041.67	-	-	191,212.03	-	-	-	-	-	648,257,253.70	-
Shengchuang Fund	112,339,511.24	-	-	(15,449,129.61)	-	-	(43,110,872.00)	-	-	53,779,509.63	-
E Fund – Shenzhen											
Expressway REIT	-	819,000,000.00	-	5,575,513.27	-	-	(52,176,000.00)	-	-	772,399,513.27	-
Others	1,568,724,230.60	-	-	57,403,171.75	-	-	(21,300,000.00)	-	-	1,604,827,402.35	-
<b>Sub-total</b>	<b>3,954,620,772.72</b>	<b>819,000,000.00</b>	<b>-</b>	<b>131,922,640.72</b>	<b>-</b>	<b>-</b>	<b>(159,515,104.82)</b>	<b>-</b>	<b>-</b>	<b>4,746,028,308.62</b>	<b>-</b>

## Notes to Financial Statements

For the six months ended 30 June 2024

RMB

### XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 3. Long-term equity investments (Continued)

RMB

Investee	1 January 2024 (Audited)	Changes in the period							30 June 2024 (Unaudited)	Closing balance of provision for impairment	
		Addition	Reduction	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividend or profit declared	Provision for impairment			Others
<b>Investment in subsidiaries:</b>											
Meiguan Company	521,260,142.34	-	-	-	-	-	-	-	-	521,260,142.34	-
Qinglong Company	101,477,197.16	-	-	-	-	-	-	-	-	101,477,197.16	-
Mei Wah Company	831,769,303.26	4,621,293,200.00	-	-	-	-	-	-	-	5,453,062,503.26	-
Qinglian Company	1,197,780,894.60	-	(125,112,003.60)	-	-	-	-	-	-	1,072,668,891.00	-
Outer Ring Company	7,150,000,000.00	-	-	-	-	-	-	-	-	7,150,000,000.00	-
Investment Company	800,000,000.00	200,000,000.00	-	-	-	-	-	-	-	1,000,000,000.00	-
Environment Company	5,000,000,000.00	-	-	-	-	-	-	-	-	5,000,000,000.00	-
Operation Development Company	33,325,000.01	-	-	-	-	-	-	-	-	33,325,000.01	-
Shenchang Company	33,280,762.94	-	-	-	-	-	-	-	-	33,280,762.94	-
Yichang Company	1,270,000,000.00	-	(1,270,000,000.00)	-	-	-	-	-	-	-	-
Construction Development Company	30,000,000.00	-	-	-	-	-	-	-	-	30,000,000.00	-
Infrastructure Environment Protection Development Company	255,000,000.00	-	-	-	-	-	-	-	-	255,000,000.00	-
Coastal Company	1,787,939,407.88	-	-	-	-	-	-	-	-	1,787,939,407.88	-
Fund Company	10,000,000.00	-	-	-	-	-	-	-	-	10,000,000.00	-
Baotou Nanfeng	1,280,900.27	-	-	-	-	-	-	-	-	1,280,900.27	-
Financial Leasing Company	678,193,419.87	-	-	-	-	-	-	-	-	678,193,419.87	-
New Energy Company	2,161,250,000.00	-	-	-	-	-	-	-	-	2,161,250,000.00	-
Guangming Environmental Technology	200,000,000.00	-	-	-	-	-	-	-	-	200,000,000.00	-
Longda Company	103,816,567.61	-	-	-	-	-	-	-	-	103,816,567.61	-
Shenzhen Expressway Business	4,000,000.00	-	-	-	-	-	-	-	-	4,000,000.00	-
Expressway Digital Technology	2,550,000.00	-	-	-	-	-	-	-	-	2,550,000.00	-
Hunan Yichang Expressway Operation & Management Co., Ltd.	-	2,300,000.00	-	-	-	-	-	-	-	2,300,000.00	-
<b>Sub-total</b>	<b>22,172,923,595.94</b>	<b>4,823,593,200.00</b>	<b>(1,395,112,003.60)</b>	-	-	-	-	-	-	<b>25,601,404,792.34</b>	-
<b>Total</b>	<b>26,127,544,368.66</b>	<b>5,642,593,200.00</b>	<b>(1,395,112,003.60)</b>	<b>131,922,640.72</b>	-	-	<b>(159,515,104.82)</b>	-	-	<b>30,347,433,100.96</b>	-

Note: The detailed information about investment in associates and joint ventures is set out in Note V, 12.



**XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****4. Operating income and cost of services**

RMB

Item	For the six months ended 30 June 2024 (Unaudited)		For the six months ended 30 June 2023 (Unaudited)	
	Income	Cost	Income	Cost
Main businesses	576,751,355.08	181,718,928.91	593,520,193.39	191,569,885.79
Other businesses	147,545,298.86	142,698,562.27	137,715,877.96	131,248,559.27
<b>Total</b>	<b>724,296,653.94</b>	<b>324,417,491.18</b>	731,236,071.35	322,818,445.06

**5. Investment income**

RMB

Item	For the six months ended 30 June 2024 (Unaudited)	For the six months ended 30 June 2023 (Unaudited)
Income from long-term equity investments under the cost method	393,753,395.47	417,234,056.78
Income from long-term equity investments under the equity method	131,922,640.72	139,285,601.06
Investment income from disposal of equity	127,449,491.52	–
Investment income from other non-current financial assets	4,752,000.00	8,280,000.00
Investment income from transactional financial assets	1,787,671.23	7,767,123.28
<b>Total</b>	<b>659,665,198.94</b>	572,566,781.12

## Supplementary Information

For the six months ended 30 June 2024

RMB

### 1. Breakdown of non-recurring profit or loss for the current period

RMB

Item	Amount
Profit or loss on disposal of non-current assets, including those charged off for which provision for impairment of assets has been made	149,241,054.97
Government grants recognized in profit or loss (other than government grants which are closely related to the Company's business, in line with the national regulations, enjoyed under established standards and have a continuous impact on the Company's profit or loss)	1,542,133.68
Profit or loss on changes in the fair value of financial assets and financial liabilities held by non-financial enterprises and profit or loss on disposal of financial assets and financial liabilities, other than those used in the effective hedging activities relating to normal operating business	(29,341,842.39)
Other non-operating income or expenses other than the above	4,965,340.93
Less: Tax effects	24,866,218.05
Effects attributable to minority interests	926,046.77
<b>Total</b>	<b>100,614,422.37</b>

#### Basis for preparation of the breakdown of non-recurring profit or loss

According to *Explanatory Announcement on Information Disclosure by Companies Making Public Offering of Securities No. 1 – Non-Recurring Profit or Loss (Revised in 2023)* issued by China Securities Regulatory Commission, non-recurring profit or loss arises from transactions or events that are not directly related to the normal business operations, or transactions or events that are related to normal business operations, but are so extraordinary that would have an impact on users of the financial statements when making proper judgments on the performance and profitability of the Company.

### 2. Return on net assets and earnings per share

The return on net assets and earnings per share have been prepared by Shenzhen Expressway Corporation Limited in accordance with *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share* (revised in 2010) issued by China Securities Regulatory Commission.

RMB

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	3.68	0.312	0.312
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	3.15	0.266	0.266



# Company Information

## I. Company Profile

Registered name	深圳高速公路集团股份有限公司
Chinese abbreviation	深高速
English name	Shenzhen Expressway Corporation Limited
English abbreviation	SZEW
Legal representative	Hu Wei

## II. Contact Information

	Secretary of the Board	Joint company secretary	Securities officer
Name	ZHAO Gui Ping	ZHAO Gui Ping, LAM Yuen Ling Eva	GONG Xin, XIAO Wei
Contact address	46/F, Hanking Center, 9968 Shennan Avenue, Nanshan District, Shenzhen		
Telephone	(86) 755-8669 8069 (86) 755-8669 8065		
Fax	(86) 755-8669 8002		
E-mail	ir@sz-expressway.com		

## III. General Information

Registered address	Fumin Toll Station, Fucheng Street, Longhua District, Shenzhen (Postal Code: 518110)
Place of business	46/F, Hanking Center, No. 9968 Shennan Avenue, Nanshan District, Shenzhen (Postal Code: 518057)
Website	<a href="http://www.sz-expressway.com">http://www.sz-expressway.com</a>
E-mail	ir@sz-expressway.com
Principal place of business in Hong Kong	Room 1603, 16/F, China Building, 29 Queen's Road Central, Hong Kong Tel: (852) 2543 0633 Fax: (852) 2543 9996

## IV. Information Disclosure and Site for Inspection

Designated publication newspaper	Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily (for A Shares only)
Interim report in electronic version is available at	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> <a href="http://www.sz-expressway.com">http://www.sz-expressway.com</a>
Interim report in printed version is available at	PRC: 46/F Hanking Center Tower, No. 9968 Shennan Avenue, Nanshan District, Shenzhen Hong Kong: Room 1603, 16/F, China Building, 29 Queen's Road Central, Hong Kong

## Company Information

### V. Security Profile

Type of securities	Listing exchange	Abbreviation	Security code
A Share	The Shanghai Stock Exchange	Shenzhen Expressway	600548
H Share	The Stock Exchange of Hong Kong Limited	Shenzhen Expressway	00548
Bond	The Stock Exchange of Hong Kong Limited	SZEXP B2607	40752
Bond	The Shanghai Stock Exchange	21 Shenzhen Expressway 01	188451
Bond	The Shanghai Stock Exchange	22 Shenzhen Expressway 01	185300
Bond	The Shanghai Stock Exchange	G23 Shenzhen Expressway 1	240067
Bond	The Shanghai Stock Exchange	24 Shenzhen Expressway 01	241018
Bond	The Shanghai Stock Exchange	24 Shenzhen Expressway 02	241019

### VI. Other Information

Auditor	Deloitte & Hua Yong LLP 30/F Bund Center, No.222 Yan An Road East, Huang Pu District, Shanghai Signatory accountants: HUANG Tianyi, LIU Chan
PRC legal adviser	Guangdong Junyan Law Firm 29/F, Block 5, Dachong International Center, Shennan Avenue, Nanshan District, Shenzhen, China
Hong Kong legal adviser	Loong & Yeung, Solicitors Room 1603, 16/F, China Building, 29 Queen's Road Central, Hong Kong
Domestic share registrar and transfer office	China Securities Depository and Clearing Corporation Limited, Shanghai Branch 188 South Yanggao Road, Pudong New District, Shanghai
Share registrar and transfer office in Hong Kong	Hong Kong Registrars Limited 17M/F, Hopewell Centre, 183 Queen's Road East, Hong Kong
Investor relations consultant of A Shares	Beijing JZHT Finance Securities Service Co., Ltd. Rm3601-3607, 36/F, Life Insurance Building, 1001 Fuzhong Road, Futian District, Shenzhen
Investor relations consultant of H Shares	Ever Bloom (HK) Communications Consultants Group Limited 10/F, 80 Gloucester Road, Wanchai, Hong Kong
Principal banks	China Development Bank, Industrial and Commercial Bank of China, Bank of China, China Merchants Bank, etc.



- ◆ *Unless otherwise stated, the amounts stated in this report are in RMB.*
- ◆ *The total of breakdown and the total may not equal in mantissa due to rounding.*





**深圳高速公路集团股份有限公司**  
SHENZHEN EXPRESSWAY CORPORATION LIMITED

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