

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

**The Semi-Annual Financial Report 2020**

**I. Audit report**

Has this semi-annual report been audited?

☐Yes ☒No

The semi-annual report was not audited.

**II. Financial statements**

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

**1. Consolidated balance sheet**

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

June 30,2020

In RMB

| Items                                          | June 30,2020     | December 30,2019 |
|------------------------------------------------|------------------|------------------|
| Current asset:                                 |                  |                  |
| Monetary fund                                  | 3,059,496,742.46 | 2,817,920,894.50 |
| Settlement provision                           |                  |                  |
| Outgoing call loan                             |                  |                  |
| Transactional financial assets                 |                  |                  |
| Derivative financial assets                    |                  |                  |
| Notes receivable                               |                  |                  |
| Account receivable                             | 134,069,638.15   | 125,343,724.66   |
| Financing of receivables                       |                  |                  |
| Prepayments                                    | 3,072,462.33     | 10,894,246.41    |
| Insurance receivable                           |                  |                  |
| Reinsurance receivable                         |                  |                  |
| Provisions of Reinsurance contracts receivable |                  |                  |
| Other account receivable                       | 22,983,175.46    | 26,618,178.57    |
| Including: Interest receivable                 |                  |                  |
| Dividend receivable                            | 10,955,472.90    | 7,205,472.90     |

| Items                                             | June 30,2020      | December 30,2019  |
|---------------------------------------------------|-------------------|-------------------|
| Repurchasing of financial assets                  |                   |                   |
| Inventories                                       | 111,683.22        | 111,683.22        |
| Contract assets                                   | 5,246,547.77      |                   |
| Assets held for sales                             |                   |                   |
| Non-current asset due within 1 year               | 51,745.32         | 51,745.32         |
| Other current asset                               | 310,673.32        |                   |
| Total of current assets                           | 3,225,342,668.03  | 2,980,940,472.68  |
| Non-current assets:                               |                   |                   |
| Loans and payment on other' s behalf<br>disbursed |                   |                   |
| Creditor's right investment                       |                   |                   |
| Other investment on bonds                         |                   |                   |
| Long-term receivable                              |                   |                   |
| Long term share equity investment                 | 3,311,674,455.49  | 3,255,739,898.36  |
| Other equity instruments investment               | 1,640,561,001.25  | 1,835,822,604.77  |
| Other non-current financial assets                |                   |                   |
| Property investment                               | 3,220,941.13      | 3,331,500.37      |
| Fixed assets                                      | 8,709,189,223.95  | 8,925,700,473.65  |
| Construction in progress                          | 169,594,866.22    | 229,098,299.48    |
| Production physical assets                        |                   |                   |
| Oil & gas assets                                  |                   |                   |
| Use right assets                                  |                   |                   |
| Intangible assets                                 | 5,394,247.13      | 6,393,895.17      |
| Development expenses                              |                   |                   |
| Goodwill                                          |                   |                   |
| Long-germ expenses to be amortized                | 1,061,255.72      | 1,114,764.44      |
| Deferred income tax asset                         | 372,498,584.43    | 385,494,106.13    |
| Other non-current asset                           | 34,923,769.57     | 50,909,325.73     |
| Total of non-current assets                       | 14,248,118,344.89 | 14,693,604,868.10 |
| Total of assets                                   | 17,473,461,012.92 | 17,674,545,340.78 |
| Current liabilities                               |                   |                   |
| Short-term loans                                  |                   |                   |
| Loan from Central Bank                            |                   |                   |

| Items                                   | June 30,2020     | December 30,2019 |
|-----------------------------------------|------------------|------------------|
| Borrowing funds                         |                  |                  |
| Transactional financial liabilities     |                  |                  |
| Derivative financial liabilities        |                  |                  |
| Notes payable                           |                  |                  |
| Account payable                         | 304,813,240.45   | 290,657,734.31   |
| Advance receipts                        | 11,199,716.35    | 15,605,094.69    |
| Contract liabilities                    | 108,100.88       |                  |
| Selling of repurchased financial assets |                  |                  |
| Deposit taking and interbank deposit    |                  |                  |
| Entrusted trading of securities         |                  |                  |
| Entrusted selling of securities         |                  |                  |
| Employees' wage payable                 | 20,189,767.97    | 14,822,524.70    |
| Tax payable                             | 37,853,454.17    | 84,257,586.94    |
| Other account payable                   | 1,425,833,813.99 | 626,180,586.92   |
| Including: Interest payable             |                  |                  |
| Dividend payable                        | 954,302,889.90   | 20,020,119.31    |
| Fees and commissions payable            |                  |                  |
| Reinsurance fee payable                 |                  |                  |
| Liabilities held for sales              |                  |                  |
| Non-current liability due within 1 year | 159,172,771.75   | 795,861,958.07   |
| Other current liability                 | 1,603,872.74     | 189,628.17       |
| Total of current liability              | 1,960,774,738.30 | 1,827,575,113.80 |
| Non-current liabilities:                |                  |                  |
| Reserve fund for insurance contracts    |                  |                  |
| Long-term loan                          | 4,704,892,500.00 | 4,640,425,000.00 |
| Bond payable                            | 1,426,014,144.87 | 678,124,972.89   |
| Including: preferred stock              |                  |                  |
| Sustainable debt                        |                  |                  |
| Lease liability                         |                  |                  |
| Long-term payable                       | 40,406,172.36    | 39,369,379.91    |
| Long-term remuneration payable to staff |                  |                  |
| Expected liabilities                    |                  |                  |
| Deferred income                         | 32,279,824.81    |                  |

| Items                                                | June 30,2020      | December 30,2019  |
|------------------------------------------------------|-------------------|-------------------|
| Deferred income tax liability                        | 192,395,432.59    | 238,453,976.29    |
| Other non-current liabilities                        |                   |                   |
| Total non-current liabilities                        | 6,395,988,074.63  | 5,596,373,329.09  |
| Total of liability                                   | 8,356,762,812.93  | 7,423,948,442.89  |
| Owners' equity                                       |                   |                   |
| Share capital                                        | 2,090,806,126.00  | 2,090,806,126.00  |
| Other equity instruments                             |                   |                   |
| Including: preferred stock                           |                   |                   |
| Sustainable debt                                     |                   |                   |
| Capital reserves                                     | 2,566,524,645.31  | 2,562,570,465.31  |
| Less: Shares in stock                                |                   |                   |
| Other comprehensive income                           | 238,280,420.37    | 382,193,344.90    |
| Special reserve                                      |                   |                   |
| Surplus reserves                                     | 910,425,068.90    | 910,425,068.90    |
| Common risk provision                                |                   |                   |
| Retained profit                                      | 2,989,281,402.29  | 3,877,431,844.64  |
| Total of owner's equity belong to the parent company | 8,795,317,662.87  | 9,823,426,849.75  |
| Minority shareholders' equity                        | 321,380,537.12    | 427,170,048.14    |
| Total of owners' equity                              | 9,116,698,199.99  | 10,250,596,897.89 |
| Total of liabilities and owners' equity              | 17,473,461,012.92 | 17,674,545,340.78 |

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

## 2. Parent Company Balance Sheet

In RMB

| Items                               | June 30,2020     | December 31,2019 |
|-------------------------------------|------------------|------------------|
| Current asset:                      |                  |                  |
| Monetary fund                       | 3,009,059,379.39 | 2,791,384,501.78 |
| Transactional financial assets      |                  |                  |
| Derivative financial assets         |                  |                  |
| Notes receivable                    |                  |                  |
| Account receivable                  | 21,134,758.62    | 21,864,051.27    |
| Financing of receivables            |                  |                  |
| Prepayments                         | 1,477,900.00     | 1,737,598.88     |
| Other account receivable            | 173,590,519.85   | 13,435,651.19    |
| Including: Interest receivable      |                  |                  |
| Dividend receivable                 | 166,906,851.62   | 7,205,472.90     |
| Inventories                         |                  |                  |
| Contract assets                     |                  |                  |
| Assets held for sales               |                  |                  |
| Non-current asset due within 1 year | 178,335,084.79   | 151,637,139.08   |
| Other current asset                 | 310,673.32       |                  |
| Total of current assets             | 3,383,908,315.97 | 2,980,058,942.20 |
| Non-current assets:                 |                  |                  |
| Debt investment                     | 539,903,684.98   | 537,903,684.98   |
| Other investment on bonds           |                  |                  |
| Long-term receivable                |                  |                  |
| Long term share equity investment   | 4,845,339,464.30 | 4,789,404,907.17 |
| Other equity instruments investment | 1,640,561,001.25 | 1,835,822,604.77 |
| Other non-current financial assets  |                  |                  |
| Property investment                 | 2,968,802.88     | 3,079,362.12     |
| Fixed assets                        | 6,600,491,692.05 | 6,818,701,482.08 |
| Construction in progress            | 21,047,579.91    | 46,952,925.08    |
| Production physical assets          |                  |                  |
| Oil & gas assets                    |                  |                  |
| Use right assets                    |                  |                  |
| Intangible assets                   | 2,151,767.67     | 2,533,878.12     |

| Items                                   | June 30,2020      | December 31,2019  |
|-----------------------------------------|-------------------|-------------------|
| Development expenses                    |                   |                   |
| Goodwill                                |                   |                   |
| Long-germ expenses to be amortized      |                   |                   |
| Deferred income tax asset               | 372,284,373.89    | 385,296,935.33    |
| Other non-current asset                 | 20,941,346.07     | 36,901,029.57     |
| Total of non-current assets             | 14,045,689,713.00 | 14,456,596,809.22 |
| Total of assets                         | 17,429,598,028.97 | 17,436,655,751.42 |
| Current liabilities                     |                   |                   |
| Short-term loans                        |                   |                   |
| Transactional financial liabilities     |                   |                   |
| Derivative financial liabilities        |                   |                   |
| Notes payable                           |                   |                   |
| Account payable                         | 176,971,650.64    | 129,930,285.56    |
| Advance receipts                        |                   |                   |
| Contract Liabilities                    |                   |                   |
| Employees' wage payable                 | 5,941,810.21      | 6,340,740.61      |
| Tax payable                             | 5,063,328.85      | 8,704,510.83      |
| Other account payable                   | 1,330,815,068.94  | 582,131,356.01    |
| Including: Interest payable             |                   |                   |
| Dividend payable                        | 902,319,096.99    | 20,020,119.31     |
| Liabilities held for sales              |                   |                   |
| Non-current liability due within 1 year | 121,198,409.74    | 744,589,133.72    |
| Other current liability                 | 660,427,825.56    | 821,133,339.57    |
| Total of current liability              | 2,300,418,093.94  | 2,292,829,366.30  |
| Non-current liabilities:                |                   |                   |
| Long-term loan                          | 4,223,862,500.00  | 4,243,730,000.00  |
| Bond payable                            | 1,426,014,144.87  | 678,124,972.89    |
| Including: preferred stock              |                   |                   |
| Sustainable debt                        |                   |                   |
| Lease liability                         |                   |                   |
| Long-term payable                       | 40,406,172.36     | 39,369,379.91     |
| Long-term remuneration payable to staff |                   |                   |

| Items                                   | June 30,2020      | December 31,2019  |
|-----------------------------------------|-------------------|-------------------|
| Expected liabilities                    |                   |                   |
| Deferred income                         | 15,044,550.85     |                   |
| Deferred income tax liability           | 81,162,955.68     | 129,978,356.56    |
| Other non-current liabilities           |                   |                   |
| Total non-current liabilities           | 5,786,490,323.76  | 5,091,202,709.36  |
| Total of liability                      | 8,086,908,417.70  | 7,384,032,075.66  |
| Owners' equity                          |                   |                   |
| Share capital                           | 2,090,806,126.00  | 2,090,806,126.00  |
| Other equity instruments                |                   |                   |
| Including: preferred stock              |                   |                   |
| Sustainable debt                        |                   |                   |
| Capital reserves                        | 2,978,412,876.93  | 2,974,458,696.93  |
| Less: Shares in stock                   |                   |                   |
| Other comprehensive income              | 238,280,420.37    | 382,193,344.90    |
| Special reserve                         |                   |                   |
| Surplus reserves                        | 894,580,785.25    | 894,580,785.25    |
| Retained profit                         | 3,140,609,402.72  | 3,710,584,722.68  |
| Total of owners' equity                 | 9,342,689,611.27  | 10,052,623,675.76 |
| Total of liabilities and owners' equity | 17,429,598,028.97 | 17,436,655,751.42 |

Legal Representative :Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

## 3.Consolidated Income statement

In RMB

| Items                                                                        | The first half year of 2020 | The first half year of 2019 |
|------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| I. Income from the key business                                              | 660,898,961.79              | 1,483,673,245.21            |
| Incl: Business income                                                        | 660,898,961.79              | 1,483,673,245.21            |
| Interest income                                                              |                             |                             |
| Insurance fee earned                                                         |                             |                             |
| Fee and commission received                                                  |                             |                             |
| II. Total business cost                                                      | 714,453,628.80              | 736,685,807.33              |
| Incl: Business cost                                                          | 524,175,125.06              | 549,623,810.49              |
| Interest expense                                                             |                             |                             |
| Fee and commission paid                                                      |                             |                             |
| Insurance discharge payment                                                  |                             |                             |
| Net claim amount paid                                                        |                             |                             |
| Net amount of withdrawal of insurance contract reserve                       |                             |                             |
| Insurance policy dividend paid                                               |                             |                             |
| Reinsurance expenses                                                         |                             |                             |
| Business tax and surcharge                                                   | 3,673,803.97                | 6,557,023.97                |
| Sales expense                                                                |                             |                             |
| Administrative expense                                                       | 67,990,919.48               | 76,975,210.47               |
| R & D costs                                                                  |                             |                             |
| Financial expenses                                                           | 118,613,780.29              | 103,529,762.40              |
| Including: Interest expense                                                  | 131,774,768.90              | 115,040,857.71              |
| Interest income                                                              | 14,760,756.18               | 15,761,707.69               |
| Add: Other income                                                            | 3,871,289.20                | 420,227.62                  |
| Investment gain ( “-” for loss )                                             | 106,638,564.53              | 276,241,866.32              |
| Incl: investment gains from affiliates                                       | 55,853,351.49               | 237,712,998.09              |
| Financial assets measured at amortized cost cease to be recognized as income |                             |                             |
| Gains from currency exchange                                                 |                             |                             |
| Net exposure hedging income                                                  |                             |                             |
| Changing income of fair value                                                |                             |                             |

| Items                                                                                                                    | The first half year of 2020 | The first half year of 2019 |
|--------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Credit impairment loss                                                                                                   | -236,683.81                 |                             |
| Impairment loss of assets                                                                                                |                             |                             |
| Assets disposal income                                                                                                   | 4.37                        | 13,129,094.29               |
| III. Operational profit ( “-” for loss )                                                                                 | 56,718,507.28               | 1,036,778,626.11            |
| Add : Non-operational income                                                                                             | 4,077,676.95                | 735,359.76                  |
| Less: Non-operating expense                                                                                              | 2,192,008.48                | 4,231,407.95                |
| IV. Total profit( “-” for loss)                                                                                          | 58,604,175.75               | 1,033,282,577.92            |
| Less: Income tax expenses                                                                                                | 43,240,151.04               | 189,696,774.05              |
| V. Net profit                                                                                                            | 15,364,024.71               | 843,585,803.87              |
| (I) Classification by business continuity                                                                                |                             |                             |
| 1.Net continuing operating profit                                                                                        |                             |                             |
| 2.Termination of operating net profit                                                                                    |                             |                             |
| (II) Classification by ownership                                                                                         |                             |                             |
| 1.Net profit attributable to the owners of parent company                                                                | -5,830,257.18               | 736,486,112.30              |
| 2.Minority shareholders’ equity                                                                                          | 21,194,281.89               | 107,099,691.57              |
| VI. Net after-tax of other comprehensive income                                                                          | -143,912,924.53             | 18,938,083.74               |
| Net of profit of other comprehensive income attributable to owners of the parent company.                                | -143,912,924.53             | 18,938,083.74               |
| (I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period | -146,446,202.64             | 19,408,532.88               |
| 1.Re-measurement of defined benefit plans of changes in net debt or net assets                                           |                             |                             |
| 2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.               |                             |                             |
| 3. Changes in the fair value of investments in other equity instruments                                                  | -146,446,202.64             | 19,408,532.88               |
| 4. Changes in the fair value of the company’ s credit risks                                                              |                             |                             |

| Items                                                                                                  | The first half year of 2020 | The first half year of 2019 |
|--------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| 5.Other                                                                                                |                             |                             |
| (II)                                                                                                   |                             |                             |
| Other comprehensive income that will be reclassified into profit or loss.                              | 2,533,278.11                | -470,449.14                 |
| 1.Other comprehensive income under the equity method investee can be reclassified into profit or loss. | 2,533,278.11                | -470,449.14                 |
| 2. Changes in the fair value of investments in other debt obligations                                  |                             |                             |
| 3. Other comprehensive income arising from the reclassification of financial assets                    |                             |                             |
| 4.Allowance for credit impairments in investments in other debt obligations                            |                             |                             |
| 5. Reserve for cash flow hedges                                                                        |                             |                             |
| 6.Translation differences in currency financial statements                                             |                             |                             |
| 7.Other                                                                                                |                             |                             |
| Net of profit of other comprehensive income attributable to Minority shareholders' equity              |                             |                             |
| VII. Total comprehensive income                                                                        | -128,548,899.82             | 862,523,887.61              |
| Total comprehensive income attributable to the owner of the parent company                             | -149,743,181.71             | 755,424,196.04              |
| Total comprehensive income attributable minority shareholders                                          | 21,194,281.89               | 107,099,691.57              |
| VIII. Earnings per share                                                                               |                             |                             |
| (I) Basic earnings per share                                                                           | -0.0028                     | 0.35                        |
| (II) Diluted earnings per share                                                                        | -0.0028                     | 0.35                        |

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

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

## 4. Income statement of the Parent Company

In RMB

| Items                                                                        | The first half year of 2020 | The first half year of 2019 |
|------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| I. Income from the key business                                              | 293,579,730.04              | 623,126,517.35              |
| Incl: Business cost                                                          | 328,657,958.84              | 329,190,674.52              |
| Business tax and surcharge                                                   | 2,414,928.72                | 3,486,292.37                |
| Sales expense                                                                |                             |                             |
| Administrative expense                                                       | 40,263,656.49               | 46,996,060.64               |
| R & D expense                                                                |                             |                             |
| Financial expenses                                                           | 111,941,828.19              | 96,377,160.24               |
| Including: Interest expenses                                                 | 126,623,134.06              | 109,559,414.30              |
| Interest income                                                              | 14,718,213.69               | 15,652,128.26               |
| Add: Other income                                                            | 1,348,815.87                | 70,758.72                   |
| Investment gain ( “-” for loss )                                             | 513,084,202.15              | 975,659,501.70              |
| Including: investment gains from affiliates                                  | 55,853,351.49               | 237,712,998.09              |
| Financial assets measured at amortized cost cease to be recognized as income |                             |                             |
| Net exposure hedging income                                                  |                             |                             |
| Changing income of fair value                                                |                             |                             |
| Credit impairment loss                                                       |                             |                             |
| Impairment loss of assets                                                    |                             |                             |
| Assets disposal income                                                       | 4.37                        |                             |
| II. Operational profit ( “-” for loss )                                      | 324,734,380.19              | 1,122,806,590.00            |
| Add : Non-operational income                                                 | 1,033,092.43                | 298,935.96                  |
| Less: Non -operational expenses                                              | 410,045.97                  | 370,829.17                  |
| III. Total profit( “-” for loss)                                             | 325,357,426.65              | 1,122,734,696.79            |
| Less: Income tax expenses                                                    | 13,012,561.44               | 44,083,178.65               |
| IV. Net profit                                                               | 312,344,865.21              | 1,078,651,518.14            |
| 1.Net continuing operating profit                                            | 312,344,865.21              | 1,078,651,518.14            |
| 2.Termination of operating net profit                                        |                             |                             |
| V. Net after-tax of other comprehensive income                               | -143,912,924.53             | 18,938,083.74               |
| (I) Other comprehensive income                                               | -146,446,202.64             | 19,408,532.88               |

| Items                                                                                                      | The first half year of 2020 | The first half year of 2019 |
|------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| items that will not be reclassified into gains/losses in the subsequent accounting period                  |                             |                             |
| 1.Re-measurement of defined benefit plans of changes in net debt or net assets                             |                             |                             |
| 2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss. |                             |                             |
| 3. Changes in the fair value of investments in other equity instruments                                    | -146,446,202.64             | 19,408,532.88               |
| 4. Changes in the fair value of the company's credit risks                                                 |                             |                             |
| 5.Other                                                                                                    |                             |                             |
| (II)Other comprehensive income that will be reclassified into profit or loss                               | 2,533,278.11                | -470,449.14                 |
| 1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.     | 2,533,278.11                | -470,449.14                 |
| 2. Changes in the fair value of investments in other debt obligations                                      |                             |                             |
| 3. Other comprehensive income arising from the reclassification of financial assets                        |                             |                             |
| 4.Allowance for credit impairments in investments in other debt obligations                                |                             |                             |
| 5. Reserve for cash flow hedges                                                                            |                             |                             |
| 6.Translation differences in currency financial statements                                                 |                             |                             |
| 7.Other                                                                                                    |                             |                             |
| VI. Total comprehensive income                                                                             | 168,431,940.68              | 1,097,589,601.88            |
| VII. Earnings per share                                                                                    |                             |                             |
| ( I ) Basic earnings per share                                                                             |                             |                             |
| (II)Diluted earnings per share                                                                             |                             |                             |

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

## 5. Consolidated Cash flow statement

In RMB

| Items                                                                  | The first half year of 2020 | The first half year of 2019 |
|------------------------------------------------------------------------|-----------------------------|-----------------------------|
| I. Cash flows from operating activities                                |                             |                             |
| Cash received from sales of goods or rendering of services             | 663,862,643.34              | 1,509,571,069.40            |
| Net increase of customer deposits and capital kept for brother company |                             |                             |
| Net increase of loans from central bank                                |                             |                             |
| Net increase of inter-bank loans from other financial bodies           |                             |                             |
| Cash received against original insurance contract                      |                             |                             |
| Net cash received from reinsurance business                            |                             |                             |
| Net increase of client deposit and investment                          |                             |                             |
| Cash received from interest, commission charge and commission          |                             |                             |
| Net increase of inter-bank fund received                               |                             |                             |
| Net increase of repurchasing business                                  |                             |                             |
| Net cash received by agent in securities trading                       |                             |                             |
| Tax returned                                                           | 77,578.62                   |                             |
| Other cash received from business operation                            | 72,322,240.45               | 25,618,718.28               |
| Sub-total of cash inflow                                               | 736,262,462.41              | 1,535,189,787.68            |
| Cash paid for purchasing of merchandise and services                   | 67,174,129.05               | 92,703,135.93               |
| Net increase of client trade and advance                               |                             |                             |

| Items                                                                                           | The first half year of 2020 | The first half year of 2019 |
|-------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Net increase of savings in central bank and brother company                                     |                             |                             |
| Cash paid for original contract claim                                                           |                             |                             |
| Net increase in financial assets held for trading purposes                                      |                             |                             |
| Net increase for Outgoing call loan                                                             |                             |                             |
| Cash paid for interest, processing fee and commission                                           |                             |                             |
| Cash paid to staffs or paid for staffs                                                          | 131,184,471.77              | 143,256,732.77              |
| Taxes paid                                                                                      | 99,376,789.76               | 210,497,035.66              |
| Other cash paid for business activities                                                         | 20,620,967.49               | 37,921,786.09               |
| Sub-total of cash outflow from business activities                                              | 318,356,358.07              | 484,378,690.45              |
| Net cash generated from /used in operating activities                                           | 417,906,104.34              | 1,050,811,097.23            |
| II. Cash flow generated by investing                                                            |                             |                             |
| Cash received from investment retrieving                                                        |                             |                             |
| Cash received as investment gains                                                               | 133,441,465.51              | 176,375,388.78              |
| Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets | 17,625.00                   | 13,961,500.00               |
| Net cash received from disposal of subsidiaries or other operational units                      |                             |                             |
| Other investment-related cash received                                                          |                             |                             |
| Sub-total of cash inflow due to investment activities                                           | 133,459,090.51              | 190,336,888.78              |
| Cash paid for construction of fixed assets, intangible assets and other long-term assets        | 191,735,294.09              | 414,305,542.74              |
| Cash paid as investment                                                                         | 80,000,000.00               |                             |
| Net increase of loan against pledge                                                             |                             |                             |
| Net cash received from subsidiaries and other operational units                                 |                             |                             |
| Other cash paid for investment                                                                  |                             |                             |

| Items                                                                     | The first half year of 2020 | The first half year of 2019 |
|---------------------------------------------------------------------------|-----------------------------|-----------------------------|
| activities                                                                |                             |                             |
| Sub-total of cash outflow due to investment activities                    | 271,735,294.09              | 414,305,542.74              |
| Net cash flow generated by investment                                     | -138,276,203.58             | -223,968,653.96             |
| III.Cash flow generated by financing                                      |                             |                             |
| Cash received as investment                                               |                             |                             |
| Including: Cash received as investment from minor shareholders            |                             |                             |
| Cash received as loans                                                    | 1,195,000,000.00            | 2,231,700,000.00            |
| Other financing - related cash received                                   |                             |                             |
| Sub-total of cash inflow from financing activities                        | 1,195,000,000.00            | 2,231,700,000.00            |
| Cash to repay debts                                                       | 1,083,917,500.00            | 1,620,130,000.00            |
| Cash paid as dividend, profit, or interests                               | 148,014,375.80              | 1,522,586,583.81            |
| Including: Dividend and profit paid by subsidiaries to minor shareholders | 75,000,000.00               | 220,140,964.92              |
| Other cash paid for financing activities                                  | 1,122,177.00                | 791,384.00                  |
| Sub-total of cash outflow due to financing activities                     | 1,233,054,052.80            | 3,143,507,967.81            |
| Net cash flow generated by financing                                      | -38,054,052.80              | -911,807,967.81             |
| IV. Influence of exchange rate alternation on cash and cash equivalents   |                             | -1,534,520.73               |
| V.Net increase of cash and cash equivalents                               | 241,575,847.96              | -86,500,045.27              |
| Add: balance of cash and cash equivalents at the beginning of term        | 2,816,699,694.50            | 2,123,303,796.32            |
| VI ..Balance of cash and cash equivalents at the end of term              | 3,058,275,542.46            | 2,036,803,751.05            |

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

## 6. Cash Flow Statement of the Parent Company

In RMB

| Items                                                                                           | The first half year of 2020 | The first half year of 2019 |
|-------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| I. Cash flows from operating activities                                                         |                             |                             |
| Cash received from sales of goods or rendering of services                                      | 302,123,119.55              | 641,027,153.33              |
| Tax returned                                                                                    |                             |                             |
| Other cash received from business operation                                                     | 63,304,430.86               | 24,885,810.30               |
| Sub-total of cash inflow                                                                        | 365,427,550.41              | 665,912,963.63              |
| Cash paid for purchasing of merchandise and services                                            | 15,346,627.62               | 24,226,244.52               |
| Cash paid to staffs or paid for staffs                                                          | 52,390,979.85               | 56,174,438.87               |
| Taxes paid                                                                                      | 13,428,897.71               | 24,543,436.06               |
| Other cash paid for business activities                                                         | 201,770,756.58              | 444,674,884.91              |
| Sub-total of cash outflow from business activities                                              | 282,937,261.76              | 549,619,004.36              |
| Net cash generated from /used in operating activities                                           | 82,490,288.65               | 116,293,959.27              |
| II. Cash flow generated by investing                                                            |                             |                             |
| Cash received from investment retrieving                                                        |                             |                             |
| Cash received as investment gains                                                               | 358,767,434.26              | 846,967,754.67              |
| Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets | 6,300.00                    | 3,700.00                    |
| Net cash received from disposal of subsidiaries or other operational units                      |                             |                             |
| Other investment-related cash received                                                          |                             |                             |
| Sub-total of cash inflow due to investment activities                                           | 358,773,734.26              | 846,971,454.67              |
| Cash paid for construction of fixed assets, intangible assets and other long-term assets        | 118,535,092.50              | 399,081,697.08              |

| Items                                                                   | The first half year of 2020 | The first half year of 2019 |
|-------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Cash paid as investment                                                 | 82,000,000.00               |                             |
| Net cash received from subsidiaries and other operational units         |                             |                             |
| Other cash paid for investment activities                               |                             |                             |
| Sub-total of cash outflow due to investment activities                  | 200,535,092.50              | 399,081,697.08              |
| Net cash flow generated by investment                                   | 158,238,641.76              | 447,889,757.59              |
| III. Cash flow generated by financing                                   |                             |                             |
| Cash received as investment                                             |                             |                             |
| Cash received as loans                                                  | 1,135,000,000.00            | 1,845,000,000.00            |
| Other financing - related cash received                                 |                             |                             |
| Sub-total of cash inflow from financing activities                      | 1,135,000,000.00            | 1,845,000,000.00            |
| Cash to repay debts                                                     | 1,083,917,500.00            | 1,197,780,000.00            |
| Cash paid as dividend, profit, or interests                             | 73,014,375.80               | 1,289,730,502.83            |
| Other cash paid for financing activities                                | 1,122,177.00                | 791,384.00                  |
| Sub-total of cash outflow due to financing activities                   | 1,158,054,052.80            | 2,488,301,886.83            |
| Net cash flow generated by financing                                    | -23,054,052.80              | -643,301,886.83             |
| IV. Influence of exchange rate alternation on cash and cash equivalents |                             | -1,534,520.73               |
| V. Net increase of cash and cash equivalents                            | 217,674,877.61              | -80,652,690.70              |
| Add: balance of cash and cash equivalents at the beginning of term      | 2,790,163,301.78            | 2,095,376,368.04            |
| VI ..Balance of cash and cash equivalents at the end of term            | 3,007,838,179.39            | 2,014,723,677.34            |

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

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

Amount in this period

In RMB

| Items                                       | The first half year of 2020                        |                         |       |  |                  |                       |                            |                     |                  |                       |                  |       |                   |                            |                         |
|---------------------------------------------|----------------------------------------------------|-------------------------|-------|--|------------------|-----------------------|----------------------------|---------------------|------------------|-----------------------|------------------|-------|-------------------|----------------------------|-------------------------|
|                                             | Owner’ s equity Attributable to the Parent Company |                         |       |  |                  |                       |                            |                     |                  |                       |                  |       |                   | Minor shareholders’ equity | Total of owners’ equity |
|                                             | Share Capital                                      | Other Equity instrument |       |  | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Common risk provision | Retained profit  | Other | Subtotal          |                            |                         |
| Preferred stock                             |                                                    | Sustainable debt        | Other |  |                  |                       |                            |                     |                  |                       |                  |       |                   |                            |                         |
| I.Balance at the end of last year           | 2,090,806,126.00                                   |                         |       |  | 2,562,570,465.31 |                       | 382,193,344.90             |                     | 910,425,068.90   |                       | 3,877,431,844.64 |       | 9,823,426,849.75  | 427,170,048.14             | 10,250,596,897.89       |
| Add: Change of accounting policy            |                                                    |                         |       |  |                  |                       |                            |                     |                  |                       |                  |       |                   |                            |                         |
| Correcting of previous errors               |                                                    |                         |       |  |                  |                       |                            |                     |                  |                       |                  |       |                   |                            |                         |
| Merger of entities under common control     |                                                    |                         |       |  |                  |                       |                            |                     |                  |                       |                  |       |                   |                            |                         |
| Other                                       |                                                    |                         |       |  |                  |                       |                            |                     |                  |                       |                  |       |                   |                            |                         |
| II.Balance at the beginning of current year | 2,090,806,126.00                                   |                         |       |  | 2,562,570,465.31 |                       | 382,193,344.90             |                     | 910,425,068.90   |                       | 3,877,431,844.64 |       | 9,823,426,849.75  | 427,170,048.14             | 10,250,596,897.89       |
| III.Changed in the current year             |                                                    |                         |       |  | 3,954,180.00     |                       | -143,912,924.53            |                     |                  |                       | -888,150,442.35  |       | -1,028,109,186.88 | -105,789,511.02            | -1,133,898,697.90       |

| Items                                                    | The first half year of 2020                        |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
|----------------------------------------------------------|----------------------------------------------------|-------------------------|------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|-----------------------|-----------------|-------|-----------------|----------------------------|-------------------------|
|                                                          | Owner’ s equity Attributable to the Parent Company |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 | Minor shareholders’ equity | Total of owners’ equity |
|                                                          | Share Capital                                      | Other Equity instrument |                  |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Common risk provision | Retained profit | Other | Subtotal        |                            |                         |
|                                                          |                                                    | Preferred stock         | Sustainable debt | Other |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| (1) Total comprehensive income                           |                                                    |                         |                  |       |                  |                       | -143,912,924.53            |                     |                  |                       | -5,830,257.18   |       | -149,743,181.71 | 21,194,281.89              | -128,548,899.82         |
| (II) Investment or decreasing of capital by owners       |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| 1Ordinary Shares in vested by shareholders               |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| 2Holders of other equity instruments invested capital    |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| 3. Amount of shares paid and accounted as owners’ equity |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| 4. Other                                                 |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| (III) Profit allotment                                   |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       | -882,320,185.17 |       | -882,320,185.17 | -126,983,792.91            | -1,009,303,978.08       |
| 1.Providing of surplus reserves                          |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |

| Items                                                                         | The first half year of 2020                        |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
|-------------------------------------------------------------------------------|----------------------------------------------------|-------------------------|------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|-----------------------|-----------------|-------|-----------------|----------------------------|-------------------------|
|                                                                               | Owner’ s equity Attributable to the Parent Company |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 | Minor shareholders’ equity | Total of owners’ equity |
|                                                                               | Share Capital                                      | Other Equity instrument |                  |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Common risk provision | Retained profit | Other | Subtotal        |                            |                         |
|                                                                               |                                                    | Preferred stock         | Sustainable debt | Other |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| 2.Providing of common risk provisions                                         |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| 3. Allotment to the owners (or shareholders)                                  |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       | -882,320,185.17 |       | -882,320,185.17 | -126,983,792.91            | -1,009,303,978.08       |
| 4. Other                                                                      |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| (IV) Internal transferring of owners’ equity                                  |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| 1. Capitalizing of capital reserves (or to capital shares)                    |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| 2. Capitalizing of surplus reserves (or to capital shares)                    |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| 3. Making up losses by surplus reserves.                                      |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |
| 4.Change amount of defined benefit plans that carry forward Retained earnings |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                 |       |                 |                            |                         |

## Guangdong Provincial Expressway Development Co., Ltd. The Semi-Annual Financial Report 2020

| Items                                                      | The first half year of 2020                        |                         |                  |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
|------------------------------------------------------------|----------------------------------------------------|-------------------------|------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|-----------------------|------------------|-------|------------------|----------------------------|-------------------------|
|                                                            | Owner’ s equity Attributable to the Parent Company |                         |                  |       |                  |                       |                            |                     |                  |                       |                  |       |                  | Minor shareholders’ equity | Total of owners’ equity |
|                                                            | Share Capital                                      | Other Equity instrument |                  |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Common risk provision | Retained profit  | Other | Subtotal         |                            |                         |
|                                                            |                                                    | Preferred stock         | Sustainable debt | Other |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| 5. Other comprehensive income carry-over retained earnings |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| 6. Other                                                   |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| (V). Special reserves                                      |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| 1. Provided this year                                      |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| 2. Used this term                                          |                                                    |                         |                  |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| （VI）Other                                                  |                                                    |                         |                  |       | 3,954,180.00     |                       |                            |                     |                  |                       |                  |       | 3,954,180.00     |                            | 3,954,180.00            |
| IV. Balance at the end of this term                        | 2,090,806,126.00                                   |                         |                  |       | 2,566,524,645.31 |                       | 238,280,420.37             |                     | 910,425,068.90   |                       | 2,989,281,402.29 |       | 8,795,317,662.87 | 321,380,537.12             | 9,116,698,199.99        |

Amount in last year

In RMB

| Items                                       | The first half year of 2019                        |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
|---------------------------------------------|----------------------------------------------------|-------------------------|-------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|-----------------------|------------------|-------|------------------|----------------------------|-------------------------|
|                                             | Owner’ s equity Attributable to the Parent Company |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  | Minor shareholders’ equity | Total of owners’ equity |
|                                             | Share Capital                                      | Other Equity instrument |                   |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Common risk provision | Retained profit  | Other | Subtotal         |                            |                         |
|                                             |                                                    | Prefer red stock        | Sustai nable debt | Other |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| I.Balance at the end of last year           | 2,090,806,126.00                                   |                         |                   |       | 2,536,774,965.31 |                       | 245,109,114.81             |                     | 775,402,561.35   |                       | 3,938,609,136.59 |       | 9,586,701,904.06 | 459,599,723.87             | 10,046,301,627.93       |
| Add: Change of accounting policy            |                                                    |                         |                   |       |                  |                       | 11,064,350.29              |                     |                  |                       | -11,353,413.48   |       | -289,063.19      |                            | -289,063.19             |
| Correcting of previous errors               |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| Merger of entities under common control     |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| Other                                       |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| II.Balance at the beginning of current year | 2,090,806,126.00                                   |                         |                   |       | 2,536,774,965.31 |                       | 256,173,465.10             |                     | 775,402,561.35   |                       | 3,927,255,723.11 |       | 9,586,412,840.87 | 459,599,723.87             | 10,046,012,564.74       |
| III.Changed in the current year             |                                                    |                         |                   |       | 25,795,500.00    |                       | 18,938,083.74              |                     |                  |                       | -438,546,930.51  |       | -393,813,346.77  | -116,287,013.72            | -510,100,360.49         |
| (1) Total comprehensive income              |                                                    |                         |                   |       |                  |                       | 18,938,083.74              |                     |                  |                       | 736,486,112.30   |       | 755,424,196.04   | 107,099,691.57             | 862,523,887.61          |

| Items                                                    | The first half year of 2019                        |                         |                   |       |                  |                       |                            |                     |                  |                       |                    |       |                   |                            |                         |
|----------------------------------------------------------|----------------------------------------------------|-------------------------|-------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|-----------------------|--------------------|-------|-------------------|----------------------------|-------------------------|
|                                                          | Owner’ s equity Attributable to the Parent Company |                         |                   |       |                  |                       |                            |                     |                  |                       |                    |       |                   | Minor shareholders’ equity | Total of owners’ equity |
|                                                          | Share Capital                                      | Other Equity instrument |                   |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Common risk provision | Retained profit    | Other | Subtotal          |                            |                         |
|                                                          |                                                    | Prefer red stock        | Sustai nable debt | Other |                  |                       |                            |                     |                  |                       |                    |       |                   |                            |                         |
| (II) Investment or decreasing of capital by owners       |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                    |       |                   |                            |                         |
| 1Ordinary Shares invest ed by shareholders               |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                    |       |                   |                            |                         |
| 2Holders of other equity instruments invested cap ital   |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                    |       |                   |                            |                         |
| 3. Amount of shares paid and accounted as owners’ equity |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                    |       |                   |                            |                         |
| 4. Other                                                 |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                    |       |                   |                            |                         |
| (III) Profit allotment                                   |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       | -1,175,033 ,042.81 |       | -1,175,033,042.81 | -223,386,705.29            | -1,398,419,748.10       |
| 1.Providing of surplus reserves                          |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                    |       |                   |                            |                         |
| 2.Providing of common                                    |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                    |       |                   |                            |                         |

| Items                                                       | The first half year of 2019                        |                         |                   |       |                  |                       |                            |                     |                  |                       |                   |       |                   |                            |                         |
|-------------------------------------------------------------|----------------------------------------------------|-------------------------|-------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|-----------------------|-------------------|-------|-------------------|----------------------------|-------------------------|
|                                                             | Owner’ s equity Attributable to the Parent Company |                         |                   |       |                  |                       |                            |                     |                  |                       |                   |       |                   | Minor shareholders’ equity | Total of owners’ equity |
|                                                             | Share Capital                                      | Other Equity instrument |                   |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Common risk provision | Retained profit   | Other | Subtotal          |                            |                         |
|                                                             |                                                    | Prefer red stock        | Sustai nable debt | Other |                  |                       |                            |                     |                  |                       |                   |       |                   |                            |                         |
| risk provisions                                             |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                   |       |                   |                            |                         |
| 3. Allotment to the owners (or shareholders)                |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       | -1,175,033,042.81 |       | -1,175,033,042.81 | -223,386,705.29            | -1,398,419,748.10       |
| 4. Other                                                    |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                   |       |                   |                            |                         |
| (IV) Internal transferring of owners’ equity                |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                   |       |                   |                            |                         |
| 1. Capitalizing of capital reserves (or to capital shares)  |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                   |       |                   |                            |                         |
| 2. Capitalizing of surplus reserves (or to capital shares)  |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                   |       |                   |                            |                         |
| 3. Making up losses by surplus reserves.                    |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                   |       |                   |                            |                         |
| 4.Change amount of defined benefit plans that carry forward |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                   |       |                   |                            |                         |

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| Items                                                      | The first half year of 2019                        |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
|------------------------------------------------------------|----------------------------------------------------|-------------------------|-------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|-----------------------|------------------|-------|------------------|----------------------------|-------------------------|
|                                                            | Owner’ s equity Attributable to the Parent Company |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  | Minor shareholders’ equity | Total of owners’ equity |
|                                                            | Share Capital                                      | Other Equity instrument |                   |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Common risk provision | Retained profit  | Other | Subtotal         |                            |                         |
|                                                            |                                                    | Prefer red stock        | Sustai nable debt | Other |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| Retained earnings                                          |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| 5. Other comprehensive income carry-over retained earnings |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| 6. Other                                                   |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| (V). Special reserves                                      |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| 1. Provided this year                                      |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| 2. Used this term                                          |                                                    |                         |                   |       |                  |                       |                            |                     |                  |                       |                  |       |                  |                            |                         |
| (VI) Other                                                 |                                                    |                         |                   |       | 25,795,500.00    |                       |                            |                     |                  |                       |                  |       | 25,795,500.00    |                            | 25,795,500.00           |
| IV. Balance at the end of this term                        | 2,090,806,126.00                                   |                         |                   |       | 2,562,570,465.31 |                       | 275,111,548.84             |                     | 775,402,561.35   |                       | 3,488,708,792.60 |       | 9,192,599,494.10 | 343,312,710.15             | 9,535,912,204.25        |

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

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

Amount in this period

In RMB

| Items                                              | The first half year of 2020 |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
|----------------------------------------------------|-----------------------------|-------------------------|-------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|------------------|-------|-------------------------|
|                                                    | Share capital               | Other Equity instrument |                   |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Retained profit  | Other | Total of owners' equity |
|                                                    |                             | Prefe rred stock        | Sustain able debt | Other |                  |                       |                            |                     |                  |                  |       |                         |
| I.Balance at the end of last year                  | 2,090,806,126.00            |                         |                   |       | 2,974,458,696.93 |                       | 382,193,344.90             |                     | 894,580,785.25   | 3,710,584,722.68 |       | 10,052,623,675.76       |
| Add: Change of accounting policy                   |                             |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
| Correcting of previous errors                      |                             |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
| Other                                              |                             |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
| II.Balance at the beginning of current year        | 2,090,806,126.00            |                         |                   |       | 2,974,458,696.93 |                       | 382,193,344.90             |                     | 894,580,785.25   | 3,710,584,722.68 |       | 10,052,623,675.76       |
| III.Changed in the current year                    |                             |                         |                   |       | 3,954,180.00     |                       | -143,912,924.53            |                     |                  | -569,975,319.96  |       | -709,934,064.49         |
| (I) Total comprehensive income                     |                             |                         |                   |       |                  |                       | -143,912,924.53            |                     |                  | 312,344,865.21   |       | 168,431,940.68          |
| (II) Investment or decreasing of capital by owners |                             |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
| 1. Ordinary Shares invested by shareholders        |                             |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
| 2. Holders of other equity instruments i           |                             |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |

## Guangdong Provincial Expressway Development Co., Ltd. The Semi-Annual Financial Report 2020

| Items                                                       | The first half year of 2020 |                         |                   |       |                  |                       |                            |                     |                  |                 |       |                         |
|-------------------------------------------------------------|-----------------------------|-------------------------|-------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|-----------------|-------|-------------------------|
|                                                             | Share capital               | Other Equity instrument |                   |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Retained profit | Other | Total of owners' equity |
|                                                             |                             | Prefe rred stock        | Sustain able debt | Other |                  |                       |                            |                     |                  |                 |       |                         |
| Invested capital                                            |                             |                         |                   |       |                  |                       |                            |                     |                  |                 |       |                         |
| 3.Amount of shares paid and accounted as owners' equity     |                             |                         |                   |       |                  |                       |                            |                     |                  |                 |       |                         |
| 4. Other                                                    |                             |                         |                   |       |                  |                       |                            |                     |                  |                 |       |                         |
| ( III ) Profit allotment                                    |                             |                         |                   |       |                  |                       |                            |                     |                  | -882,320,185.17 |       | -882,320,185.17         |
| 1.Providing of surplus reserves                             |                             |                         |                   |       |                  |                       |                            |                     |                  |                 |       |                         |
| 2. Allotment to the owners (or shareholders)                |                             |                         |                   |       |                  |                       |                            |                     |                  |                 |       |                         |
| 3. Other                                                    |                             |                         |                   |       |                  |                       |                            |                     |                  | -882,320,185.17 |       | -882,320,185.17         |
| (IV) Internal transferring of owners' equity                |                             |                         |                   |       |                  |                       |                            |                     |                  |                 |       |                         |
| 1. Capitalizing of capital reserves (or to capital shares)  |                             |                         |                   |       |                  |                       |                            |                     |                  |                 |       |                         |
| 2. Capitalizing of surplus reserves (or to capital shares)  |                             |                         |                   |       |                  |                       |                            |                     |                  |                 |       |                         |
| 3. Making up losses by surplus reserves.                    |                             |                         |                   |       |                  |                       |                            |                     |                  |                 |       |                         |
| 4.Change amount of defined benefit plans that carry forward |                             |                         |                   |       |                  |                       |                            |                     |                  |                 |       |                         |

## Guangdong Provincial Expressway Development Co., Ltd. The Semi-Annual Financial Report 2020

| Items                                                      | The first half year of 2020 |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
|------------------------------------------------------------|-----------------------------|-------------------------|-------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|------------------|-------|-------------------------|
|                                                            | Share capital               | Other Equity instrument |                   |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Retained profit  | Other | Total of owners' equity |
|                                                            |                             | Prefe rred stock        | Sustain able debt | Other |                  |                       |                            |                     |                  |                  |       |                         |
| Retained earnings                                          |                             |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
| 5. Other comprehensive income carry-over retained earnings |                             |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
| 6. Other                                                   |                             |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
| (V) Special reserves                                       |                             |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
| 1. Provided this year                                      |                             |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
| 2. Used this term                                          |                             |                         |                   |       |                  |                       |                            |                     |                  |                  |       |                         |
| (VI) Other                                                 |                             |                         |                   |       | 3,954,180.00     |                       |                            |                     |                  |                  |       | 3,954,180.00            |
| IV. Balance at the end of this term                        | 2,090,806,126.00            |                         |                   |       | 2,978,412,876.93 |                       | 238,280,420.37             |                     | 894,580,785.25   | 3,140,609,402.72 |       | 9,342,689,611.27        |

Amount in last year

In RMB

## Guangdong Provincial Expressway Development Co., Ltd. The Semi-Annual Financial Report 2020

| Items                                                   | The first half year of 2019 |                         |                  |       |                  |                       |                            |                     |                  |                  |       |                         |
|---------------------------------------------------------|-----------------------------|-------------------------|------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|------------------|-------|-------------------------|
|                                                         | Share Capital               | Other Equity instrument |                  |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Retained profit  | Other | Total of owners' equity |
|                                                         |                             | Preferred stock         | Sustainable debt | Other |                  |                       |                            |                     |                  |                  |       |                         |
| I.Balance at the end of last year                       | 2,090,806,126.00            |                         |                  |       | 2,948,663,196.93 |                       | 245,109,114.81             |                     | 759,558,277.70   | 3,680,165,040.86 |       | 9,724,301,756.30        |
| Add: Change of accounting policy                        |                             |                         |                  |       |                  |                       | 11,064,350.29              |                     |                  | -11,353,413.48   |       | -289,063.19             |
| Correcting of previous errors                           |                             |                         |                  |       |                  |                       |                            |                     |                  |                  |       |                         |
| Other                                                   |                             |                         |                  |       |                  |                       |                            |                     |                  |                  |       |                         |
| II.Balance at the beginning of current year             | 2,090,806,126.00            |                         |                  |       | 2,948,663,196.93 |                       | 256,173,465.10             |                     | 759,558,277.70   | 3,668,811,627.38 |       | 9,724,012,693.11        |
| III.Changed in the current year                         |                             |                         |                  |       | 25,795,500.00    |                       | 18,938,083.74              |                     |                  | -96,381,524.67   |       | -51,647,940.93          |
| (I) Total comprehensive income                          |                             |                         |                  |       |                  |                       | 18,938,083.74              |                     |                  | 1,078,651,518.14 |       | 1,097,589,601.88        |
| (II) Investment or decreasing of capital by owners      |                             |                         |                  |       |                  |                       |                            |                     |                  |                  |       |                         |
| 1. Ordinary Shares invested by shareholders             |                             |                         |                  |       |                  |                       |                            |                     |                  |                  |       |                         |
| 2. Holders of other equity instruments invested capital |                             |                         |                  |       |                  |                       |                            |                     |                  |                  |       |                         |
| 3.Amount of shares paid and accounted as owners' equity |                             |                         |                  |       |                  |                       |                            |                     |                  |                  |       |                         |

| Items                                                                            | The first half year of 2019 |                         |                  |       |                  |                       |                            |                     |                  |                   |       |                         |
|----------------------------------------------------------------------------------|-----------------------------|-------------------------|------------------|-------|------------------|-----------------------|----------------------------|---------------------|------------------|-------------------|-------|-------------------------|
|                                                                                  | Share Capital               | Other Equity instrument |                  |       | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Retained profit   | Other | Total of owners' equity |
|                                                                                  |                             | Preferred stock         | Sustainable debt | Other |                  |                       |                            |                     |                  |                   |       |                         |
| 4. Other                                                                         |                             |                         |                  |       |                  |                       |                            |                     |                  |                   |       |                         |
| ( III ) Profit allotment                                                         |                             |                         |                  |       |                  |                       |                            |                     |                  | -1,175,033,042.81 |       | -1,175,033,042.81       |
| 1.Providing of surplus reserves                                                  |                             |                         |                  |       |                  |                       |                            |                     |                  |                   |       |                         |
| 2. Allotment to the owners (or shareholders)                                     |                             |                         |                  |       |                  |                       |                            |                     |                  |                   |       |                         |
| 3. Other                                                                         |                             |                         |                  |       |                  |                       |                            |                     |                  | -1,175,033,042.81 |       | -1,175,033,042.81       |
| (IV) Internal transferring of owners' equity                                     |                             |                         |                  |       |                  |                       |                            |                     |                  |                   |       |                         |
| 1. Capitalizing of capital reserves (or to capital shares)                       |                             |                         |                  |       |                  |                       |                            |                     |                  |                   |       |                         |
| 2. Capitalizing of surplus reserves (or to capital shares)                       |                             |                         |                  |       |                  |                       |                            |                     |                  |                   |       |                         |
| 3. Making up losses by surplus reserves.                                         |                             |                         |                  |       |                  |                       |                            |                     |                  |                   |       |                         |
| 4.Change amount of defined benefit plans that carry forward<br>Retained earnings |                             |                         |                  |       |                  |                       |                            |                     |                  |                   |       |                         |
| 5. Other comprehensive income                                                    |                             |                         |                  |       |                  |                       |                            |                     |                  |                   |       |                         |

## Guangdong Provincial Expressway Development Co., Ltd. The Semi-Annual Financial Report 2020

| Items                               | The first half year of 2019 |                         |                    |       |                  |                        |                            |                      |                  |                  |       |                         |
|-------------------------------------|-----------------------------|-------------------------|--------------------|-------|------------------|------------------------|----------------------------|----------------------|------------------|------------------|-------|-------------------------|
|                                     | Share Capital               | Other Equity instrument |                    |       | Capital reserves | Less: Share s in stock | Other Comprehensive Income | Special ized reserve | Surplus reserves | Retained profit  | Other | Total of owners' equity |
|                                     |                             | Preferred stock         | Sust aina ble debt | Other |                  |                        |                            |                      |                  |                  |       |                         |
| carry-over retained earnings        |                             |                         |                    |       |                  |                        |                            |                      |                  |                  |       |                         |
| 6. Other                            |                             |                         |                    |       |                  |                        |                            |                      |                  |                  |       |                         |
| (V) Special reserves                |                             |                         |                    |       |                  |                        |                            |                      |                  |                  |       |                         |
| 1. Provided this year               |                             |                         |                    |       |                  |                        |                            |                      |                  |                  |       |                         |
| 2. Used this term                   |                             |                         |                    |       |                  |                        |                            |                      |                  |                  |       |                         |
| (VI) Other                          |                             |                         |                    |       | 25,795,500.00    |                        |                            |                      |                  |                  |       | 25,795,500.00           |
| IV. Balance at the end of this term | 2,090,806,126.00            |                         |                    |       | 2,974,458,696.93 |                        | 275,111,548.84             |                      | 759,558,277.70   | 3,572,430,102.71 |       | 9,672,364,752.18        |

Legal Representative: Zheng Renfa

General Manager: Wang Chunhua

Person in charge of accounting: Fang Zhi

Accounting Dept Leader: Zhou Fang

### III. Company Profile

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

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

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

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

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

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

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

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

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

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

9. Pursuant to the approval of Shenzhen Stock Exchange, 53,020,500 million staff shares of the Company (132,722 shares held by directors, supervisors and senior executives are temporarily frozen) were listed on February 5, 2001.

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

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

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

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

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

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

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

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

## 3. Business nature and main business activities

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

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

The Company is mainly engaged in tolling and maintenance of Guangfo Expressway, Fokai Expressway and

Jingzhu Expressway Guangzhu

Section, investment in technological industries and provision of relevant consultation while investing in Shenzhen

Huiyan Expressway Co., Ltd., Guangzhou Guanghui Expressway Co., Ltd., Jingzhu Expressway Guangzhu Co., Ltd., Guangdong Jiangzhong Expressway Co., Ltd., Zhaoqing Yuezhao Expressway Co., Ltd., Ganzhou Kangda Expressway, Ganzhou Gankang Expressway Co., Ltd., Guangdong Yueke Technology Micro Loan Co., Ltd., Guangdong Guangle Expressway Co., Ltd., Guoyuan Securities Co., Ltd. and Hunan Lianzhi Technology Co., Ltd.

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

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

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

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

None

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

The financial statements have been authorized for issuance by the Board of Directors of the Group on August 25, 2020.

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

#### 1. Preparation basis

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

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

#### 2. Continuation

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

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

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

The financial statements of the Company are recognized and measured in accordance with the regulations in the Chinese Accounting Standards for Business Enterprises and they give a true and fair view of the financial position, business result and cash flow of the Company as of June 30, 2020 and from January to June 2020,. In

addition, the financial statements of the Company comply, in all material respects, with the revised disclosing requirements for financial statements and the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by China Securities Regulatory Commission (CSRC) in 2014.

## 2. Accounting period

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

## 3. Operating cycle

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

## 4. Standard currency for bookkeeping

The Company adopts CNY to prepare its functional statements.

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

### 1. Business Combinations under the Same Control

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

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

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

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

If the holding under the same control is combined to form a parent-subsidary relationship, the parent company shall prepare consolidated financial statements on the consolidation date, including consolidated balance sheet, consolidated income statement and consolidated cash flow statement.

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

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

#### Business Combinations not under the Same Control

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

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

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

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

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

If the business combination not under the same control realized step by step through multiple exchange

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

## 6. Compilation method of consolidated financial statements

### (1) Consolidation scope

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

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

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

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

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

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

When the control right of the original subsidiary is lost due to the disposal of part of the equity investment or

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

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

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

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

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

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

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

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

#### (2) Reassessment

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

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

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

##### A. General accounting principles

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

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

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

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

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

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

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

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

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

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

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

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

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

((4) Accounting treatment of participants in a joint venture

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

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

## 8.Recognition Standard of Cash & Cash Equivalents

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

## 9.Foreign Currency Transaction

(1) Foreign currency business

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

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

## (2) Translation of foreign currency financial statements

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

## 10. Financial instruments

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

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

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

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

#### ① Financial assets measured at amortized cost

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

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

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

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

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

The Company includes the above-mentioned financial assets measured at amortized cost and those measured

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

## (2) Classification, recognition and measurement of financial liabilities

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

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

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

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

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

### ② Other financial liabilities

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

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

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

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

degree for continued involvement of financial assets transferred and relevant liabilities shall be recognized correspondingly. west bank The term "continuous involvement in the transferred financial asset" shall refer to the risk level that the enterprise faces resulting from the change of the value of the financial asset.

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

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

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

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

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

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

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

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

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

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

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

#### (7) Equity instruments

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

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

### 11. Impairment of financial instruments

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

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

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

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

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

Assuming that their credit risk has not increased significantly since the initial recognition, the Company may choose to measure the loss reserve according to the expected credit loss in the next 12 months for financial

instruments with low credit risk on the balance sheet date.

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

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

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

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

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

(4) Accounting treatment of impairment of financial assets

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

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

① Receivable Account and Contract assets

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

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

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

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

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

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

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

contract assets.

②Other receivable

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

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

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

③ Creditor's rights investment

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

## 12.Inventory

### 1.Inventories class:

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

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

### (3) Measurement of ending inventory

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

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

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

## 13.Contract assets

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

different contracts are not offset.

See Note III. 11, Impairment of Financial Instruments for the determination method and accounting treatment method of expected credit loss of contract assets.

#### 14. Long-term equity investments

##### (1) Initial measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

long-term equity investment.

(2) Subsequent measurement

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

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

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

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

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

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

③ When the Company disposes of long-term equity investment, the difference between its book value and the actual purchase price shall be included in the current profits and losses. For long-term equity investment accounted by equity method, when disposing of the investment, it adopts the same basis as the investee's direct

disposal of related assets or liabilities, and accounts for the part originally included in other comprehensive income according to the corresponding proportion.

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

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

## 15. Investment Property

The measurement mode of investment property

The measurement by the cost method

Depreciation or amortization method

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

(1) The measurement mode of investment property

① Depreciation or amortization method

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

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

② Impairment test method and accounting treatment method

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

(2) Conversion of investment real estate

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

## 16. Fixed assets

(1) Confirmation conditions

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

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

## (2) Depreciation method

| Type                                       | Depreciation method      | Expected useful life(Year) | Residual rate (%) | Annual depreciation rate(%) |
|--------------------------------------------|--------------------------|----------------------------|-------------------|-----------------------------|
| Guangfo Expressway                         | Working flow basis       | 28 years                   | 0%                |                             |
| Fokai Expressway-Xiebian to Sanbao Section | Working flow basis       | 40 years                   | 0%                |                             |
| Fokai Expressway-Sanbao to Shuikou Section | Working flow basis       | 30 years                   | 0%                |                             |
| Jingzhu Expressway Guangzhu Section        | Working flow basis       | 30 years                   | 0%                |                             |
| House Building                             | The straight-line method | 20-30 years                | 3%-10%            | 3%-4.85%                    |
| Machine Equipment                          | The straight-line method | 10 years                   | 3%-10%            | 9%-9.7%                     |
| Electric Equipment                         | The straight-line method | 5-15 years                 | 3%-10%            | 6%-19.4%                    |
| Transportation Equipment                   | The straight-line method | 5-8 years                  | 3%-10%            | 11.25%-19.4%                |
| Other                                      | The straight-line method | 5-15 years                 | 3%-10%            | 6%-19.4%                    |

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

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

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

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

When the leased fixed assets have substantially transferred all risks and rewards related to the assets, the Company recognizes that the lease of the fixed assets is a financial lease.

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

The depreciation policy consistent with their own depreciated assets is adopted for fixed assets leased by

financing. If it can be reasonably determined that the ownership of the leased asset is acquired at the expiration of the lease term, depreciation shall be accrued within the serviceable life of the leased asset; If it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, depreciation shall be accrued within the shorter period of the lease term and the serviceable life of the leased asset.

#### 17. Construction-in process

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

#### 18. Borrowing cost

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

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

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

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

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

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

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

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

determined according to the weighted average interest rate of general borrowings.

## 19. Intangible assets

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

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

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

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

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

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

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

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

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

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

## 20. Long-term amortizable expenses

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

be transferred to the current profits and losses.

## 21. Contract liabilities

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

## 22. Employee Benefits

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

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

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

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

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

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

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

### (4) Other long-term employee benefits

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

## 23. Estimated liabilities

### (1) Recognition criteria of estimated liabilities

If the obligations related to contingencies stipulated by the Company meet the following conditions at the

same time, they are recognized as estimated liabilities:

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

(2) Measurement method of estimated liabilities

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

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

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

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

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

## 24. Revenues

### Accounting policies adopted for income recognition and measurement

Income is the total inflow of economic benefits formed in the daily activities of the Company, which will lead to the increase of shareholders' equity and has nothing to do with the capital invested by shareholders. Revenue is recognized when its amount and related costs can be reliably measured, the related economic benefits are likely to flow into the company, and other recognition conditions of the following different types of income are met at the same time.

The Company's main income includes: income from traffic service fees and provision of labor services.

(1) Toll service fee income

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

(2) Income from providing labor services

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

For services started and completed in the same fiscal year, income is recognized when the services are completed. If the beginning and completion of labor services belong to different fiscal years, the Company shall,

on the balance sheet date, recognize the related labor income by the percentage of completion method, provided that the result of the labor service transaction can be reliably estimated. When the following conditions can be satisfied, the results of the transaction can be reliably estimated: ① the total income and total cost of labor services can be reliably measured; ② the economic benefits related to the transaction can flow into the enterprise;

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

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

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

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

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

## 25.Contract cost

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

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

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

## 26. Government Grants

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

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

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

income.

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

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

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

When the recognized government subsidy needs to be returned, if the book value of related assets is offset during initial recognition, the book value of assets will be adjusted; If there is a relevant deferred revenue balance, the book balance of the relevant deferred revenue will be offset, and the excess will be included in the current profits and losses; In other cases, it is directly included in the current profits and losses.

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

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

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

### (1) Deferred tax assets

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

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

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

### (2) Deferred income tax liabilities

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

## 28. Lease

### (1) Accounting methods for operating leases

As the lessee, the Company's operating lease rent is included in the relevant asset cost or current profit and loss according to the straight-line method in each period of the lease term; The initial direct expenses incurred are included in the current profits and losses; Contingent rents are included in current profits and losses when they actually occur.

As the lessor, the Company includes the assets used as operating leases in the relevant items in the balance sheet according to the nature of the assets; For the rent of operating lease, it is recognized as the current profit and loss according to the straight-line method in each period of the lease term; The initial direct expenses incurred are included in the current profits and losses; For the fixed assets in the operating lease assets, the depreciation policy of similar assets is adopted for depreciation; For other operating lease assets, a systematic and reasonable method is adopted for amortization; Contingent rents are included in current profits and losses when they actually occur.

### (2) Accounting methods for financial leasing

#### ① As the lessee

On the start date of the lease term, the Company takes the lower of the fair value of the leased assets on the lease start date and the present value of the minimum lease payment as the recorded value of the leased assets, and the minimum lease payment as the recorded value of the long-term payables, with the difference as the unrecognized financing expenses; Initial direct expenses such as handling fees, attorney fees, travel expenses, stamp duty, etc., which occur during the lease negotiation and signing of the lease contract, are included in the value of the leased assets; Unrecognized financing expenses are allocated in each period of the lease term, and the current financing expenses are calculated and recognized by the effective interest rate method; Contingent rents are included in current profits and losses when they actually occur.

When calculating the present value of the minimum lease payment, if the lessor's lease inclusive interest rate can be obtained, the lease inclusive interest rate shall be used as the discount rate; Otherwise, the interest rate stipulated in the lease contract shall be used as the discount rate. If the lessor's lease interest rate cannot be obtained and the lease contract does not stipulate the interest rate, the bank loan interest rate of the same period shall be used as the discount rate.

The Company adopts the depreciation policy consistent with that of the self-owned fixed assets to withdraw the depreciation of the leased assets. If it can be reasonably determined that the ownership of the leased asset is acquired at the expiration of the lease term, depreciation shall be accrued within the service life of the leased asset. If it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, depreciation shall be accrued within the shorter period of the lease term and the service life of the leased asset.

#### ② As the lessor

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

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

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

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

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

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

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

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

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

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

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

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

② Recoverable amount.

### (2) Termination of operation

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

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

(3) Presentation

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

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

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

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

### 30. Impairment of assets

The following signs indicate that the assets may be impaired:

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

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

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

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

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

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

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

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

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

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

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

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

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

### 31.Change of main accounting policies and estimations

#### (1)Change of main accounting policies

√ Applicable □ Not applicable

| Contents and causes for changes of accounting policy                                                                                                                                                               | Approval procedures                                                                             | Remarks                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| On July 5, 2017, the Ministry of Finance issued the <i>Accounting Standards for Business Enterprises No.14-Income (Revised in 2017)</i> (CK [2017] No.22) (hereinafter referred to as the "New Income Standards"). | It was adopted at the 4th meeting of the 9th Board of Directors of the Company on April 3, 2020 | The Company began to implement the aforementioned new income standards from January 1, 2020 |

On July 5, 2017, the Ministry of Finance issued the Accounting Standards for Business Enterprises No.14-Income (Revised in 2017) (CK [2017] No.22) (hereinafter referred to as the "New Income Standards"). After the fourth meeting of the ninth board of directors of the company approved the resolution on April 3, 2020, the company will implement the aforesaid New Income Standards from January 1, 2020.

The New Income Standards establish a new income recognition model for regulating the income generated by contracts with customers. In order to implement the new revenue standard, the Company re-evaluated the recognition, measurement, accounting and presentation of main contract income. According to the new income standards, only the cumulative impact of unfinished contracts on January 1, 2020 are adjusted. The accumulated impact amount of the first implementation is adjusted. The amount of retained earnings at the beginning of the first implementation period (i.e. January 1, 2020) and other related items in the financial statements will not be adjusted for the information of comparable periods.

Influence of implementing new income standards on financial statements on January 1, 2020:

| Items                    | December 31, 2019 (Before change) |                  | January 1, 2020 (After change) |                  |
|--------------------------|-----------------------------------|------------------|--------------------------------|------------------|
|                          | Consolidated statements           | Parent statement | Consolidated statements        | Parent statement |
| Account receivable       | 125,343,724.66                    | 21,864,051.27    | 127,694,377.99                 | 21,864,051.27    |
| Other account receivable | 26,618,178.57                     | 13,435,651.19    | 19,172,247.47                  | 13,435,651.19    |
| Contract assets          |                                   |                  | 5,095,277.77                   |                  |
| Inventories              | 111,683.22                        |                  | 111,683.22                     |                  |
| Other Non-current assets | 50,909,325.73                     | 36,901,029.57    | 50,909,325.73                  | 36,901,029.57    |
| Advance receipts         | 15,605,094.69                     |                  | 12,817,484.06                  |                  |
| Contract liabilities     |                                   |                  | 2,787,610.63                   |                  |
| Retained profit          | 3,877,431,844.64                  | 3,710,584,722.68 | 3,877,431,844.64               | 3,710,584,722.68 |
| Surplus reserves         | 910,425,068.90                    | 894,580,785.25   | 910,425,068.90                 | 894,580,785.25   |

(2) Significant accounting policy changes

√ Applicable □ Not applicable

| Contents and causes of changes in accounting estimates                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Approval procedure                                                                                                                                                          | Time point at which the application begins | Remarks |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------|
| From January 1, 2020, the Traffic Volume Forecast and Charge Revenue Report of Foshan-Kaiping Expressway and the Traffic Volume Forecast and Charge Revenue Report of Guangzhou Section of Jiangzhu Expressway issued by Guangdong Transportation Planning and Design Institute Co., Ltd. in 2019 for the Fokai Branch of Guangdong Expressway Development Co., Ltd., a branch of the Company, and Jingzhu Expressway Guangzhou Section Co., Ltd., a holding subsidiary are used as depreciation basis | On December 31, 2019, the third (temporary) meeting of the ninth board of directors was held, and the meeting passed the <i>Proposal on Changes in Accounting Estimates</i> | January 1, 2020                            |         |

On December 31, 2019, the Company held the 3rd (provisional) meeting of the ninth board of directors, which passed the Proposal on Changes in Accounting Estimates, and agreed to adopt the Traffic Volume Forecast and Charge Revenue Report of Foshan-Kaiping Expressway and the Traffic Volume Forecast and Charge Revenue Report of Guangzhou-Zhuhai Section of Beijing-Zhuhai Expressway issued by Guangdong Transportation Planning and Design Institute Co., Ltd. in 2019 for the Fokai Branch of Guangdong Expressway Development Co., Ltd., a branch of the Company, and Jingzhu Expressway Guangzhou Section Co., Ltd., a holding subsidiary from January 1, 2020. The Company adopts the future applicable method for this item. This change in accounting estimate results in a decrease of RMB 84,060,742.83 in depreciation of fixed assets in the current period than the original accounting estimate, a decrease of RMB 84,060,742.83 in operating cost, an increase of RMB 63,045,557.12 in net profit attributable to the shareholders of the parent company, and an increase of RMB 60,150,595.41 in net profit attributable to the minority shareholders of the parent company.

| Contents and causes of changes in accounting estimates | Approval procedure | Time point at which the application begins | Affected report items | Impact amount |
|--------------------------------------------------------|--------------------|--------------------------------------------|-----------------------|---------------|
|--------------------------------------------------------|--------------------|--------------------------------------------|-----------------------|---------------|

|                                       |                                      |                 |              |               |
|---------------------------------------|--------------------------------------|-----------------|--------------|---------------|
| Forecast traffic volume of expressway | Resolution of the board of directors | January 1, 2020 | Fixed assets | 84,060,742.83 |
|---------------------------------------|--------------------------------------|-----------------|--------------|---------------|

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Financial Instruments, Revenue or Leases from year 2020

Applicable

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

☒ Yes ☐ No

Consolidated balance sheet

In RMB

| Items                                          | December 31,2019 | January 1,2020   | Amount involved in the adjustment |
|------------------------------------------------|------------------|------------------|-----------------------------------|
| Current asset:                                 |                  |                  |                                   |
| Monetary fund                                  | 2,817,920,894.50 | 2,817,920,894.50 |                                   |
| Settlement provision                           |                  |                  |                                   |
| Outgoing call loan                             |                  |                  |                                   |
| Transactional financial assets                 |                  |                  |                                   |
| Derivative financial assets                    |                  |                  |                                   |
| Notes receivable                               |                  |                  |                                   |
| Account receivable                             | 125,343,724.66   | 127,694,377.99   | <u>2,350,653.33</u>               |
| Financing of receivables                       |                  |                  |                                   |
| Prepayments                                    | 10,894,246.41    | 10,894,246.41    |                                   |
| Insurance receivable                           |                  |                  |                                   |
| Reinsurance receivable                         |                  |                  |                                   |
| Provisions of Reinsurance contracts receivable |                  |                  |                                   |
| Other account receivable                       | 26,618,178.57    | 19,172,247.47    | <u>-7,445,931.10</u>              |
| Including: Interest receivable                 |                  |                  |                                   |
| Dividend receivable                            | 7,205,472.90     | 7,205,472.90     |                                   |
| Repurchasing of financial assets               |                  |                  |                                   |
| Inventories                                    | 111,683.22       | 111,683.22       |                                   |
| Contract assets                                |                  | 5,095,277.77     | 5,095,277.77                      |
| Assets held for sales                          |                  |                  |                                   |

| Items                                          | December 31,2019  | January 1,2020    | Amount involved in the adjustment |
|------------------------------------------------|-------------------|-------------------|-----------------------------------|
| Non-current asset due within 1 year            | 51,745.32         | 51,745.32         |                                   |
| Other current asset                            |                   |                   |                                   |
| Total of current assets                        | 2,980,940,472.68  | 2,980,940,472.68  |                                   |
| Non-current assets                             |                   |                   |                                   |
| Loans and payment on other' s behalf disbursed |                   |                   |                                   |
| Debt investment                                |                   |                   |                                   |
| Other investment on bonds                      |                   |                   |                                   |
| Long-term receivable                           |                   |                   |                                   |
| Long term share equity investment              | 3,255,739,898.36  | 3,255,739,898.36  |                                   |
| Other equity instruments investment            | 1,835,822,604.77  | 1,835,822,604.77  |                                   |
| Other non-current financial assets             |                   |                   |                                   |
| Property investment                            | 3,331,500.37      | 3,331,500.37      |                                   |
| Fixed assets                                   | 8,925,700,473.65  | 8,925,700,473.65  |                                   |
| Construction in progress                       | 229,098,299.48    | 229,098,299.48    |                                   |
| Production physical assets                     |                   |                   |                                   |
| Oil & gas assets                               |                   |                   |                                   |
| Use right assets                               |                   |                   |                                   |
| Intangible assets                              | 6,393,895.17      | 6,393,895.17      |                                   |
| Development expenses                           |                   |                   |                                   |
| Goodwill                                       |                   |                   |                                   |
| Long-germ expenses to be amortized             | 1,114,764.44      | 1,114,764.44      |                                   |
| Deferred income tax asset                      | 385,494,106.13    | 385,494,106.13    |                                   |
| Other non-current asset                        | 50,909,325.73     | 50,909,325.73     |                                   |
| Total of non-current assets                    | 14,693,604,868.10 | 14,693,604,868.10 |                                   |
| Total of assets                                | 17,674,545,340.78 | 17,674,545,340.78 |                                   |
| Current liabilities                            |                   |                   |                                   |
| Short-term loans                               |                   |                   |                                   |
| Loan from Central Bank                         |                   |                   |                                   |
| Borrowing funds                                |                   |                   |                                   |

| Items                                   | December 31,2019 | January 1,2020   | Amount involved in the adjustment |
|-----------------------------------------|------------------|------------------|-----------------------------------|
| Transactional financial liabilities     |                  |                  |                                   |
| Derivative financial liabilities        |                  |                  |                                   |
| Notes payable                           |                  |                  |                                   |
| Account payable                         | 290,657,734.31   | 290,657,734.31   |                                   |
| Advance receipts                        | 15,605,094.69    | 12,817,484.06    | <u>-2,787,610.63</u>              |
| Contract liabilities                    |                  | 2,787,610.63     | 2,787,610.63                      |
| Selling of repurchased financial assets |                  |                  |                                   |
| Deposit taking and interbank deposit    |                  |                  |                                   |
| Entrusted trading of securities         |                  |                  |                                   |
| Entrusted selling of securities         |                  |                  |                                   |
| Employees' wage payable                 | 14,822,524.70    | 14,822,524.70    |                                   |
| Tax payable                             | 84,257,586.94    | 84,257,586.94    |                                   |
| Other account payable                   | 626,180,586.92   | 626,180,586.92   |                                   |
| Including: Interest payable             |                  |                  |                                   |
| Dividend payable                        | 20,020,119.31    | 20,020,119.31    |                                   |
| Fees and commissions payable            |                  |                  |                                   |
| Reinsurance fee payable                 |                  |                  |                                   |
| Liabilities held for sales              |                  |                  |                                   |
| Non-current liability due within 1 year | 795,861,958.07   | 795,861,958.07   |                                   |
| Other current liability                 | 189,628.17       | 189,628.17       |                                   |
| Total of current liability              | 1,827,575,113.80 | 1,827,575,113.80 |                                   |
| Non-current liabilities:                |                  |                  |                                   |
| Reserve fund for insurance contracts    |                  |                  |                                   |
| Long-term loan                          | 4,640,425,000.00 | 4,640,425,000.00 |                                   |
| Bond payable                            | 678,124,972.89   | 678,124,972.89   |                                   |

| Items                                                 | December 31,2019  | January 1,2020    | Amount involved in the adjustment |
|-------------------------------------------------------|-------------------|-------------------|-----------------------------------|
| Including: preferred stock                            |                   |                   |                                   |
| Sustainable debt                                      |                   |                   |                                   |
| Lease liability                                       |                   |                   |                                   |
| Long-term payable                                     | 39,369,379.91     | 39,369,379.91     |                                   |
| Long-term remuneration payable to staff               |                   |                   |                                   |
| Expected liabilities                                  |                   |                   |                                   |
| Deferred income                                       |                   |                   |                                   |
| Deferred income tax liability                         | 238,453,976.29    | 238,453,976.29    |                                   |
| Other non-current liabilities                         |                   |                   |                                   |
| Total non-current liabilities                         | 5,596,373,329.09  | 5,596,373,329.09  |                                   |
| Total of liability                                    | 7,423,948,442.89  | 7,423,948,442.89  |                                   |
| Owners' equity                                        |                   |                   |                                   |
| Share capital                                         | 2,090,806,126.00  | 2,090,806,126.00  |                                   |
| Other equity instruments                              |                   |                   |                                   |
| Including: preferred stock                            |                   |                   |                                   |
| Sustainable debt                                      |                   |                   |                                   |
| Capital reserves                                      | 2,562,570,465.31  | 2,562,570,465.31  |                                   |
| Less: Shares in stock                                 |                   |                   |                                   |
| Other comprehensive income                            | 382,193,344.90    | 382,193,344.90    |                                   |
| Special reserve                                       |                   |                   |                                   |
| Surplus reserves                                      | 910,425,068.90    | 910,425,068.90    |                                   |
| Common risk provision                                 |                   |                   |                                   |
| Retained profit                                       | 3,877,431,844.64  | 3,877,431,844.64  |                                   |
| Total of owner' s equity belong to the parent company | 9,823,426,849.75  | 9,823,426,849.75  |                                   |
| Minority shareholders' equity                         | 427,170,048.14    | 427,170,048.14    |                                   |
| Total of owners' equity                               | 10,250,596,897.89 | 10,250,596,897.89 |                                   |
| Total of liabilities and                              | 17,674,545,340.78 | 17,674,545,340.78 |                                   |

| Items          | December 31,2019 | January 1,2020 | Amount involved in the adjustment |
|----------------|------------------|----------------|-----------------------------------|
| owners' equity |                  |                |                                   |

Adjustment statement

Parent Company Balance Sheet

In RMB

| Items                               | December 31,2019 | January 1,2020   | Amount involved in the adjustment |
|-------------------------------------|------------------|------------------|-----------------------------------|
| Current asset:                      |                  |                  |                                   |
| Monetary fund                       | 2,791,384,501.78 | 2,791,384,501.78 |                                   |
| Transactional financial assets      |                  |                  |                                   |
| Derivative financial assets         |                  |                  |                                   |
| Notes receivable                    |                  |                  |                                   |
| Account receivable                  | 21,864,051.27    | 21,864,051.27    |                                   |
| Financing of receivables            |                  |                  |                                   |
| Prepayments                         | 1,737,598.88     | 1,737,598.88     |                                   |
| Other account receivable            | 13,435,651.19    | 13,435,651.19    |                                   |
| Including: Interest receivable      |                  |                  |                                   |
| Dividend receivable                 | 7,205,472.90     | 7,205,472.90     |                                   |
| Inventories                         |                  |                  |                                   |
| Contract assets                     |                  |                  |                                   |
| Assets held for sales               |                  |                  |                                   |
| Non-current asset due within 1 year | 151,637,139.08   | 151,637,139.08   |                                   |
| Other current asset                 |                  |                  |                                   |
| Total of current assets             | 2,980,058,942.20 | 2,980,058,942.20 |                                   |
| Non-current assets:                 |                  |                  |                                   |
| Debt investment                     | 537,903,684.98   | 537,903,684.98   |                                   |
| Other investment on bonds           |                  |                  |                                   |
| Long-term receivable                |                  |                  |                                   |
| Long term share equity              | 4,789,404,907.17 | 4,789,404,907.17 |                                   |

| Items                               | December 31,2019  | January 1,2020    | Amount involved in the adjustment |
|-------------------------------------|-------------------|-------------------|-----------------------------------|
| investment                          |                   |                   |                                   |
| Other equity instruments investment | 1,835,822,604.77  | 1,835,822,604.77  |                                   |
| Other non-current financial assets  |                   |                   |                                   |
| Property investment                 | 3,079,362.12      | 3,079,362.12      |                                   |
| Fixed assets                        | 6,818,701,482.08  | 6,818,701,482.08  |                                   |
| Construction in progress            | 46,952,925.08     | 46,952,925.08     |                                   |
| Production physical assets          |                   |                   |                                   |
| Oil & gas assets                    |                   |                   |                                   |
| Use right assets                    |                   |                   |                                   |
| Intangible assets                   | 2,533,878.12      | 2,533,878.12      |                                   |
| Development expenses                |                   |                   |                                   |
| Goodwill                            |                   |                   |                                   |
| Long-germ expenses to be amortized  |                   |                   |                                   |
| Deferred income tax asset           | 385,296,935.33    | 385,296,935.33    |                                   |
| Other non-current asset             | 36,901,029.57     | 36,901,029.57     |                                   |
| Total of non-current assets         | 14,456,596,809.22 | 14,456,596,809.22 |                                   |
| Total of assets                     | 17,436,655,751.42 | 17,436,655,751.42 |                                   |
| Current liabilities                 |                   |                   |                                   |
| Short-term loans                    |                   |                   |                                   |
| Transactional financial liabilities |                   |                   |                                   |
| Derivative financial liabilities    |                   |                   |                                   |
| Notes payable                       |                   |                   |                                   |
| Account payable                     | 129,930,285.56    | 129,930,285.56    |                                   |
| Advance receipts                    |                   |                   |                                   |
| Contract Liabilities                |                   |                   |                                   |
| Employees' wage payable             | 6,340,740.61      | 6,340,740.61      |                                   |
| Tax payable                         | 8,704,510.83      | 8,704,510.83      |                                   |
| Other account payable               | 582,131,356.01    | 582,131,356.01    |                                   |

| Items                                   | December 31,2019 | January 1,2020   | Amount involved in the adjustment |
|-----------------------------------------|------------------|------------------|-----------------------------------|
| Including: Interest payable             |                  |                  |                                   |
| Dividend payable                        | 20,020,119.31    | 20,020,119.31    |                                   |
| Liabilities held for sales              |                  |                  |                                   |
| Non-current liability due within 1 year | 744,589,133.72   | 744,589,133.72   |                                   |
| Other current liability                 | 821,133,339.57   | 821,133,339.57   |                                   |
| Total of current liability              | 2,292,829,366.30 | 2,292,829,366.30 |                                   |
| Non-current liabilities:                |                  |                  |                                   |
| Long-term loan                          | 4,243,730,000.00 | 4,243,730,000.00 |                                   |
| Bond payable                            | 678,124,972.89   | 678,124,972.89   |                                   |
| Including: preferred stock              |                  |                  |                                   |
| Sustainable debt                        |                  |                  |                                   |
| Lease liability                         |                  |                  |                                   |
| Long-term payable                       | 39,369,379.91    | 39,369,379.91    |                                   |
| Long-term remuneration payable to staff |                  |                  |                                   |
| Expected liabilities                    |                  |                  |                                   |
| Deferred income                         |                  |                  |                                   |
| Deferred income tax liability           | 129,978,356.56   | 129,978,356.56   |                                   |
| Other non-current liabilities           |                  |                  |                                   |
| Total non-current liabilities           | 5,091,202,709.36 | 5,091,202,709.36 |                                   |
| Total of liability                      | 7,384,032,075.66 | 7,384,032,075.66 |                                   |
| Owners' equity                          |                  |                  |                                   |
| Share capital                           | 2,090,806,126.00 | 2,090,806,126.00 |                                   |
| Other equity instruments                |                  |                  |                                   |
| Including: preferred stock              |                  |                  |                                   |
| Sustainable debt                        |                  |                  |                                   |
| Capital reserves                        | 2,974,458,696.93 | 2,974,458,696.93 |                                   |
| Less: Shares in stock                   |                  |                  |                                   |
| Other comprehensive income              | 382,193,344.90   | 382,193,344.90   |                                   |
| Special reserve                         |                  |                  |                                   |

| Items                                   | December 31,2019  | January 1,2020    | Amount involved in the adjustment |
|-----------------------------------------|-------------------|-------------------|-----------------------------------|
| Surplus reserves                        | 894,580,785.25    | 894,580,785.25    |                                   |
| Retained profit                         | 3,710,584,722.68  | 3,710,584,722.68  |                                   |
| Total of owners' equity                 | 10,052,623,675.76 | 10,052,623,675.76 |                                   |
| Total of liabilities and owners' equity | 17,436,655,751.42 | 17,436,655,751.42 |                                   |

Note

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

☐ Applicable ☒ Not applicable

### 32. Fair value measurement

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

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

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

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

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

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

## VI. Taxation

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

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

### 2. Preferential tax

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Fully Opening the Pilot of Changing Business Tax to VAT (CS [2016] No.36), the qualified contract energy management services of the subsidiary Guangdong High-speed Technology Investment Co., Ltd. are exempt from VAT.

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

Unless otherwise specified, in the following notes (including the notes to main items in the financial statements of the parent company) "the beginning of the period" refers to January 1, 2020, "the end of the period" refers to June 30, 2020, "current period" refers to January-June, 2020, and "last period" refers to January-June, 2019.(unless otherwise specified)

## 1.Monetary Capital

In RMB

| Items        | Amount in year-end | Balance Year-beginning |
|--------------|--------------------|------------------------|
| Cash         | 92,943.37          | 20,587.32              |
| Bank deposit | 3,058,886,322.31   | 2,817,384,626.65       |
| Other        | 517,476.78         | 515,680.53             |
| Total        | 3,059,496,742.46   | 2,817,920,894.50       |

### Other note

On January 30,2020,The balance of restricted bank deposits at the end of the period was 1,221,200.00 yuan, which was the land reclamation fund deposited into the fund custody account for the reconstruction and expansion project of Sanbao to Shuikou section of Fokai Expressway.

## 2. Account receivable

### 1. Classification account receivables.

In RMB

| Category                                   | Amount in year-end |                   |                    |                   |                | Balance Year-beginning |                   |                    |                   |                | Amount |
|--------------------------------------------|--------------------|-------------------|--------------------|-------------------|----------------|------------------------|-------------------|--------------------|-------------------|----------------|--------|
|                                            | Book Balance       |                   | Bad debt provision |                   | Book value     | Book Balance           |                   | Bad debt provision |                   | Book value     |        |
|                                            | Amount             | Proporti<br>on(%) | Amount             | Proportion(<br>%) |                | Amount                 | Proport<br>ion(%) | Amount             | Proportio<br>n(%) |                |        |
| Of which:                                  |                    |                   |                    |                   |                |                        |                   |                    |                   |                |        |
| Accrual of bad debt provision by portfolio | 135,661,315.25     | 100%              | 1,591,677.10       | 1.17%             | 134,069,638.15 | 129,049,371.28         | 100%              | 1,354,993.29       | 1.05%             | 127,694,377.99 |        |
| Of which:                                  |                    |                   |                    |                   |                |                        |                   |                    |                   |                |        |
| Aging portfolio                            | 133,863,918.46     | 98.68%            | 1,591,677.10       | 1.19%             | 132,272,241.36 | 126,698,717.95         | 98.18%            | 1,354,993.29       | 1.07%             | 125,343,724.66 |        |
| Quality guarantee portfolio                | 1,797,396.79       | 1.32%             |                    |                   | 1,797,396.79   | 2,350,653.33           | 1.82%             |                    |                   | 2,350,653.33   |        |
| Total                                      | 135,661,315.25     | 100%              | 1,591,677.10       | 1.17%             | 134,069,638.15 | 129,049,371.28         |                   | 1,354,993.29       |                   | 127,694,377.99 |        |

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

In RMB

| Name          | Balance in year-end |                    |                       |
|---------------|---------------------|--------------------|-----------------------|
|               | Receivable accounts | Bad debt provision | Withdrawal proportion |
| Within 1 year | 124,471,086.67      |                    | 0.00%                 |
| 1-2 years     | 8,465,399.40        | 846,539.95         | 10.00%                |
| 2-3 years     | 75,000.00           | 22,500.00          | 30.00%                |
| 3-4 years     | 123,880.00          | 61,940.00          | 50.00%                |
| 4-5 years     | 678,552.39          | 610,697.15         | 90.00%                |
| Over 5 years  | 50,000.00           | 50,000.00          | 100.00%               |
| Total         | 133,863,918.46      | 1,591,677.10       | --                    |

Note of the basis of recognizing the portfolio:

Provision for bad debts according to the age portfolio

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

In RMB

| Name              | Balance in year-end |                    |                       |
|-------------------|---------------------|--------------------|-----------------------|
|                   | Receivable accounts | Bad debt provision | Withdrawal proportion |
| Quality guarantee | 1,797,396.79        |                    |                       |
| Total             | 1,797,396.79        |                    | --                    |

Notes of the basis of recognizing the portfolio:

Provision for bad debts according to Quality guarantee portfolio

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

☐ Applicable ☒ Not applicable

Disclosure by aging

In RMB

| Aging                            | Closing balance |
|----------------------------------|-----------------|
| Within 1 year (Including 1 year) | 124,471,086.67  |
| 1-2 years                        | 8,590,178.95    |
| 2-3 years                        | 116,508.25      |
| Over 3 years                     | 2,483,541.38    |
| 3-4 years                        | 638,877.60      |
| 4-5 years                        | 1,093,218.84    |
| Over 5 years                     | 751,444.94      |

| Aging | Closing balance |
|-------|-----------------|
| Total | 135,661,315.25  |

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

The withdrawal amount of the bad debt provision:

In RMB

| Category        | Opening balance | Amount of change in the current period |                              |           |       | Closing balance |
|-----------------|-----------------|----------------------------------------|------------------------------|-----------|-------|-----------------|
|                 |                 | Accrual                                | Reversed or collected amount | Write-off | Other |                 |
| Aging portfolio | 1,354,993.29    | 236,683.81                             |                              |           |       | 1,591,677.10    |
| Total           | 1,354,993.29    | 236,683.81                             |                              |           |       | 1,591,677.10    |

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

(3) The current accounts receivable write-offs situation

None

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

In RMB

| Name                                                          | Amount         | Proportion(%) | Bad debt provision |
|---------------------------------------------------------------|----------------|---------------|--------------------|
| Guangdong Union Electronic Services Co., Ltd.                 | 51,964,979.29  | 38.30%        |                    |
| Guangzhou Lingte Electronic Co.,Ltd.                          | 19,955,000.00  | 14.71%        |                    |
| Guangdong Humen Bridge Co., Ltd.                              | 16,318,549.64  | 12.03%        |                    |
| Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd. | 10,324,414.00  | 7.61%         |                    |
| Shandong Boan Intelligent Technology Co., Ltd                 | 7,409,966.25   | 5.46%         | 740,996.63         |
| Total                                                         | 105,972,909.18 | 78.11%        |                    |

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

None

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

None

### 3. Prepayments

#### (1) Age analysis

In RMB

| Age           | Balance in year-end |                | Balance Year-beginning |                |
|---------------|---------------------|----------------|------------------------|----------------|
|               | Amount              | Proportion (%) | Amount                 | Proportion (%) |
| Within 1 year | 2,902,724.33        | 94.48%         | 10,724,508.41          | 98.44%         |
| Over 3 years  | 169,738.00          | 5.52%          | 169,738.00             | 1.56%          |
| Total         | 3,072,462.33        | --             | 10,894,246.41          | --             |

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

None

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

In RMB

| Name                                                       | Relations with the Company | Amount       | Aging           | Reasons for non-settlement    | Proportion % |
|------------------------------------------------------------|----------------------------|--------------|-----------------|-------------------------------|--------------|
| China Pacific Property Insurance Co. Ltd. Guangdong Branch | Non- Related party         | 838,016.00   | Within 1 year   | Prepaid insurance             | 27.28        |
| Xingning Hongda Subcontracting Co., Ltd.                   | Non- Related party         | 648,970.00   | Within 1 year   | Outstanding period            | 21.12        |
| Guangdong Feida Traffic Engineering Co., Ltd.              | Non- Related party         | 595,546.00   | Within 1 year   | Prepaid Engineering funds     | 19.38        |
| China Ping An Property Insurance Co. Ltd. Guangdong Branch | Non- Related party         | 300,247.50   | 1 Within 1 year | Prepaid insurance             | 9.77         |
| Guangzhou ITS Communications Equipment Co., Ltd.           | Non- Related party         | 226,200.00   | Within 1 year   | Unfinished works, outstanding | 7.36         |
| Total                                                      | /                          | 2,608,979.50 | /               | /                             | 84.91        |

### 4. Other accounts receivable

In RMB

| Items               | Balance in year-end | Balance Year-beginning |
|---------------------|---------------------|------------------------|
| Dividend receivable | 10,955,472.90       | 7,205,472.90           |
| Other receivable    | 12,027,702.56       | 11,966,774.57          |
| Total               | 22,983,175.46       | 19,172,247.47          |

#### (1) Dividend receivable

##### 1) Dividend receivable

In RMB

| Items                                              | Balance in year-end | Balance Year-beginning |
|----------------------------------------------------|---------------------|------------------------|
| Guangdong Radio and Television Networks investment | 1,205,472.90        | 1,205,472.90           |

| Items                                           | Balance in year-end | Balance Year-beginning |
|-------------------------------------------------|---------------------|------------------------|
| No.1 Limited partnership enterprise             |                     |                        |
| Guangdong Yueke Technology Petty Loan Co., Ltd. |                     | 6,000,000.00           |
| Zhaoqing Yuezhao Highway Co., Ltd.              | 9,750,000.00        |                        |
| Total                                           | 10,955,472.90       | 7,205,472.90           |

2) Significant dividend receivable aged over 1 year

None

3) Bad-debt provision

☐ Applicable ☒ Not applicable

(2) Other accounts receivable

1) Other accounts receivable classified by the nature of accounts

In RMB

| Nature                                                  | Closing book balance | Opening book balance |
|---------------------------------------------------------|----------------------|----------------------|
| Balance of settlement funds for securities transactions | 47,528,056.18        | 47,528,056.18        |
| Cash deposit                                            | 2,401,147.29         | 3,435,633.29         |
| Gelin Enze Account                                      | 4,007,679.91         | 4,007,679.91         |
| Petty cash                                              | 4,206,145.37         | 3,580,634.57         |
| Tran Other safer of long-term assets receivable         | 935,820.00           | 935,820.00           |
| Other                                                   | 4,513,802.08         | 4,043,898.89         |
| Total                                                   | 63,592,650.83        | 63,531,722.84        |

2) The withdrawal amount of the bad debt provision:

In RMB

| Bad Debt Reserves                        | Stage 1                                        | Stage 2                                               | Stage 3                                                                     | Total         |
|------------------------------------------|------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------|---------------|
|                                          | Expected credit losses over the next 12 months | Expected credit loss over life (no credit impairment) | Expected credit losses for the entire duration (credit impairment occurred) |               |
| Balance as at January 1, 2020            | 29,212.18                                      |                                                       | 51,535,736.09                                                               | 51,564,948.27 |
| Balance as at January 1, 2020 in current | —                                              | —                                                     | —                                                                           | —             |
| Balance as at January 30, 2020           | 29,212.18                                      |                                                       | 51,535,736.09                                                               | 51,564,948.27 |

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

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

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

Changes in significant book balances for loss preparation current period

☐ Applicable ☒ Not applicable

Disclosure by aging

In RMB

| Aging                            | Closing balance |
|----------------------------------|-----------------|
| Within 1 year (Including 1 year) | 6,692,782.19    |
| 1-2 years                        | 1,401,091.99    |
| 2-3 years                        | 446,715.70      |
| Over 3 years                     | 55,052,060.95   |
| 3-4 years                        | 1,492,984.00    |
| 4-5 years                        | 503,491.88      |
| Over 5 years                     | 53,055,585.07   |
| Total                            | 63,592,650.83   |

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

The withdrawal amount of the bad debt provision:

In RMB

| Category               |               | Amount of change in the current period |                              |           |       | Closing balance |
|------------------------|---------------|----------------------------------------|------------------------------|-----------|-------|-----------------|
|                        |               | Accrual                                | Reversed or collected amount | Write-off | Other |                 |
| Accrual of single item | 51,535,736.09 |                                        |                              |           |       | 51,535,736.09   |

|                                      |               |  |  |  |  |               |
|--------------------------------------|---------------|--|--|--|--|---------------|
| Accrual of portfolio-Aging portfolio | 29,212.18     |  |  |  |  | 29,212.18     |
| Accrual of portfolio-Other portfolio |               |  |  |  |  |               |
| Total                                | 51,564,948.27 |  |  |  |  | 51,564,948.27 |

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

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

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

In RMB

| Name                                                | Nature                              | Closing balance | Aging         | Proportion of the total year end balance of the accounts receivable(%) | Closing balance of bad debt provision |
|-----------------------------------------------------|-------------------------------------|-----------------|---------------|------------------------------------------------------------------------|---------------------------------------|
| Kunlun Securities Co.,Ltd                           | Securities trading settlement funds | 47,528,056.18   | Over 5 years  | 74.74%                                                                 | 47,528,056.18                         |
| Beijing Gelin Enze                                  | Current account                     | 4,007,679.91    | Over 5 years  | 6.30%                                                                  | 4,007,679.91                          |
| Guangdong Litong Real Estates Investment Co., Ltd.  | Deposit                             | 1,505,864.00    | 3-4 years     | 2.37%                                                                  |                                       |
| Guangdong Litong Real Estates Investment Co., Ltd.  | Deposit                             | 9,213.22        | 1-2 years     | 0.01%                                                                  |                                       |
| Foshan Hezhan Yinghui Property Management Co., Ltd. | Disposal of fixed assets            | 935,820.00      | Within 1 year | 1.47%                                                                  |                                       |
| Guangdong Guanghui Expressway Co., Ltd.             | Deposit                             | 560,000.00      | Over 5 years  | 0.88%                                                                  |                                       |
| Total                                               | --                                  | 54,546,633.31   | --            | 85.77%                                                                 | 51,535,736.09                         |

(6) Accounts receivable involved with government subsidies

None

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

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

None

## 5. Inventories

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

No

### (1) Category of Inventory

In RMB

| Items         | Closing book balance |                                    |            | Opening book balance |                                    |            |
|---------------|----------------------|------------------------------------|------------|----------------------|------------------------------------|------------|
|               | Book balance         | Provision for inventory impairment | Book value | Book balance         | Provision for inventory impairment | Book value |
| Raw materials | 111,683.22           |                                    | 111,683.22 | 111,683.22           |                                    | 111,683.22 |
| Total         | 111,683.22           |                                    | 111,683.22 | 111,683.22           |                                    | 111,683.22 |

### (2) Inventory depreciation reserve

None

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

None

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

None

## 6.Contract assets

In RMB

| Items             | Year-end balance |                    |              | Year-beginning balance |                    |              |
|-------------------|------------------|--------------------|--------------|------------------------|--------------------|--------------|
|                   | Book balance     | Bad debt provision | Book value   | Book balance           | Bad debt provision | Book value   |
| Quality guarantee | 5,246,547.77     |                    | 5,246,547.77 | 5,095,277.77           |                    | 5,095,277.77 |
| Total             | 5,246,547.77     |                    | 5,246,547.77 | 5,095,277.77           |                    | 5,095,277.77 |

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

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

Provision for impairment of contract assets in the current period

☐ Applicable ☒ Not applicable

None

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

In RMB

| Items                                                              | Year-end balance | Year-beginning balance |
|--------------------------------------------------------------------|------------------|------------------------|
| Pre-payment of business tax before replacing business tax with VAT | 51,745.32        | 51,745.32              |

|       |           |           |
|-------|-----------|-----------|
| Total | 51,745.32 | 51,745.32 |
|-------|-----------|-----------|

Important creditor's rights Investment/other creditor's rights investment:

#### 8. Other current assets

I n RMB

| Items                      | Year-end balance | Year-beginning balance |
|----------------------------|------------------|------------------------|
| Income tax to be deducted  | 204,007.47       |                        |
| Income tax to be certified | 106,665.85       |                        |
| Total                      | 310,673.32       |                        |

# 9. Long-term equity investment

In RMB

| Investees                                 | Opening balance  | Increase/decrease     |  |                |                                          |                         |                                          |                                    |       | Closing balance  | Closing balance of impairment provision |
|-------------------------------------------|------------------|-----------------------|--|----------------|------------------------------------------|-------------------------|------------------------------------------|------------------------------------|-------|------------------|-----------------------------------------|
|                                           |                  | Additional investment |  |                | Adjustment of other comprehensive income | Changes of other equity | Cash bonus or profits announced to issue | Withdrawal of impairment provision | Other |                  |                                         |
| I. Joint venture                          |                  |                       |  |                |                                          |                         |                                          |                                    |       |                  |                                         |
| Guangdong                                 | 1,048,473,573.52 |                       |  | 43,495,261.34  |                                          | 3,954,180.00            | 24,715,954.57                            |                                    |       | 1,071,207,060.29 |                                         |
| Guanghui Expressway Co., Ltd.             |                  |                       |  |                |                                          |                         |                                          |                                    |       |                  |                                         |
| Subtotal                                  |                  |                       |  |                |                                          |                         |                                          |                                    |       |                  |                                         |
| 2. Affiliated Company                     |                  |                       |  |                |                                          |                         |                                          |                                    |       |                  |                                         |
| Guangdong Jiangzhong Expressway Co., Ltd. | 179,491,516.98   |                       |  | -2,474,550.29  |                                          |                         |                                          |                                    |       | 177,016,966.69   |                                         |
| Ganzhou Gankang Expressway Co., Ltd.      | 213,672,650.90   |                       |  | -18,334,081.49 |                                          |                         |                                          |                                    |       | 195,338,569.41   |                                         |
| Ganzhou Kangda Expressway Co.,            | 234,733,526.86   |                       |  | 5,693,920.94   |                                          |                         |                                          |                                    |       | 240,427,447.80   |                                         |

| Investees                                       | Opening balance  | Increase/decrease     |  |               |                                          |                         |                                          |                                    |       | Closing balance  | Closing balance of impairment provision |
|-------------------------------------------------|------------------|-----------------------|--|---------------|------------------------------------------|-------------------------|------------------------------------------|------------------------------------|-------|------------------|-----------------------------------------|
|                                                 |                  | Additional investment |  |               | Adjustment of other comprehensive income | Changes of other equity | Cash bonus or profits announced to issue | Withdrawal of impairment provision | Other |                  |                                         |
| Ltd.                                            |                  |                       |  |               |                                          |                         |                                          |                                    |       |                  |                                         |
| Shenzhen Huiyan Expressway Co., Ltd.            | 262,682,427.44   |                       |  | 916,998.38    |                                          |                         |                                          |                                    |       | 263,599,425.82   |                                         |
| Guoyuan Securities Co., Ltd.                    | 793,926,807.52   |                       |  | 14,629,008.65 | 2,533,278.11                             |                         | 11,940,297.90                            |                                    |       | 799,148,796.38   |                                         |
| Guangdong Yueke Technology Petty Loan Co., Ltd. | 214,637,335.45   |                       |  | 4,318,117.99  |                                          |                         |                                          |                                    |       | 218,955,453.44   |                                         |
| Hunan Lianzhi Technology Co., Ltd.              |                  | 80,000,000.00         |  |               |                                          |                         |                                          |                                    |       | 80,000,000.00    |                                         |
| Zhaoqing Yuezhao Highway Co., Ltd.              | 308,122,059.69   |                       |  | 7,608,675.97  |                                          |                         | 49,750,000.00                            |                                    |       | 265,980,735.66   |                                         |
| Subtotal                                        | 2,207,266,324.84 | 80,000,000.00         |  | 12,358,090.15 | 2,533,278.11                             |                         | 61,690,297.90                            |                                    |       | 2,240,467,395.20 |                                         |
| Total                                           | 3,255,739,898.36 | 80,000,000.00         |  | 55,853,351.49 | 2,533,278.11                             | 3,954,180.00            | 86,406,252.47                            |                                    |       | 3,311,674,455.49 |                                         |

Other note

## 10. Other Equity instrument investment

In RMB

| Items                                                                                  | Closing balance  | Opening balance  |
|----------------------------------------------------------------------------------------|------------------|------------------|
| Guangle Expressway Co., Ltd.                                                           | 748,348,301.73   | 748,348,301.73   |
| Guangdong Radio and Television Networks investment No.1 Limited partnership enterprise | 50,000,000.00    | 50,000,000.00    |
| China Everbright Bank Co., Ltd.                                                        | 842,212,699.52   | 1,037,474,303.04 |
| Huaxia Securities Co., Ltd. (Notes1)                                                   |                  |                  |
| Huazheng Asset Management Co., Ltd. (Notes2)                                           |                  |                  |
| Kunlun Securities Co., Ltd. (Notes3)                                                   |                  |                  |
| Total                                                                                  | 1,640,561,001.25 | 1,835,822,604.77 |

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

In RMB

| Items                                                                                  | Dividend income recognized | Cumulative gain | Cumulative loss | Amount of other consolidated income transferred to retained earnings | Reasons for designation as measured at fair value and changes included in other comprehensive income | Reasons for other consolidated income transferred to retained earnings |
|----------------------------------------------------------------------------------------|----------------------------|-----------------|-----------------|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Guangle Expressway Co., Ltd.                                                           |                            |                 |                 |                                                                      |                                                                                                      | Non-transactional purpose for shareholding                             |
| Guangdong Radio and Television Networks investment No.1 Limited partnership enterprise | 440,655.02                 | 7,802,784.15    |                 |                                                                      |                                                                                                      | Non-transactional purpose for shareholding                             |
| China Everbright Bank Co., Ltd.                                                        | 50,344,558.02              | 324,651,822.72  |                 |                                                                      |                                                                                                      | Non-transactional purpose for shareholding                             |
| Huaxia Securities Co., Ltd.                                                            |                            |                 | 5,400,000.00    |                                                                      |                                                                                                      | Non-transactional purpose for shareholding                             |
| Huazheng Asset Management Co., Ltd.                                                    |                            |                 | 1,620,000.00    |                                                                      |                                                                                                      | Non-transactional purpose for shareholding                             |
| Kunlun Securities Co., Ltd.                                                            |                            |                 | 30,000,000.00   |                                                                      |                                                                                                      | Non-transactional                                                      |

|  |  |  |  |  |  |                             |
|--|--|--|--|--|--|-----------------------------|
|  |  |  |  |  |  | purpose for<br>shareholding |
|--|--|--|--|--|--|-----------------------------|

Other note:

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

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

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

## 11. Investment property

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

√Applicable □Not applicable

In RMB

| Items                                                       | Houses and<br>buildings | Land use right | Construction in<br>progress | Total         |
|-------------------------------------------------------------|-------------------------|----------------|-----------------------------|---------------|
| I. Original value                                           |                         |                |                             |               |
| 1.Opening balance                                           | 12,664,698.25           | 2,971,831.10   |                             | 15,636,529.35 |
| 2.Increased amount of the period                            |                         |                |                             |               |
| (1) Outsourcing                                             |                         |                |                             |               |
| (2)Inventory, Fixed assets and Construction<br>project into |                         |                |                             |               |
| (3) )Increased of Enterprise consolidation                  |                         |                |                             |               |
|                                                             |                         |                |                             |               |
| 3.Decreased amount of the period                            |                         |                |                             |               |
| (1) Disposal                                                |                         |                |                             |               |
| (2) Other Out                                               |                         |                |                             |               |
|                                                             |                         |                |                             |               |
| 4.Closing balance                                           | 12,664,698.25           | 2,971,831.10   |                             | 15,636,529.35 |

| Items                                                | Houses and buildings | Land use right | Construction in progress | Total         |
|------------------------------------------------------|----------------------|----------------|--------------------------|---------------|
| II.Accumulated depreciation accumulated amortization |                      |                |                          |               |
| 1.Opening balance                                    | 10,547,091.78        | 1,757,937.20   |                          | 12,305,028.98 |
| 2.Increased amount of the period                     | 73,774.56            | 36,784.68      |                          | 110,559.24    |
| (1)Withdrawal or amortization                        | 73,774.56            | 36,784.68      |                          | 110,559.24    |
|                                                      |                      |                |                          |               |
| 3.Decreased amount of the period                     |                      |                |                          |               |
| (1) Disposal                                         |                      |                |                          |               |
| (2) Other Out                                        |                      |                |                          |               |
|                                                      |                      |                |                          |               |
| 4.Closing balance                                    | 10,620,866.34        | 1,794,721.88   |                          | 12,415,588.22 |
| III. Impairment provision                            |                      |                |                          |               |
| 1.Opening balance                                    |                      |                |                          |               |
| 2.Increased amount of the period                     |                      |                |                          |               |
| (1) Withdrawal                                       |                      |                |                          |               |
|                                                      |                      |                |                          |               |
| 3.Decreased amount of the period                     |                      |                |                          |               |
| (1) Disposal                                         |                      |                |                          |               |
| (2) Other Out                                        |                      |                |                          |               |
|                                                      |                      |                |                          |               |
| 4.Closing balance                                    |                      |                |                          |               |
| IV. Book value                                       |                      |                |                          |               |
| 1.Closing book value                                 | 2,043,831.91         | 1,177,109.22   |                          | 3,220,941.13  |
| 2.Opening book                                       | 2,117,606.47         | 1,213,893.90   |                          | 3,331,500.37  |

(2) Investment property adopted fair value measurement mode

☐Applicable ☒ Not applicable

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

In RMB

| Items | Book balance | Reason |
|-------|--------------|--------|
|-------|--------------|--------|

|                     |              |                                                                  |
|---------------------|--------------|------------------------------------------------------------------|
| Houses and Building | 1,366,521.30 | Transportation and other ancillary facilities, Not accreditation |
|---------------------|--------------|------------------------------------------------------------------|

Other note

## 12. Fixed assets

In RMB

| Items        | Year-end balance | Year-beginning balance |
|--------------|------------------|------------------------|
| Fixed assets | 8,709,189,223.95 | 8,925,700,473.65       |
| Total        | 8,709,189,223.95 | 8,925,700,473.65       |

## (1) List of fixed assets

In RMB

| Items                                      | Guangfo Expressway | Fokai Expressway  | Jingzhu Expressway Guangzhu section | House and buildings | Machinery equipment | Transportation equipment | Electricity equipment and other | Total             |
|--------------------------------------------|--------------------|-------------------|-------------------------------------|---------------------|---------------------|--------------------------|---------------------------------|-------------------|
| I. Original price                          |                    |                   |                                     |                     |                     |                          |                                 |                   |
| 1. Opening balance                         | 1,460,270,190.66   | 10,935,058,609.66 | 4,816,156,616.45                    | 362,192,894.64      | 260,560,603.98      | 48,644,014.84            | 658,113,290.64                  | 18,540,996,220.87 |
| 2. Increased amount of the period          |                    |                   |                                     | 774,778.00          |                     |                          | 165,231,518.56                  | 166,006,296.56    |
| (1) Purchase                               |                    |                   |                                     |                     |                     |                          | 584,179.63                      | 584,179.63        |
| (2) Transfer of project under construction |                    |                   |                                     | 774,778.00          |                     |                          | 164,647,338.93                  | 165,422,116.93    |
| (3) Increased of Enterprise consolidation  |                    |                   |                                     |                     |                     |                          |                                 |                   |
|                                            |                    |                   |                                     |                     |                     |                          |                                 |                   |
| 3. Decreased amount of the period          |                    |                   |                                     |                     | 16,205.00           | 864,000.00               | 3,321,533.40                    | 4,201,738.40      |
| (1) Disposal or scrap                      |                    |                   |                                     |                     | 16,205.00           | 864,000.00               | 3,321,533.40                    | 4,201,738.40      |
| (2) Government subsidy offset              |                    |                   |                                     |                     |                     |                          |                                 |                   |
| 4. Closing balance                         | 1,460,270,190.66   | 10,935,058,609.66 | 4,816,156,616.45                    | 362,967,672.64      | 260,544,398.98      | 47,780,014.84            | 820,023,275.80                  | 18,702,800,779.03 |
| II. Accumulated depreciation               |                    |                   |                                     |                     |                     |                          |                                 |                   |
| 1. Opening balance                         | 1,460,270,190.66   | 4,494,205,215.58  | 2,841,639,585.51                    | 252,883,785.76      | 84,814,297.41       | 39,174,447.40            | 435,070,029.06                  | 9,608,057,551.38  |

| Items                            | Guangfo Expressway | Fokai Expressway | Jingzhu Expressway Guangzhu section | House and buildings | Machinery equipment | Transportation equipment | Electricity equipment and other | Total            |
|----------------------------------|--------------------|------------------|-------------------------------------|---------------------|---------------------|--------------------------|---------------------------------|------------------|
| 2.Increased amount of the period |                    | 252,003,690.67   | 69,596,901.68                       | 6,505,633.72        | 15,628,796.47       | 1,231,400.55             | 37,350,892.55                   | 382,317,315.64   |
| (1) Withdrawal                   |                    | 252,003,690.67   | 69,596,901.68                       | 6,505,633.72        | 15,628,796.47       | 1,231,400.55             | 37,350,892.55                   | 382,317,315.64   |
|                                  |                    |                  |                                     |                     |                     |                          |                                 |                  |
| 3.Decreased amount of the period |                    |                  |                                     |                     | 15,556.80           | 777,600.00               | 3,208,350.98                    | 4,001,507.78     |
| (1) Disposal or scrap            |                    |                  |                                     |                     | 15,556.80           | 777,600.00               | 3,208,350.98                    | 4,001,507.78     |
|                                  |                    |                  |                                     |                     |                     |                          |                                 |                  |
| 4.Closing balance                | 1,460,270,190.66   | 4,746,208,906.25 | 2,911,236,487.19                    | 259,389,419.48      | 100,427,537.08      | 39,628,247.95            | 469,212,570.63                  | 9,986,373,359.24 |
| II. Accumulated depreciation     |                    |                  |                                     |                     |                     |                          |                                 |                  |
| 1.Opening balance                |                    |                  |                                     |                     |                     |                          | 7,238,195.84                    | 7,238,195.84     |
| 2.Increased amount of the period |                    |                  |                                     |                     |                     |                          |                                 |                  |
| (1) Withdrawal                   |                    |                  |                                     |                     |                     |                          |                                 |                  |
|                                  |                    |                  |                                     |                     |                     |                          |                                 |                  |
| 3.Decreased amount of the period |                    |                  |                                     |                     |                     |                          |                                 |                  |
| (1) Disposal or scrap            |                    |                  |                                     |                     |                     |                          |                                 |                  |
|                                  |                    |                  |                                     |                     |                     |                          |                                 |                  |
| 4.Closing balance                |                    |                  |                                     |                     |                     |                          | 7,238,195.84                    | 7,238,195.84     |

| Items                | Guangfo<br>Expressway | Fokai Expressway | Jingzhu<br>Expressway<br>Guangzhu<br>section | House and<br>buildings | Machinery<br>equipment | Transportation<br>equipment | Electricity<br>equipment and<br>other | Total            |
|----------------------|-----------------------|------------------|----------------------------------------------|------------------------|------------------------|-----------------------------|---------------------------------------|------------------|
| IV. Book value       |                       |                  |                                              |                        |                        |                             |                                       |                  |
| 1.Closing book value |                       | 6,188,849,703.41 | 1,904,920,129.26                             | 103,578,253.16         | 160,116,861.90         | 8,151,766.89                | 343,572,509.33                        | 8,709,189,223.95 |
| 2.Opening book       |                       | 6,440,853,394.08 | 1,974,517,030.94                             | 109,309,108.88         | 175,746,306.57         | 9,469,567.44                | 215,805,065.74                        | 8,925,700,473.65 |

(2)Temporarily idle fixed assets

None

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

In RMB

| Items                                         | Book value    | Reason            |
|-----------------------------------------------|---------------|-------------------|
| Transportation and other ancillary facilities | 86,957,266.64 | Not accreditation |

Other note

13. Project under construction

In RMB

| Items                      | Year-end balance | Year-beginning balance |
|----------------------------|------------------|------------------------|
| Project under construction | 169,594,866.22   | 229,098,299.48         |
| Total                      | 169,594,866.22   | 229,098,299.48         |

(1) Project under construction

In RMB

| Items                                                              | Year-end balance |                           |               | Year-beginning balance |                           |               |
|--------------------------------------------------------------------|------------------|---------------------------|---------------|------------------------|---------------------------|---------------|
|                                                                    | Book balance     | Provision for devaluation | Book value    | Book balance           | Provision for devaluation | Book value    |
| Cancellation of Expressway Provincial Toll Station Project         |                  |                           |               | 66,534,825.51          |                           | 66,534,825.51 |
| Reconstruction and Expansion of Sanbao to Shuikou                  | 20,812,651.91    |                           | 20,812,651.91 | 15,943,015.38          |                           | 15,943,015.38 |
| Bridge deck pavement project of hailong Bridge                     | 1,382,928.49     |                           | 1,382,928.49  | 1,382,928.49           |                           | 1,382,928.49  |
| Urban toll station project                                         | 9,013,081.45     |                           | 9,013,081.45  | 9,013,081.45           |                           | 9,013,081.45  |
| Pavement Treatment Project                                         | 47,513,858.97    |                           | 47,513,858.97 | 46,573,355.85          |                           | 46,573,355.85 |
| Bridge Deck Treatment Project of Dayong Viaduct                    | 69,200,820.99    |                           | 69,200,820.99 | 67,204,790.39          |                           | 67,204,790.39 |
| Improvement Project of Drainage Pipes Across River Reach of Bridge | 5,933,146.00     |                           | 5,933,146.00  | 5,933,146.00           |                           | 5,933,146.00  |

| Items                                                                               | Year-end balance |                                     |                    | Year-beginning balance |                                             |                |
|-------------------------------------------------------------------------------------|------------------|-------------------------------------|--------------------|------------------------|---------------------------------------------|----------------|
|                                                                                     | Book balance     | Provision<br>for<br>devaluati<br>on | Book value         | Book balance           | Prov<br>ision<br>for<br>deva<br>luati<br>on | Book value     |
| Bridge Drainage Improvement<br>Project Across Centralized Drinking<br>Water Sources | 7,000,000.00     |                                     | 7,000,000.0<br>0   | 7,000,000.00           |                                             | 7,000,000.00   |
| Monitoring Hall Migration Project                                                   | 7,167,718.98     |                                     | 7,167,718.9<br>8   | 7,167,718.98           |                                             | 7,167,718.98   |
| Odd project                                                                         | 1,570,659.43     |                                     | 1,570,659.4<br>3   | 2,345,437.43           |                                             | 2,345,437.43   |
| Total                                                                               | 169,594,866.22   |                                     | 169,594,86<br>6.22 | 229,098,299.48         |                                             | 229,098,299.48 |

(2) Changes of significant construction in progress

In RMB

| Name of project                                            | Budget           | Opening balance | Increase       | Transferred to fixed assets | Other decrease | End balance    | Proportion % | Project process | Capitalization of interest | Including: capitalization of interest this period | Capitalization of interest rate (%) | Source of funding |
|------------------------------------------------------------|------------------|-----------------|----------------|-----------------------------|----------------|----------------|--------------|-----------------|----------------------------|---------------------------------------------------|-------------------------------------|-------------------|
| Cancellation of Expressway Provincial Toll Station Project | 178,291,911.00   | 66,534,825.51   | 98,112,513.42  | 164,647,338.93              |                |                | 93.59%       | 100.00%         |                            |                                                   |                                     | Others            |
| Reconstruction and Expansion of Sanbao to Shuikou          | 3,426,210,000.00 | 15,943,015.38   | 4,869,636.53   |                             |                | 20,812,651.91  | 75.51%       | 75.51%          | 72,779,504.82              |                                                   |                                     | Others            |
| Pavement Treatment Project                                 | 186,809,600.00   | 46,573,355.85   | 940,503.12     |                             |                | 47,513,858.97  | 25.43%       | 25.43%          | 1,118,693.61               | 940,503.12                                        | 4.31%                               | Others            |
| Bridge Deck Treatment Project of Dayong Viaduct            | 122,940,000.00   | 67,204,790.39   | 1,996,030.60   |                             |                | 69,200,820.99  | 56.29%       | 56.29%          | 2,683,619.99               | 1,996,030.60                                      | 4.31%                               | Others            |
| Total                                                      | 3,914,251,511.00 | 196,255,987.13  | 105,918,683.67 | 164,647,338.93              |                | 137,527,331.87 | --           | --              | 76,581,818.42              | 2,936,533.72                                      |                                     | --                |

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

None

14. Intangible assets

(1) List of intangible assets

In RMB

| Items                                   | Land use right | Patent right | Non-patent right | Software      | Total         |
|-----------------------------------------|----------------|--------------|------------------|---------------|---------------|
| I. Original price                       |                |              |                  |               |               |
| 1. Opening balance                      | 1,311,658.00   |              |                  | 31,328,839.81 | 32,640,497.81 |
| 2. Increased amount of the period       |                |              |                  | 62,517.57     | 62,517.57     |
| (1) Purchase                            |                |              |                  | 62,517.57     | 62,517.57     |
| (2) Internal Development                |                |              |                  |               |               |
| (3) Increased of Enterprise Combination |                |              |                  |               |               |
|                                         |                |              |                  |               |               |
| 3. Decreased amount of the period       |                |              |                  |               |               |
| (1) Disposal                            |                |              |                  |               |               |
|                                         |                |              |                  |               |               |
| 4. Closing balance                      | 1,311,658.00   |              |                  | 31,391,357.38 | 32,703,015.38 |
| II. Accumulated amortization            |                |              |                  |               |               |
| 1. Opening balance                      | 1,311,658.00   |              |                  | 24,934,944.64 | 26,246,602.64 |
| 2. Increased amount of the period       |                |              |                  | 1,062,165.61  | 1,062,165.61  |
| (1) Withdrawal                          |                |              |                  | 1,062,165.61  | 1,062,165.61  |
|                                         |                |              |                  |               |               |
| 3. Decreased amount of the period       |                |              |                  |               |               |
| (1) Disposal                            |                |              |                  |               |               |
|                                         |                |              |                  |               |               |

| Items                            | Land use right | Patent right | Non-patent right | Software      | Total         |
|----------------------------------|----------------|--------------|------------------|---------------|---------------|
| 4.Closing balance                | 1,311,658.00   |              |                  | 25,997,110.25 | 27,308,768.25 |
| III. Impairment provision        |                |              |                  |               |               |
| 1.Opening balance                |                |              |                  |               |               |
| 2.Increased amount of the period |                |              |                  |               |               |
| (1) Withdrawal                   |                |              |                  |               |               |
|                                  |                |              |                  |               |               |
| 3.Decreased amount of the period |                |              |                  |               |               |
| (1) Disposal                     |                |              |                  |               |               |
|                                  |                |              |                  |               |               |
| 4.Closing balance                |                |              |                  |               |               |
| IV. Book value                   |                |              |                  |               |               |
| 1.Closing book value             |                |              |                  | 5,394,247.13  | 5,394,247.13  |
| 2.Opening book value             |                |              |                  | 6,393,895.17  | 6,393,895.17  |

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

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

None

#### 15. Long-term amortize expenses

In RMB

| Items                | Balance in year-begin | <u>Increase in this period</u> | Amortized expenses | Other loss | Balance in year-end |
|----------------------|-----------------------|--------------------------------|--------------------|------------|---------------------|
| Rental fee for plant | 1,114,764.44          |                                | 53,508.72          |            | 1,061,255.72        |
| Total                | 1,114,764.44          |                                | 53,508.72          |            | 1,061,255.72        |

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

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

In RMB

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

|                                   | Deductible temporary difference | Deferred income tax assets | Deductible temporary difference | Deferred income tax assets |
|-----------------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
| Assets impairment provisions      | 7,238,195.84                    | 1,809,548.96               | 7,238,195.84                    | 1,809,548.96               |
| Deductible loss                   | 1,120,134,827.88                | 280,033,706.98             | 1,054,468,552.04                | 263,617,138.01             |
| Amortization of intangible assets | 16,370,675.77                   | 4,092,668.94               | 100,250,984.24                  | 25,062,746.06              |
| Asset valuation appreciation      | 346,250,638.18                  | 86,562,659.55              | 380,018,692.41                  | 95,004,673.10              |
| Total                             | 1,489,994,337.67                | 372,498,584.43             | 1,541,976,424.53                | 385,494,106.13             |

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

In RMB

| Items                                                                 | Balance in year-end             |                                 | Balance Year-beginning          |                                 |
|-----------------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                                                       | Deductible temporary difference | Deferred income tax liabilities | Deductible temporary difference | Deferred income tax liabilities |
| Changes in the fair value of other equity instruments                 | 324,651,822.72                  | 81,162,955.68                   | 519,913,426.24                  | 129,978,356.56                  |
| Deductible temporary differences in the formation of asset impairment | 444,929,907.64                  | 111,232,476.91                  | 433,902,478.92                  | 108,475,619.73                  |
| Total                                                                 | 769,581,730.36                  | 192,395,432.59                  | 953,815,905.16                  | 238,453,976.29                  |

(3) Details of unrecognized deferred tax assets

In RMB

| Items                        | Balance in year-end | Balance Year-beginning |
|------------------------------|---------------------|------------------------|
| Deductible loss              | 9,751,378.66        | 8,013,102.87           |
| Assets impairment provisions | 90,176,625.37       | 89,939,941.56          |
| Cost of outstanding invoices |                     | 1,941,115.68           |
| Total                        | 99,928,004.03       | 99,894,160.11          |

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

In RMB

| Year | Balance in year-end | Balance Year-beginning | Remark |
|------|---------------------|------------------------|--------|
| 2020 |                     |                        |        |

|       |              |              |    |
|-------|--------------|--------------|----|
| 2021  |              |              |    |
| 2022  | 1,133,109.04 | 1,133,109.04 |    |
| 2023  | 3,210,991.23 | 3,210,991.23 |    |
| 2024  | 3,669,002.60 | 3,669,002.60 |    |
| 2025  | 1,738,275.79 |              |    |
| Total | 9,751,378.66 | 8,013,102.87 | -- |

Other note:

## 17. Other Non-current assets

In RMB

| Items                                 | Balance in year-end |                           |               | Balance Year-beginning |                           |               |
|---------------------------------------|---------------------|---------------------------|---------------|------------------------|---------------------------|---------------|
|                                       | Book balance        | Provision for devaluation | Book value    | Book balance           | Provision for devaluation | Book value    |
| Prepaid fixed assets engineering fees | 34,482,614.47       |                           | 34,482,614.47 | 50,442,297.97          |                           | 50,442,297.97 |
| Prepaid business tax                  | 492,900.42          |                           | 492,900.42    | 518,773.08             |                           | 518,773.08    |
| Less: Part due within 1 year          | -51,745.32          |                           | -51,745.32    | -51,745.32             |                           | -51,745.32    |
| Total                                 | 34,923,769.57       |                           | 34,923,769.57 | 50,909,325.73          |                           | 50,909,325.73 |

Other note:

## 18.Account payable

### (1) List of account payable

In RMB

| Items                            | Balance in year-end | Balance Year-beginning |
|----------------------------------|---------------------|------------------------|
| Within 1 year (Including 1 year) | 162,774,472.04      | 177,823,526.35         |
| 1-2 years (including 2 years)    | 34,995,823.93       | 11,710,703.48          |
| 2-3 years (including 3 years)    | 8,648,550.00        | 2,468,424.00           |
| Over 3 years                     | 98,394,394.48       | 98,655,080.48          |
| Total                            | 304,813,240.45      | 290,657,734.31         |

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

In RMB

| Items                                               | Balance in year-end | Reason    |
|-----------------------------------------------------|---------------------|-----------|
| Foshan Land and resources Bureau.                   | 30,507,598.21       | Unsettled |
| Guang Zhongjiang Expressway project Management Dept | 28,000,000.00       | Unsettled |
| Heshan Land and resources Bureau                    | 27,186,893.60       | Unsettled |
| Guangdong Highway Construction Co., Ltd.            | 25,630,651.00       | Unsettled |
| Guangdong Provincial Freeway Co.,Ltd.               | 8,746,491.18        | Unsettled |
| Total                                               | 120,071,633.99      | --        |

## 19. Prepayment received

### (1) List of Prepayment received

In RMB

| Items                            | Balance in year-end | Balance Year-beginning |
|----------------------------------|---------------------|------------------------|
| Within 1 year (Including 1 year) | 806,015.98          | 1,865,984.63           |
| 1-2 years (Including 2 years)    |                     |                        |
| 2-3 years (Including 3 years)    |                     |                        |
| Over 3 years                     | 10,393,700.37       | 10,951,499.43          |
| Total                            | 11,199,716.35       | 12,817,484.06          |

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

In RMB

| Items                                            | Balance in year-end | Unpaid/Uncarry over reason                 |
|--------------------------------------------------|---------------------|--------------------------------------------|
| Guangzhou Huanlong Expressway Co., Ltd.          | 8,383,879.82        | The Rental is not in the settlement period |
| Guangdong Xinle Technology Development Co., Ltd. | 1,537,523.81        | The Rental is not in the settlement period |
| Total                                            | 9,921,403.63        | --                                         |

## 20. Payable Employee wage

### (1) Payable Employee wage

In RMB

| Items                      | Year-beginning balance | Increase in the current period | Decrease in the current period | Year-end balance |
|----------------------------|------------------------|--------------------------------|--------------------------------|------------------|
| I. Short-term compensation | 14,822,524.70          | 128,500,655.48                 | 124,544,037.99                 | 18,779,142.19    |

|                                                          |               |                |                |               |
|----------------------------------------------------------|---------------|----------------|----------------|---------------|
| II.Post-employment benefits - defined contribution plans |               | 11,175,489.25  | 9,764,863.47   | 1,410,625.78  |
| III. Dismissal benefits                                  |               | 80,117.63      | 80,117.63      |               |
| Total                                                    | 14,822,524.70 | 139,756,262.36 | 134,389,019.09 | 20,189,767.97 |

(2) Short-term Remuneration

In RMB

| Items                                      | Year-beginning balance | Increase in the current period | Decrease in the current period | Year-end balance |
|--------------------------------------------|------------------------|--------------------------------|--------------------------------|------------------|
| 1.Wages, bonuses, allowances and subsidies | 642,463.49             | 94,813,014.04                  | 90,952,413.30                  | 4,503,064.23     |
| 2.Employee welfare                         |                        | 9,303,364.42                   | 9,211,545.43                   | 91,818.99        |
| 3. Social insurance premiums               |                        | 6,471,924.55                   | 6,468,331.84                   | 3,592.71         |
| Including : Medical insurance              |                        | 3,725,818.90                   | 3,722,909.27                   | 2,909.63         |
| Work injury insurance                      |                        | 19,532.24                      | 19,532.24                      |                  |
| Maternity insurance                        |                        | 873,658.04                     | 872,974.96                     | 683.08           |
| Other                                      |                        | 1,852,915.37                   | 1,852,915.37                   |                  |
| 4.Public reserves for housing              |                        | 14,000,113.00                  | 13,989,322.00                  | 10,791.00        |
| 5.Union funds and staff education fee      | 12,865,407.64          | 3,381,179.63                   | 3,284,605.58                   | 12,961,981.69    |
| 8.Other                                    | 1,314,653.57           | 531,059.84                     | 637,819.84                     | 1,207,893.57     |
| Total                                      | 14,822,524.70          | 128,500,655.48                 | 124,544,037.99                 | 18,779,142.19    |

(3) Defined contribution plans listed

In RMB

| Items                               | Balance Year-beginning | <u>Increase in this period</u> | Payable in this period | Balance in year-end |
|-------------------------------------|------------------------|--------------------------------|------------------------|---------------------|
| 1. Basic old-age insurance premiums |                        | 2,003,693.48                   | 2,003,693.48           |                     |
| 2.Unemployment insurance            |                        | 56,693.56                      | 56,693.56              |                     |
| 3.Enterprise annuity payment        |                        | 9,115,102.21                   | 7,704,476.43           | 1,410,625.78        |
| Total                               |                        | 11,175,489.25                  | 9,764,863.47           | 1,410,625.78        |

Other notes:

## 21. Tax Payable

In RMB

| Items                                       | Balance in year-end | Balance Year-beginning |
|---------------------------------------------|---------------------|------------------------|
| VAT                                         | 12,245,948.76       | 14,195,480.90          |
| Enterprise Income tax                       | 23,310,669.09       | 65,145,885.17          |
| Individual Income tax                       | 108,161.34          | 2,866,768.16           |
| City Construction tax                       | 480,762.03          | 957,991.34             |
| Education subjoin                           | 234,125.43          | 431,482.48             |
| Locality Education subjoin                  | 142,025.15          | 273,333.04             |
| Land use tax                                | 606,620.40          |                        |
| Property tax                                | 680,454.25          | 17,061.15              |
| Stamp tax                                   | 44,687.72           | 218,722.91             |
| Construction costs for cultural undertaking |                     | 31,200.00              |
| Other                                       |                     | 119,661.79             |
| Total                                       | 37,853,454.17       | 84,257,586.94          |

Other note:

## 22. Other accounts payable

In RMB

| Items                 | Balance in year-end | Balance Year-beginning |
|-----------------------|---------------------|------------------------|
| Dividend payable      | 954,302,889.90      | 20,020,119.31          |
| Other account payable | 471,530,924.09      | 606,160,467.61         |
| Total                 | 1,425,833,813.99    | 626,180,586.92         |

### (1) Dividends payable

In RMB

| Items                  | Balance in year-end | Balance Year-beginning |
|------------------------|---------------------|------------------------|
| Common stock dividends | 954,302,889.90      | 20,020,119.31          |
| Total                  | 954,302,889.90      | 20,020,119.31          |

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

Final dividend payable 19,998,911.82yuan for more than a year in unpaid dividends to shareholders over the year was mainly due to non-payment of shareholder dividends did not provide information on interest-bearing bank, did not share reform of shareholders to receive dividends or provide application to receive dividends the bank information is incorrect, resulting in failure to pay a dividend or refund.

(2) Other accounts payable

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

In RMB

| Items                                | Year-end balance | Year-Beginning balance |
|--------------------------------------|------------------|------------------------|
| Quality guarantee fund               | 42,938,220.28    | 55,789,027.50          |
| Borrowing                            | 182,161,406.25   | 184,505,512.50         |
| Provisional estimate of project cost | 199,761,484.19   | 305,588,291.39         |
| Other                                | 46,669,813.37    | 60,277,636.22          |
| Total                                | 471,530,924.09   | 606,160,467.61         |

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

In RMB

| Items                                               | Closing balance | Unpaid/un-carry over reason                                                              |
|-----------------------------------------------------|-----------------|------------------------------------------------------------------------------------------|
| Yayao to Xiebian extension                          | 12,499,448.48   | Outstanding                                                                              |
| CCCC First Harbor Engineering Co., Ltd.             | 8,339,501.22    | Project Quality guarantees, contract liquidated damages                                  |
| Poly Changda Highway Engineering Co., Ltd.          | 4,103,645.00    | Contract liquidated damages, project withholding                                         |
| Guangdong Longda Superhighway Maintenance Co., Ltd. | 3,184,244.10    | Project Quality guarantees, contract liquidated damages, Wage margin for migrant workers |
| China Railway 18 Bureau Group Co., Ltd.             | 2,501,500.00    | Contract liquidated damages, Wage margin for migrant workers                             |
| Total                                               | 30,628,338.80   | --                                                                                       |

23. Contract liabilities

(1) Contract liabilities

In RMB

| Items                               | Balance year-end | Year-beginning balance |
|-------------------------------------|------------------|------------------------|
| Advances on sale                    | 108,100.88       | 2,787,610.63           |
| Less: Other non-current liabilities |                  |                        |
| Total                               | 108,100.88       | 2,787,610.63           |

24. Non-current liabilities due within 1 year

In RMB

| Long-term loans due within 1 year | Balance year-end | Year-beginning balance |
|-----------------------------------|------------------|------------------------|
|-----------------------------------|------------------|------------------------|

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Long-term payable due within 1 year | 62,060,000.00  | 765,445,000.00 |
| Interest payable due within 1 year  | 732,075.47     | 256,603.77     |
| Total                               | 96,380,696.28  | 30,160,354.30  |
| Long-term loans due within 1 year   | 159,172,771.75 | 795,861,958.07 |

Other note:

## 25. Other current liabilities

In RMB

| Items               | Balance year-end | Year-beginning balance |
|---------------------|------------------|------------------------|
| Tax to be rewritten | 1,603,872.74     | 189,628.17             |
| Total               | 1,603,872.74     | 189,628.17             |

## 26. Long-term loan

### (1) Category of long-term loan

In RMB

| Items                               | Balance year-end | Year-beginning balance |
|-------------------------------------|------------------|------------------------|
| Pledge loan                         | 507,365,000.00   | 447,365,000.00         |
| Guaranteed loan                     |                  | 375,000,000.00         |
| Credit loan                         | 4,259,587,500.00 | 4,583,505,000.00       |
| Long-term loans due within one year | -62,060,000.00   | -765,445,000.00        |
| Total                               | 4,704,892,500.00 | 4,640,425,000.00       |

Other notes including interest rate range:

The Pledge loan rate is 4.15%-4.41%; the guaranteed loan interest rate is 5.6%; the credit interest rate is 3.95%-4.41%.

## 27. Bond payable

### (1) Bond payable

In RMB

| Items            | Balance year-end | Year-beginning balance |
|------------------|------------------|------------------------|
| Medium-term note | 1,426,014,144.87 | 678,124,972.89         |
| Total            | 1,426,014,144.87 | 678,124,972.89         |

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

In RMB

| Name of the bond               | Book value     | Issue date | Period              | Issue amount     | Opening balance | The current issue | Withdraw interest at par | Overflow discount amount | Pay in current period | Closing balance  |
|--------------------------------|----------------|------------|---------------------|------------------|-----------------|-------------------|--------------------------|--------------------------|-----------------------|------------------|
| 19 Guangdong Expressway MTN001 | 680,000,000.00 | 2019.2.27  | 2019.3.1-2024.3.1   | 680,000,000.00   | 678,124,972.89  |                   |                          | -223,241.92              |                       | 678,348,214.81   |
| 20 Guangdong Expressway MTN001 | 750,000,000.00 | 2020.3.13  | 2020.3.17-2025.3.17 | 750,000,000.00   |                 | 750,000,000.00    |                          | 2,334,069.94             |                       | 747,665,930.06   |
| Total                          | --             | --         | --                  | 1,430,000,000.00 | 678,124,972.89  | 750,000,000.00    |                          | 2,110,828.02             |                       | 1,426,014,144.87 |

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

None

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

None

28. Long-term payable

In RMB

| Items             | Balance year-end | Year-beginning balance |
|-------------------|------------------|------------------------|
| Long-term payable | 40,406,172.36    | 39,369,379.91          |
| Total             | 40,406,172.36    | 39,369,379.91          |

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

In RMB

| Items                             | Balance year-end | Year-beginning balance |
|-----------------------------------|------------------|------------------------|
| Non-operating asset payable       | 2,022,210.11     | 2,022,210.11           |
| Entrust loans                     | 36,000,000.00    | 36,000,000.00          |
| Medium term bill underwriting fee | 3,116,037.72     | 1,603,773.57           |
| Less: Part due within 1 year      | 732,075.47       | 256,603.77             |
| Total                             | 40,406,172.36    | 39,369,379.91          |

Other note:

29. Deferred income

In RMB

| Items              | Opening balance | Increase      | Decrease     | Closing balance | Cause |
|--------------------|-----------------|---------------|--------------|-----------------|-------|
| Government subsidy |                 | 37,916,900.00 | 5,637,075.19 | 32,279,824.81   |       |
| Total              |                 | 37,916,900.00 | 5,637,075.19 | 32,279,824.81   | --    |

Details of government subsidies:

In RMB

| Items                                 | Beginning of term | New subsidy in current period | Amount transferred to non-operational income | Other income recorded in the current period | Amount of cost deducted in the current period | Other changes | End of term   | Asset-related or income-related |
|---------------------------------------|-------------------|-------------------------------|----------------------------------------------|---------------------------------------------|-----------------------------------------------|---------------|---------------|---------------------------------|
| Cancellation of Expressway Provincial |                   | 35,416,900.00                 |                                              | 3,137,075.19                                |                                               |               | 32,279,824.81 | Asset-related                   |

| Items                | Beginning of term | New subsidy in current period | Amount transferred to non-operational income | Other income recorded in the current period | Amount of cost deducted in the current period | Other changes | End of term | Asset-related or income-related |
|----------------------|-------------------|-------------------------------|----------------------------------------------|---------------------------------------------|-----------------------------------------------|---------------|-------------|---------------------------------|
| Toll Station Project |                   |                               |                                              |                                             |                                               |               |             |                                 |
| Financial discount   |                   | 2,500,000.00                  |                                              |                                             | 2,500,000.00                                  |               |             | Related to income               |

### 30. Stock capital

In RMB

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

### 31. Capital reserves

In RMB

| Items                  | Year-beginning balance | Increase in the current period | Decrease in the current period | Year-end balance |
|------------------------|------------------------|--------------------------------|--------------------------------|------------------|
| Share premium          | 2,508,408,342.99       |                                |                                | 2,508,408,342.99 |
| Other capital reserves | 54,162,122.32          | 3,954,180.00                   |                                | 58,116,302.32    |
| Total                  | 2,562,570,465.31       | 3,954,180.00                   |                                | 2,566,524,645.31 |

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

The capital reserve in this period was increased 3,954,180.00 yuan due to the change of the owner's equity of the joint-stock company

### 32. Other comprehensive income

In RMB

| Items                                                                                                                                             | Year-beginning balance | Amount of current period          |                                                                                                                                     |                                                                                                         |                           |                                           |                                             | Year-end balance |
|---------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------------|---------------------------------------------|------------------|
|                                                                                                                                                   |                        | Amount incurred before income tax | Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period | Less: Prior period included in other composite income transfer to retained income in the current period | Less: Income tax expenses | After-tax attribute to the parent company | After-tax attribute to minority shareholder |                  |
| 1.Other comprehensive income will be reclassified into income or loss in the future                                                               | 389,935,069.68         | -195,261,603.52                   |                                                                                                                                     |                                                                                                         | -48,815,400.88            | -146,446,202.64                           |                                             | 243,488,867.04   |
| Including: Share of other comprehensive income of the investee that cannot be transferred to profit or loss accounted for using the equity method | 389,935,069.68         | -195,261,603.52                   |                                                                                                                                     |                                                                                                         | -48,815,400.88            | -146,446,202.64                           |                                             | 243,488,867.04   |
| 2.Other comprehensive income reclassifiable to profit or loss in subsequent periods                                                               | -7,741,724.78          | 2,533,278.11                      |                                                                                                                                     |                                                                                                         |                           | 2,533,278.11                              |                                             | -5,208,446.67    |
| Including: Share of other comprehensive income of the investee that cannot be transferred to profit or loss accounted for using the equity method | -7,741,724.78          | 2,533,278.11                      |                                                                                                                                     |                                                                                                         |                           | 2,533,278.11                              |                                             | -5,208,446.67    |

|                                     |                |                 |  |  |                |                 |  |                |
|-------------------------------------|----------------|-----------------|--|--|----------------|-----------------|--|----------------|
| Total of other comprehensive income | 382,193,344.90 | -192,728,325.41 |  |  | -48,815,400.88 | -143,912,924.53 |  | 238,280,420.37 |
|-------------------------------------|----------------|-----------------|--|--|----------------|-----------------|--|----------------|

### 33. Surplus reserve

In RMB

| Items                     | Year-beginning<br>balance | Increase in the current<br>period | Decrease in the current<br>period | Year-end balance |
|---------------------------|---------------------------|-----------------------------------|-----------------------------------|------------------|
| Statutory surplus reserve | 910,425,068.90            |                                   |                                   | 910,425,068.90   |
| Total                     | 910,425,068.90            |                                   |                                   | 910,425,068.90   |

Note

### 34. Retained profits

In RMB

| Items                                                                 | Amount of this period | Amount of last period |
|-----------------------------------------------------------------------|-----------------------|-----------------------|
| Before adjustments: Retained profits in last period end               | 3,877,431,844.64      | 3,938,609,136.59      |
| Adjust the total undistributed profits at the beginning of the period |                       | -9,749,843.30         |
| After adjustments: Retained profits at the period beginning           | 3,877,431,844.64      | 3,928,859,293.29      |
| Add: Net profit belonging to the owner of the parent company          | -5,830,257.18         | 1,258,628,101.71      |
| Less: Statutory surplus reserve                                       |                       | 135,022,507.55        |
| Common stock dividend payable                                         | 882,320,185.17        | 1,175,033,042.81      |
| Retained profit at the end of this term                               | 2,989,281,402.29      | 3,877,431,844.64      |

As regards the details of adjusted the beginning undistributed profits

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

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

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

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

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

### 35.Operation income and operation cost

In RMB

| Items           | Amount of this period |                | Amount of last period |                |
|-----------------|-----------------------|----------------|-----------------------|----------------|
|                 | Income                | Cost           | Income                | Cost           |
| Main operation  | 642,155,230.52        | 514,556,931.18 | 1,465,140,817.31      | 536,808,262.05 |
| Other operation | 18,743,731.27         | 9,618,193.88   | 18,532,427.90         | 12,815,548.44  |
| Total           | 660,898,961.79        | 524,175,125.06 | 1,483,673,245.21      | 549,623,810.49 |

### 36. Business tax and subjoin

In RMB

| Items                        | Amount of this period | Amount of last period |
|------------------------------|-----------------------|-----------------------|
| Urban construction tax       | 1,233,837.65          | 2,826,207.50          |
| Education surcharge          | 582,429.79            | 1,334,286.59          |
| Property tax                 | 712,301.65            | 653,603.50            |
| Land use tax                 | 606,620.40            | 607,742.40            |
| Vehicle use tax              | 27,905.63             | 27,413.99             |
| Stamp tax                    | 96,237.31             | 151,645.56            |
| Business tax                 | 25,872.66             | 25,872.66             |
| Locality Education surcharge | 388,598.88            | 889,523.37            |
| Other                        |                       | 40,728.40             |
| Total                        | 3,673,803.97          | 6,557,023.97          |

Other note

### 37. Administrative expenses

In RMB

| Items                         | Amount of this period | Amount of last period |
|-------------------------------|-----------------------|-----------------------|
| Wage                          | 47,810,529.06         | 51,876,703.42         |
| Depreciation and Amortization | 4,677,507.48          | 5,426,970.90          |
| Low consumables amortization  | 234,921.36            | 270,716.05            |
| Travel expenses               | 83,119.53             | 425,060.93            |
| Office expenses               | 2,457,800.02          | 4,046,634.57          |
| Leased expenses               | 5,183,189.17          | 5,621,607.68          |
| The fee for hiring agency     | 3,113,424.31          | 4,459,697.91          |

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Consultation expenses                | 63,000.00     | 1,186,300.00  |
| Listing fee                          | 11,320.75     | 11,320.75     |
| Information cost and maintenance fee | 247,597.56    | 180,975.14    |
| Other                                | 4,108,510.24  | 3,469,223.12  |
| Total                                | 67,990,919.48 | 76,975,210.47 |

Other note:

### 38. Financial expenses

In RMB

| Items                            | Amount of this period | Amount of last period |
|----------------------------------|-----------------------|-----------------------|
| Interest expenses                | 131,774,768.90        | 115,040,857.71        |
| Deposit interest income (-)      | -14,760,756.18        | -15,761,707.69        |
| Exchange Income and loss (Gain-) |                       | 1,590,432.88          |
| Bank commission charge           | 65,706.01             | 904,728.33            |
| Other                            | 1,534,061.56          | 1,755,451.17          |
| Total                            | 118,613,780.29        | 103,529,762.40        |

### 39. Other gains

In RMB

| Items                                                                          | Amount of this period | Amount of last period |
|--------------------------------------------------------------------------------|-----------------------|-----------------------|
| Government subsidy- Cancellation of Expressway Provincial Toll Station Project | 3,137,075.19          |                       |
| Government subsidy- Stable job subsidies                                       | 398,471.22            |                       |
| Return of personal tax handing fee                                             | 173,223.75            | 40,043.40             |
| Maternity allowance                                                            | 149,747.43            | 377,218.29            |
| Input tax plus deduction                                                       | 12,771.61             | 2,965.93              |
| Total                                                                          | 3,871,289.20          | 420,227.62            |

### 40. Investment income

In RMB

| Items                                        | Amount of this period | Amount of last period |
|----------------------------------------------|-----------------------|-----------------------|
| Long-term equity investment income by equity | 55,853,351.49         | 237,712,998.09        |

|                                                                                      |                |                |
|--------------------------------------------------------------------------------------|----------------|----------------|
| method                                                                               |                |                |
| Dividends earned during the holding period on investments in other equity instrument | 50,785,213.04  | 38,528,868.23  |
| Total                                                                                | 106,638,564.53 | 276,241,866.32 |

#### 41. Credit impairment losses

In RMB

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

Other note:

#### 42.Assets disposal income

In RMB

| Source                                          | Amount of this period | Amount of last period |
|-------------------------------------------------|-----------------------|-----------------------|
| Non-current assets disposal gains               |                       | 13,129,094.29         |
| Including: Income from disposal of Fixed assets |                       |                       |
| Income from disposal of Intangible assets       |                       | 13,129,094.29         |
| Other                                           | 4.37                  |                       |
| Total                                           | 4.37                  | 13,129,094.29         |

#### 43.Non-Operation income

In RMB

| Items                          | Amount of this period | Amount of last period | Recorded in the amount of the non-recurring gains and losses |
|--------------------------------|-----------------------|-----------------------|--------------------------------------------------------------|
| Charges                        | 1,493.01              | 14,676.65             | 1,493.01                                                     |
| Relocation compensation income | 1,549,865.12          |                       | 1,549,865.12                                                 |
| Insurance indemnity income     | 1,824,272.37          | 133,339.72            | 1,824,272.37                                                 |
| Road property claim income     | 416,820.42            | 543,754.07            | 416,820.42                                                   |
| Other income                   | 285,226.03            | 43,589.32             | 285,226.03                                                   |
| Total                          | 4,077,676.95          | 735,359.76            | 4,077,676.95                                                 |

- Government subsidy reckoned into current gains/losses: None

#### 44. Non-Operation expense

In RMB

| Items                                    | Amount of current period | Amount of previous period | The amount of non-operating gains & losses |
|------------------------------------------|--------------------------|---------------------------|--------------------------------------------|
| Loss & abandonment of non-current assets | 184,878.43               | 2,591,350.52              | 184,878.43                                 |
| Fine                                     | 25,472.76                | 207.98                    | 25,472.76                                  |
| Road property claim expenses             | 1,411,624.28             | 1,633,084.45              | 1,411,624.28                               |
| Other income(                            | 570,033.01               | 6,765.00                  | 570,033.01                                 |
| Total                                    | 2,192,008.48             | 4,231,407.95              | 2,192,008.48                               |

#### 45. Income tax expense

##### (1) Lists of income tax expense

In RMB

| Items                       | Amount of current period | Amount of previous period |
|-----------------------------|--------------------------|---------------------------|
| Current income tax expense  | 27,487,772.16            | 154,541,370.84            |
| Deferred income tax expense | 15,752,378.88            | 35,155,403.21             |
| Total                       | 43,240,151.04            | 189,696,774.05            |

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

In RMB

| Items                                                                                                                     | Amount of current period |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Total                                                                                                                     | 58,604,175.75            |
| Current income tax expense accounted by tax and relevant regulations                                                      | 14,651,043.94            |
| Influence of income tax before adjustment                                                                                 | 19,910.76                |
| Influence of non taxable income                                                                                           | -27,333,746.18           |
| Impact of non-deductible costs, expenses and losses                                                                       | 4,097,052.91             |
| The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss | -744,912.67              |
| Other                                                                                                                     | 52,550,802.28            |

|                    |               |
|--------------------|---------------|
| Income tax expense | 43,240,151.04 |
|--------------------|---------------|

#### 46. Items of Cash flow statement

##### (1) Other cash received from business operation

In RMB

| Items                                                      | Amount of current period | Amount of previous period |
|------------------------------------------------------------|--------------------------|---------------------------|
| Interest income                                            | 14,760,756.18            | 15,761,707.69             |
| Unit current account                                       | 22,144,584.27            | 9,857,010.59              |
| Cancellation of Expressway Provincial Toll Station Project | 35,416,900.00            |                           |
| Total                                                      | 72,322,240.45            | 25,618,718.28             |

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

In RMB

| Items                        | Amount of current period | Amount of previous period |
|------------------------------|--------------------------|---------------------------|
| Management expense           | 15,271,520.58            | 16,677,364.01             |
| Network received toll income |                          | 6,999,980.83              |
| Unit current account         | 5,349,446.91             | 14,244,441.25             |
| Total                        | 20,620,967.49            | 37,921,786.09             |

##### (3) Cash received related to other investment activities

In RMB

| Items                         | Amount of current period | Amount of previous period |
|-------------------------------|--------------------------|---------------------------|
| Medium-term bill issuance fee | 1,122,177.00             | 791,384.00                |
| Total                         | 1,122,177.00             | 791,384.00                |

#### 47. Supplement Information for cash flow statement

##### (1) Supplement Information for cash flow statement

In RMB

| Supplement Information                                         | Amount of current period | Amount of previous period |
|----------------------------------------------------------------|--------------------------|---------------------------|
| I. Adjusting net profit to cash flow from operating activities | --                       | --                        |

| Supplement Information                                                                  | Amount of current period | Amount of previous period |
|-----------------------------------------------------------------------------------------|--------------------------|---------------------------|
| Net profit                                                                              | 15,364,024.71            | 843,585,803.87            |
| Depreciation of fixed assets, oil and gas assets and consumable biological assets       | 382,391,090.20           | 402,575,984.69            |
| Amortization of intangible assets                                                       | 1,098,950.29             | 1,184,929.43              |
| Amortization of Long-term deferred expenses                                             | 53,508.72                | 53,508.72                 |
| Loss on disposal of fixed assets, intangible assets and other long-term deferred assets |                          | -13,129,094.29            |
| Fixed assets scrap loss                                                                 | 184,878.43               | 2,591,350.52              |
| Financial cost                                                                          | 134,274,768.90           | 116,631,290.59            |
| Loss on investment                                                                      | -106,638,564.53          | -276,241,866.32           |
| Decrease of deferred income tax assets                                                  | 12,995,521.70            | 44,118,004.31             |
| Increased of deferred income tax liabilities                                            | 2,756,857.18             | -8,962,601.10             |
| Decrease of inventories                                                                 |                          | -29,124.58                |
| Decease of operating receivables                                                        | -37,061,244.28           | -16,566,898.76            |
| Increased of operating Payable                                                          | 12,249,629.21            | -45,000,189.85            |
| Other                                                                                   | 236,683.81               |                           |
| Net cash flows arising from operating activities                                        | 417,906,104.34           | 1,050,811,097.23          |
| II. Significant investment and financing activities that without cash flows:            | --                       | --                        |
| 3 . Movement of cash and cash equivalents:                                              | --                       | --                        |
| Ending balance of cash                                                                  | 3,058,275,542.46         | 2,036,803,751.05          |
| Less: Beginning balance of cash equivalents                                             | 2,816,699,694.50         | 2,123,303,796.32          |
| Net increase of cash and cash equivalents                                               | 241,575,847.96           | -86,500,045.27            |

(2) Composition of cash and cash equivalents

In RMB

| Items | Balance in year-end | Balance in year-Beginning |
|-------|---------------------|---------------------------|
|-------|---------------------|---------------------------|

| Items                                                  | Balance in year-end | Balance in year-Beginning |
|--------------------------------------------------------|---------------------|---------------------------|
| Cash                                                   | 3,058,275,542.46    | 2,816,699,694.50          |
| Of which: Cash in stock                                | 92,943.37           | 20,587.32                 |
| Bank savings could be used at any time                 | 3,057,665,122.31    | 2,816,163,426.65          |
| Other monetary capital could be used at any time       | 517,476.78          | 515,680.53                |
| Balance of cash and cash equivalents at the period end | 3,058,275,542.46    | 2,816,699,694.50          |

Other note:

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

In RMB

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

Other note:

As of June 30, 2020, the Company's subsidiary Jingzhu Expressway Guangzhu Section Co., Ltd borrowed 507,365,000.00 yuan from Wuyang Sub-branch of Industrial and Commercial Bank of China (including 26,335,000.00 yuan in non-current liabilities due within one year and 481,030,000.00 yuan in long-term loans), and provided a pledge guarantee of 19.2% of the project's toll interest (the right to collect tolls for vehicles traveling on the Guangzhu section of Jingzhu Expressway and the revenue generated by owning such right).

### VIII. Changes of merge scope

None

### IX. Equity in other entities

#### 1. Equity in subsidiary

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

| Name of Subsidiary           | Main Places of Operation | Registration Place | Nature of Business    | Shareholding Ratio (%) |          | Obtaining Method                |
|------------------------------|--------------------------|--------------------|-----------------------|------------------------|----------|---------------------------------|
|                              |                          |                    |                       | direct                 | indirect |                                 |
| Guangfo Expressway Co., Ltd. | Guangz                   | Guan               | Expressway Management | 75.00%                 |          | Under the same control business |

|                                                             |           |           |                                                              |         |        |                                             |
|-------------------------------------------------------------|-----------|-----------|--------------------------------------------------------------|---------|--------|---------------------------------------------|
|                                                             | hou       | gzhou     |                                                              |         |        | combination                                 |
| Guangdong Expressway Technology Investment Co., Ltd.        | Guangzhou | Guangzhou | Investment in technical industries and provision of relevant | 100.00% |        | Investment                                  |
| Guangzhou Guangzhou Traffic Investment Management Co., Ltd. | Guangzhou | Guangzhou | Investment management                                        | 100.00% |        | Under the same control business combination |
| Jingzhu Expressway Guangzhou Section Co., Ltd.              | Zhongshan | Guangzhou | Expressway Management                                        | 20.00%  | 55.00% | Under the same control business combination |
| Yuegao Capital Investment(Hengqin)Co., Ltd.                 | Guangzhou | Zhuhai    | Investment management                                        | 100.00% |        | Investment                                  |

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

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

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

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

Other notes:

Guangzhou Guangzhou Traffic Investment Management Co., Ltd. holds 55% equity in Guangzhou Section Co., Ltd. of Jingzhu Expressway.

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

In RMB

| Name of Subsidiary                             | Shareholding Ratio of Minority Shareholders (%) | Profit or Loss Owned by the Minority Shareholders in the Current Period | Dividends Distributed to the Minority Shareholders in the Current Period | Equity Balance of the Minority Shareholders in the End of the Period |
|------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------|
| Guangfo Expressway Co., Ltd.                   | 25.00%                                          | 11,076,201.29                                                           |                                                                          | 148,856,273.05                                                       |
| Jingzhu Expressway Guangzhou Section Co., Ltd. | 25.00%                                          | 10,118,080.60                                                           | 126,983,792.91                                                           | 172,524,264.07                                                       |

Holding proportion of minority shareholder in subsidiary different from voting proportion

None

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

In RMB

| Name                                         | Year-end balance |                     |                  |                     |                          |                   | Year-beginning balance |                     |                  |                     |                          |                   |
|----------------------------------------------|------------------|---------------------|------------------|---------------------|--------------------------|-------------------|------------------------|---------------------|------------------|---------------------|--------------------------|-------------------|
|                                              | Current assets   | Non- current assets | Total assets     | Current Liabilities | Non- current liabilities | Total liabilities | Current assets         | Non- current assets | Total assets     | Current Liabilities | Non- current liabilities | Total liabilities |
| Guangfo Expressway Co., Ltd.                 | 617,279,005.86   | 61,712,506.29       | 678,991,512.15   | 78,285,629.03       | 5,280,790.91             | 83,566,419.94     | 560,965,221.56         | 47,173,764.91       | 608,138,986.47   | 57,018,699.42       |                          | 57,018,699.42     |
| Jingzhu Expressway Guangzhu Section Co.,Ltd. | 120,244,803.02   | 2,212,641,148.22    | 2,332,885,951.24 | 520,668,250.01      | 1,122,120,644.94         | 1,642,788,894.95  | 301,043,906.12         | 2,257,506,902.82    | 2,558,550,808.94 | 377,916,598.72      | 1,023,074,304.71         | 1,400,990,903.43  |

In RMB

| Name                                         | Amount of current period |               |                            |                                      | Amount of previous period |                |                            |                                      |
|----------------------------------------------|--------------------------|---------------|----------------------------|--------------------------------------|---------------------------|----------------|----------------------------|--------------------------------------|
|                                              | Business income          | Net profit    | Total Comprehensive income | Cash flows from operating activities | Business income           | Net profit     | Total Comprehensive income | Cash flows from operating activities |
| Guangfo Expressway Co., Ltd.                 | 102,043,817.63           | 44,304,805.16 | 44,304,805.16              | 59,016,009.03                        | 231,359,875.86            | 142,527,223.05 | 142,527,223.05             | 146,829,390.44                       |
| Jingzhu Expressway Guangzhu Section Co.,Ltd. | 232,123,838.11           | 40,472,322.41 | 40,472,322.41              | 136,327,743.66                       | 613,528,787.18            | 285,871,543.23 | 285,871,543.23             | 390,248,834.50                       |

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

None

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

None

Other note:

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

(1) Significant joint venture arrangement or associated enterprise

None

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

None

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

| Name                                      | Main operating place | Registration place   | Business nature       | Proportion |            | Accounting treatment of the investment of joint venture or associated enterprise |
|-------------------------------------------|----------------------|----------------------|-----------------------|------------|------------|----------------------------------------------------------------------------------|
|                                           |                      |                      |                       | Directly   | Indirectly |                                                                                  |
| Guangdong Guanghui Expressway Co., Ltd.   | Guangzhou, Guangdong | Guangzhou, Guangdong | Expressway Management | 30.00%     |            | Equity method                                                                    |
| Zhaoqing Yuezhao Highway Co., Ltd.        | Zhaoqing, Guangdong  | Zhaoqing, Guangdong  | Expressway Management | 25.00%     |            | Equity method                                                                    |
| Shenzhen Huiyan Expressway Co., Ltd.      | Shenzhen Guangdong   | Shenzhen Guangdong   | Expressway Management | 33.33%     |            | Equity method                                                                    |
| Guangdong Jiangzhong Expressway Co., Ltd. | Zhongshan, Guangdong | Guangzhou, Guangdong | Expressway Management | 15.00%     |            | Equity method                                                                    |
| Ganzhou kangda Expressway Co., Ltd.       | Ganzhou,             | Ganzhou              | Expressway            | 30.00%     |            | Equity method                                                                    |

| Name                                            | Main operating place | Registration place   | Business nature                       | Proportion |            | Accounting treatment of the investment of joint venture or associated enterprise |
|-------------------------------------------------|----------------------|----------------------|---------------------------------------|------------|------------|----------------------------------------------------------------------------------|
|                                                 |                      |                      |                                       | Directly   | Indirectly |                                                                                  |
|                                                 | Jiangxi              | ou, Jiangxi          | Management                            |            |            |                                                                                  |
| Ganzhou Gankang Expressway Co., Ltd.            | Gangzhou, Jiangxi    | Gangzhou, Jiangxi    | Expressway Management                 | 30.00%     |            | Equity method                                                                    |
| Guangdong Yueke Technology Petty Loan Co., Ltd. | Guangzhou, Guangdong | Guangzhou, Guangdong | Hande all kinds of small loans        | 20.00%     |            | Equity method                                                                    |
| Guangyuan Securities Co., Ltd.                  | Hefei, Anhui         | Hefei, Anhui         | Security business                     | 2.37%      |            | Equity method                                                                    |
| Hunan Lianzhi Technology Co., Ltd.              | Changsha             | Changsha             | Research and experimental development |            | 11.45%     | Equity method                                                                    |

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

None

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

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

## (2) Main financial information of significant joint venture

In RMB

|                                     | Year-end balance/ Amount of current period | Year-beginning balance/ Amount of previous period |
|-------------------------------------|--------------------------------------------|---------------------------------------------------|
|                                     | Guangdong Guanghui Expressway Co., Ltd.    | Guangdong Guanghui Expressway Co., Ltd.           |
| Current assets                      | 894,836,795.76                             | 676,535,557.27                                    |
| Including: Cash and cash equivalent | 434,237,396.95                             | 236,277,469.65                                    |
| Non-current assets                  | 3,407,727,377.88                           | 3,551,486,914.85                                  |
| Total assets                        | 4,302,564,173.64                           | 4,228,022,472.12                                  |
| Current liabilities                 | 246,407,371.86                             | 212,427,396.61                                    |

|                                                    |                  |                  |
|----------------------------------------------------|------------------|------------------|
| Non-current liabilities                            | 485,466,600.82   | 520,683,163.79   |
| Total liabilities                                  | 731,873,972.68   | 733,110,560.40   |
| Attributable to shareholders of the parent company | 3,570,690,200.96 | 3,494,911,911.72 |
| Share of net assets calculated by stake            | 1,071,207,060.29 | 1,048,473,573.52 |
| Book value of equity investment in joint ventures  | 1,071,207,060.29 | 1,048,473,573.52 |
| Operating income                                   | 457,060,461.67   | 917,898,192.73   |
| Financial expenses                                 | 4,947,161.57     | 10,890,126.55    |
| Income tax expenses                                | 50,887,862.70    | 159,573,250.38   |
| Net profit                                         | 144,984,204.47   | 478,273,173.41   |
| Total comprehensive income                         | 144,984,204.47   | 478,273,173.41   |
| Dividends received from joint ventures this year   | 24,715,954.57    | 84,638,655.14    |

### (3) Main financial information of significant associated enterprise

In RMB

|                                                                               | Year-end balance/ Amount of current period | Year-beginning balance/ Amount of previous period |
|-------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------------|
|                                                                               | Guoyuan Securities Co., Ltd.               | Guoyuan Securities Co., Ltd.                      |
| Current assets                                                                | 45,654,244,848.74                          | 57,918,624,287.41                                 |
| Non-current assets                                                            | 42,446,606,690.61                          | 26,015,472,537.63                                 |
| Total assets                                                                  | 88,100,851,539.35                          | 83,934,096,825.04                                 |
| Current liabilities                                                           | 47,226,615,144.21                          | 46,206,352,399.19                                 |
| Non-current Liabilities                                                       | 15,815,525,400.14                          | 12,890,023,021.47                                 |
| Total liabilities                                                             | 63,042,140,544.35                          | 59,096,375,420.66                                 |
| Minority Shareholders' Equity                                                 | 11,997,171.96                              | 11,785,075.26                                     |
| Shareholders' equity attributable to shareholders of the parent               | 25,046,713,823.04                          | 24,825,936,329.12                                 |
| Pro rata share of the net assets calculated                                   | 592,422,978.36                             | 587,200,989.50                                    |
| --Goodwill                                                                    | 206,725,818.02                             | 206,725,818.02                                    |
| The book value of equity investments in joint ventures                        | 799,148,796.38                             | 793,926,807.52                                    |
| Fair value of equity investment of associated enterprises with open quotation | 668,656,682.40                             | 737,910,410.22                                    |

|                                                    | Year-end balance/ Amount of current period | Year-beginning balance/ Amount of previous period |
|----------------------------------------------------|--------------------------------------------|---------------------------------------------------|
|                                                    | Guoyuan Securities Co., Ltd.               | Guoyuan Securities Co., Ltd.                      |
| Business income                                    | 2,115,128,481.79                           | 1,616,521,271.21                                  |
| Net profit                                         | 617,902,373.05                             | 432,745,658.33                                    |
| Other comprehensive income                         | 99,219,704.73                              | 6,888,669.24                                      |
| Total comprehensive income                         | 717,122,077.78                             | 439,634,327.57                                    |
| Dividends received from associates during the year | 11,940,297.90                              |                                                   |

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

In RMB

|                                                                             | Year-end balance/ Amount of current period | Year-beginning balance/ Amount of previous period |
|-----------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------------|
| Joint venture:                                                              | --                                         | --                                                |
| Total amount of the pro rata calculation of the following items             | --                                         | --                                                |
| Associated enterprise:                                                      | --                                         | --                                                |
| Total book value of the investment                                          | 1,441,318,598.82                           | 1,413,339,517.32                                  |
| Total amount of the pro rata calculation of the following items--Net profit | --                                         | --                                                |
|                                                                             | -2,270,918.50                              | 84,320,844.64                                     |
| --Total comprehensive income                                                | -2,270,918.50                              | 84,320,844.64                                     |

Other note

As the book value of long-term equity investment in joint ventures and joint ventures other than those listed in (2) and (3) in the current period and in 2018 and 2019 are not higher than 5% of the total owner's equity of the Company attributable to the parent company. The company considers that except for the important joint ventures and associated enterprises listed in (2) and (3), other joint ventures and associated enterprises are non important joint ventures and associates Business.

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

None

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

None

(7) The unrecognized commitment related to joint venture investment

None

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

None

4. Significant common operation

None

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

None

## **X. Risks Related to Financial Instruments**

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

(I) The targets and policies of risk management

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

1. Market risk

(1) Foreign exchange risk

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

(2) Interest rate risk

The Company's risk of cash flow changes in financial instruments caused by interest rate changes is mainly related to floating rate bank borrowings (see this Section VII 23). The Company's policy is to maintain the floating interest rate of these borrowings, and at the same time to reasonably reduce the risk of interest rate fluctuation by shortening the term of a single loan and specifically agreeing on prepayment terms.

(3) Other price risk

The investments held by the Company are classified as financial assets measured at fair value and whose changes are included in other comprehensive income (financial assets available for sale on or before December 31, 2018) and are measured at fair value on the balance sheet date. Therefore, the Company bears the risk of changes in the securities market.

2. Credit risk

On January 30, 2020, the largest credit risk exposure that may cause financial losses of the Company mainly comes from the loss of financial assets of the Company caused by the failure of the other party to perform its obligations.

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

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

Financial assets overdue or impaired;

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

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

3. Liquidity risk

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

## XI. The disclosure of the fair value

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

In RMB

| Items                                               | Closing fair value                           |                                              |                                              |                |
|-----------------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------|
|                                                     | Fir value<br>measurement<br>items at level 1 | Fir value<br>measurement<br>items at level 2 | Fir value<br>measurement<br>items at level 3 | Total          |
| I. Consistent fair value<br>measurement             | --                                           | --                                           | --                                           | --             |
| (3) Other equity instrument<br>investment           | 842,212,699.52                               |                                              |                                              | 842,212,699.52 |
| Total assets continuously measured<br>at fair value | 842,212,699.52                               |                                              |                                              | 842,212,699.52 |
| II. Non - persistent measure                        | --                                           | --                                           | --                                           | --             |

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

As at the end of the period, the company holds shares 235,254,944 shares of China Everbright Bank. According to the closing price of January 30, 2020 of 3.58 yuan, the final calculation of fair value was 842,212,699.52 yuan.

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

At the end of the period, the fair value of financial assets and financial liabilities held by the Company that are not measured at fair value is as follows:

| Items                                       | Book value     | Fair values                      |                |                      | Remark |
|---------------------------------------------|----------------|----------------------------------|----------------|----------------------|--------|
|                                             |                | Balance at Beginning of the Year | Ending amount  | Affiliated hierarchy |        |
| Financial assets not measured at fair value |                |                                  |                |                      |        |
| Other equity instrument investment          | 798,348,301.73 | 798,348,301.73                   | 798,348,301.73 |                      |        |

## XII. Related parties and related-party transactions

### 1. Parent company information of the enterprise

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

Notes :

Guangdong Communication Group Co., Ltd. is the largest shareholder of the Company. legal representative: Deng Xiaohua. Date of establishment: June 23, 2000. As of January 30, 2020, Registered capital: 26.8 billion yuan. It is a solely state-owned limited company. Business scope: equity management, organization of asset reorganization and optimized allocation, raising funds by means including mortgage, transfer of property rights and joint stock system transformation, project investment, operation and management, traffic infrastructure construction, highway and railway project operation and relevant industries, technological development, application, consultation and services, highway and railway passenger and cargo transport, ship industry, relevant overseas businesses; The value-added communication business.

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

### 2. Subsidiaries of the Company

Subsidiaries of this enterprise, see Note IX(1) the rights of other entity

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

Details refer to the Note IX-3, Interests in joint ventures or associates

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

| Name | <u>Relation with the Company</u> |
|------|----------------------------------|
|------|----------------------------------|

|                                                 |                                       |
|-------------------------------------------------|---------------------------------------|
| Shenzhen Huiyan Expressway Co., Ltd.            | Associated enterprises of the Company |
| Zhaoqing Yuezhao Highway Co., Ltd.              | Associated enterprises of the Company |
| Ganzhou Kangda Expressway Co., Ltd.             | Associated enterprises of the Company |
| Guangdong Jiangzhong Expressway Co., Ltd.       | Associated enterprises of the Company |
| Guangdong Yueke Technology Petty Loan Co., Ltd. | Associated enterprises of the Company |
| Guangdong Guanghui Expressway Co., Ltd.         | Joint ventures of the Company         |

#### 4. Other Related parties

| Name                                                                | <u>Relation with the Company</u>                                    |
|---------------------------------------------------------------------|---------------------------------------------------------------------|
| Poly Changda Engineering Co., Ltd.                                  | Controlled by the same parent company and equity participation unit |
| Hongkong- Zhuhai-Macao Connection line management center            | Managed by the parent company                                       |
| Guangdong Boda Expressway Co., Ltd.                                 | Fully owned subsidiary of the parent company                        |
| Guangdong East Thinking Management Technology Development Co., Ltd. | Fully owned subsidiary of the parent company                        |
| Guangdong Feida Traffic Engineering Co., Ltd.                       | Fully owned subsidiary of the parent company                        |
| Guangdong Gaoda Property Development Co., Ltd.                      | Fully owned subsidiary of the parent company                        |
| Guangdong Expressway Media Co., Ltd.                                | Fully owned subsidiary of the parent company                        |
| Guangdong Guangle Expressway Co., Ltd.                              | Fully owned subsidiary of the parent company                        |
| Guangdong Guangzhu West Line Expressway Co., Ltd.                   | Fully owned subsidiary of the parent company                        |
| Guangdong Humen Bridge Co., Ltd.                                    | Fully owned subsidiary of the parent company                        |
| Guangdong Hualu Traffic Technology Co., Ltd.                        | Fully owned subsidiary of the parent company                        |
| Guangdong Traffic Industry Investment Co., Ltd.                     | Fully owned subsidiary of the parent company                        |
| Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.       | Controlled by the same parent company and equity participation unit |
| Guangdong Kaiyang Expressway Co., Ltd.                              | Fully owned subsidiary of the parent company                        |
| Guangdong Litong Technology Investment Co., Ltd.                    | Fully owned subsidiary of the parent company                        |
| Guangdong Real Estate Investment Co., Ltd.                          | Fully owned subsidiary of the parent company                        |
| Guangdong Union Electron Service Co., Ltd.                          | Fully owned subsidiary of the parent company                        |
| Guangdong Lulutong Co., Ltd.                                        | Fully owned subsidiary of the parent company                        |
| Guangdong Maozhan Expressway Co., Ltd.                              | Fully owned subsidiary of the parent company                        |
| Guangdong Shanfen Expressway Co., Ltd.                              | Fully owned subsidiary of the parent company                        |
| Guangdong Shenshan Expressway East Section Co., Ltd.                | Controlled by the same parent company and equity participation unit |

| Name                                                          | <u>Relation with the Company</u>                                    |
|---------------------------------------------------------------|---------------------------------------------------------------------|
| Guangdong Provincial Freeway Co.,Ltd.                         | Fully owned subsidiary of the parent company                        |
| Guangdong Highway Construction Co., Ltd.                      | Fully owned subsidiary of the parent company                        |
| Guangdong Communication Planning & Design Institute Co., Ltd. | Fully owned subsidiary of the parent company                        |
| Guangdong Traffic Development Co., Ltd.                       | Fully owned subsidiary of the parent company                        |
| Guangdong Read & Bridge Construction Development Co., Ltd.    | Fully owned subsidiary of the parent company                        |
| Guangdong Tongyi Expressway Service Area Co., Ltd. 公司         | Fully owned subsidiary of the parent company                        |
| Guangdong Xinyue Traffic Investment Co., Ltd.                 | Fully owned subsidiary of the parent company                        |
| Guangdong Yuedong Expressway Industry Development Co., Ltd.   | Fully owned subsidiary of the parent company                        |
| Guangdong Yueyun Traffic Co., Ltd.                            | Fully owned subsidiary of the parent company                        |
| Guangshenzhu Expressway Co., Ltd.                             | Fully owned subsidiary of the parent company                        |
| Guangzhongjiang Expressway Project Management Dept            | Fully owned subsidiary of the parent company                        |
| Guangdong Xinyue Traffic Investment Co., Ltd.                 | Fully owned subsidiary of the parent company                        |
| Guangdong Yueyun Traffic Co., Ltd.                            | Fully owned subsidiary of the parent company                        |
| Jiangmen Jianghe Expressway Co., Ltd.                         | Controlled by the same parent company and equity participation unit |
| Xinyue Co., Ltd.                                              | Fully owned subsidiary of the parent company                        |
| Yunfo Guangyun Expressway Co., Ltd.                           | Fully owned subsidiary of the parent company                        |

## 5. List of related-party transactions

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

#### Acquisition of goods and reception of labor service

In RMB

| Related parties                               | Content of related transaction | Amount of current period | Amount of previous period | Over the trading limit or not? | Amount of last period |
|-----------------------------------------------|--------------------------------|--------------------------|---------------------------|--------------------------------|-----------------------|
| Guangdong Union electronic services co., Ltd. | Service                        | 3,066,900.10             |                           |                                | 3,767,825.78          |
| Guangdong Feida Traffic Engineering Co., Ltd. | Electrical and mechanical      | 494,467.97               |                           |                                |                       |

| Related parties                                                     | Content of related transaction | Amount of current period | Amount of previous period | Over the trading limit or not? | Amount of last period |
|---------------------------------------------------------------------|--------------------------------|--------------------------|---------------------------|--------------------------------|-----------------------|
|                                                                     | maintenance                    |                          |                           |                                |                       |
| Guangdong Humen Bridge Co., Ltd.                                    | Electric charge                | 20,981.64                |                           |                                |                       |
| Guangdong Guanghui Expressway Co., Ltd.                             | Advertising Electricity        | 3,937.74                 |                           |                                |                       |
| Guangdong Lulutong Co., Ltd.                                        | Maintenance charges            |                          |                           |                                | 715,406.99            |
| Guangdong Tongyi Expressway Service Area Co., Ltd.                  | Service                        |                          |                           |                                | 103,076.37            |
| Guangdong Expressway Media Co., Ltd.                                | Electric charge                |                          |                           |                                | 6,431.59              |
| Poly Changda Engineering Co., Ltd.                                  | Service charge                 |                          |                           |                                | 2,440.62              |
| Guangdong Guanghui Expressway Co., Ltd.                             | Interest                       | 3,029,231.25             |                           |                                | 2,014,593.75          |
| Guangdong Jiangzhong Expressway Co., Ltd.                           | Interest                       | 712,530.00               |                           |                                | 708,615.00            |
| Guangdong East Thinking Management Technology Development Co., Ltd. | Service                        | 60,000.00                |                           |                                | 60,000.00             |
| Guangdong Union electronic services co., Ltd.                       | OA system maintenance          | 17,094.71                |                           |                                |                       |
| Poly Changda Engineering Co., Ltd.                                  | Purchase assets                | 47,564,260.01            |                           |                                | 183,277,074.35        |
| Guangdong Xinyue traffic Investment Co., Ltd.                       | Purchase assets                | 1,908,423.62             |                           |                                | 6,688,119.43          |
| Guangdong Hualu Traffic Technology Co., Ltd.                        | Purchase assets                |                          |                           |                                | 459,346.00            |

Related transactions on sale goods and receiving services

In RMB

| Related party                                       | Content                   | Amount of current period | Amount of previous period |
|-----------------------------------------------------|---------------------------|--------------------------|---------------------------|
| Jingzhu Expressway Guangzhu North section Co., Ltd. | Commission management fee | 9,734,292.46             | 9,516,226.40              |
| Guangdong Provincial Freeway Co., Ltd.              | Project fund              | 1,773,900.00             | 2,052,036.80              |

| Related party                                              | Content                                 | Amount of current period | Amount of previous period |
|------------------------------------------------------------|-----------------------------------------|--------------------------|---------------------------|
| Guangdong Union electronic services co., Ltd.              | Promotion fees                          | 1,525,613.18             |                           |
| Guangdong Guanghui Expressway Co., Ltd.                    | Revenue from heavy maintenance services | 522,123.89               |                           |
| Guangdong Tongyi Expressway Service Area Co., Ltd          | water and electricity                   | 427,637.49               |                           |
| Guangdong Feida Traffic Engineering Co., Ltd               | CPC card sales revenue                  | 138,053.09               |                           |
| Poly Changda Engineering Co., Ltd.                         | water and electricity                   | 16,894.60                |                           |
| Guangdong Xinyue traffic Investment Co., Ltd.              | Purchase assets                         | 15,840.71                | 32,212.39                 |
| Guangzhenzhu Expressway Co., Ltd.                          | Project fund                            | 8,407.08                 | 114,655.17                |
| Guangdong Highway Construction Co., ltd.                   | Project fund                            |                          | 603,570.34                |
| Guangdong Road & Bridge Construction Development Co., Ltd. | Project fund                            |                          | 120,550.07                |
| Guangdong Boda Expressway Co., Ltd.                        | Project fund                            |                          | 107,547.17                |
| Guangdong Kaiyang Expressway Co., Ltd.                     | Project fund                            |                          | 89,142.85                 |
| Yunfo Guangyun Expressway Co., Ltd.                        | Project fund                            |                          | 69,535.81                 |
| Guangdong Traffic Industry Investment Co., Ltd.            | Project fund                            |                          | 59,433.96                 |
| Guangdong Humen Bridge Co., Ltd.                           | Project fund                            |                          | 29,716.98                 |
| Zhaoqing Yuezhao Highway Co., Ltd.                         | Project fund                            |                          | 123,113.21                |
| Guangdong Jiangzhong Expressway Co., Ltd.                  | Project fund                            |                          | 169,001.14                |
| Shenzhen Huiyan Expressway Co., Ltd.                       | Project fund                            |                          | 663,319.81                |

## (2) Information of related lease

The Company was lessor:

In RMB

| Name of lessee                                   | Category of lease assets | The lease income confirmed in this year | The lease income confirmed in last year |
|--------------------------------------------------|--------------------------|-----------------------------------------|-----------------------------------------|
| Guangdong Litong Technology Investment Co., Ltd. | Land lease               | 37,690.80                               |                                         |
| Guangdong Expressway                             | Advertising lease        | 12,905.92                               | 195,542.86                              |

|                 |  |           |            |
|-----------------|--|-----------|------------|
| Media Co., Ltd. |  |           |            |
| Total           |  | 50,596.72 | 195,542.86 |

- The company was lessee:

In RMB

| Lessor                                           | Category of leased assets | The lease income confirmed in this year | Category of leased assets |
|--------------------------------------------------|---------------------------|-----------------------------------------|---------------------------|
| Guangdong Litong Real Estate Investment Co., Ltd | Office space              | 4,450,575.83                            | 4,469,957.38              |
| Zhaoqing Yuezhao Highway Co., Ltd.               | Advertising column lease  | 124,031.00                              |                           |
| Guangzhou Yueyun Traffic Co., Ltd.               | Car rental fee            | 59,601.00                               | 42,400.00                 |
| Guangdong Gaoda Property Development Co., Ltd.   | Office space              | 49,582.73                               | 52,686.57                 |
| Total                                            |                           | 4,683,790.56                            | 4,565,043.95              |

Note

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

In RMB

| Related party                                    | Amount borrowed and loaned | Initial date      | Due date          | Notes |
|--------------------------------------------------|----------------------------|-------------------|-------------------|-------|
| Borrowed                                         |                            |                   |                   |       |
| Guangdong Guanghui Expressway Co., Ltd.          | 30,000,000.00              | April 2,2019      | April 1,2020      |       |
| Guangdong Guanghui Expressway Co., Ltd.          | 105,000,000.00             | April 1,2019      | March 31,2020     |       |
| Guangdong Guanghui Expressway Co., Ltd.          | 45,000,000.00              | September 25,2019 | September 24,2020 |       |
| Guangdong Guanghui Expressway Co., Ltd.          | 105,000,000.00             | May 13,2020       | May 12,2021       |       |
| Guangdong Guanghui Expressway Co., Ltd.          | 30,000,000.00              | April 21,2020     | April 20,2021     |       |
| Guangdong Jiangzhong Expressway Co Loaned., Ltd. | 36,000,000.00              | November 14,2018  | November 13,2023  |       |
| Loaned                                           |                            |                   |                   |       |

(4) Rewards for the key management personnel

In RMB

| Items                                    | Amount of current period | Amount of previous period |
|------------------------------------------|--------------------------|---------------------------|
| Rewards for the key management personnel | 218.30                   | 241.78                    |

(5) Other related-party transactions

-Capital Deposit Situation of Guangdong Provincial Communication Group Finance Co., Ltd.

In RMB

| Items              | Amount of current period                                                        | Amount of previous period |
|--------------------|---------------------------------------------------------------------------------|---------------------------|
| Balance of Deposit | 680,793,735.15                                                                  | 189,879,309.18            |
| Interest Income    | 3,962,970.38                                                                    | 6,226,669.02              |
| Pricing Principle  | Reference to the deposit rate of the people's Bank of China for the same period |                           |

On December 25, 2017 and December 22, 2017, the Company signed the Cash Management Business Cooperation Agreement with Guangdong Communications Group Finance Co., Ltd. and Industrial and Commercial Bank of China Guangdong Branch and signed the Cash Management Business Cooperation Agreement with Guangdong Communications Group Finance Co., Ltd. and China Construction Bank Corporation. Guangdong Branch respectively, to join in the cash pool of Guangdong Communications Group Finance Co., Ltd.

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

6. Receivables and payables of related parties

(1) Receivables

In RMB

| Name            | Related party                                 | Amount at year end |                    | Amount at year beginning |                    |
|-----------------|-----------------------------------------------|--------------------|--------------------|--------------------------|--------------------|
|                 |                                               | Balance of Book    | Bad debt Provision | Balance of Book          | Bad debt Provision |
| Contract assets | Guangdong Xinyue Traffic Investment Co., Ltd. | 127,567.50         |                    | 127,567.50               |                    |
| Contract assets | Guangdong Road & Bridge Construction          | 83,391.05          |                    | 83,391.05                |                    |

| Name               | Related party                                        | Amount at year end |                    | Amount at year beginning |                    |
|--------------------|------------------------------------------------------|--------------------|--------------------|--------------------------|--------------------|
|                    |                                                      | Balance of Book    | Bad debt Provision | Balance of Book          | Bad debt Provision |
|                    | Development Co., Ltd.                                |                    |                    |                          |                    |
| Contract assets    | Guangdong Guanghui Expressway Co., Ltd.              | 48,880.00          |                    | 48,880.00                |                    |
| Contract assets    | Guangdong Feida Traffic Engineering Co.,Ltd.         | 48,230.00          |                    | 48,230.00                |                    |
| Contract assets    | Zhaoqing Yuezhao Highway Co., Ltd.                   | 41,442.48          |                    | 41,442.48                |                    |
| Contract assets    | Guangdong Provincial Freeway Co.,Ltd.                | 21,232.00          |                    | 41,377.00                |                    |
| Contract assets    | Guangdong Guangzhu West Line Expressway Co., Ltd.    | 18,781.60          |                    | 18,781.60                |                    |
| Contract assets    | Guangshenzhu Expressway Co., Ltd.                    | 9,096.00           |                    | 9,096.00                 |                    |
| Contract assets    | Guangdong Jiangzhong Expressway Co., Ltd.            | 8,412.00           |                    | 8,412.00                 |                    |
| Contract assets    | Guangdong Highway Construction Co., Ltd.             | 7,200.00           |                    | 7,200.00                 |                    |
| Contract assets    | Guangdong Boda Expressway Co., Ltd.                  | 4,531.00           |                    | 4,531.00                 |                    |
| Contract assets    | Guangdong Humen Bridge Co., Ltd.                     | 2,700.00           |                    | 2,700.00                 |                    |
| Contract assets    | Guangdong Shenshan Expressway East Section Co., Ltd. |                    |                    | 12,000.00                |                    |
| Contract assets    | Guangdong Litong Technology Investment Co., ltd.     |                    |                    | 5,273.00                 |                    |
| Account receivable | Guangdong Union electron Service Co., Ltd.           | 51,964,979.29      |                    | 57,172,014.20            |                    |
| Account receivable | Guangdong Humen Bridge Co., Ltd.                     | 16,318,549.64      |                    | 16,698,073.73            |                    |
| Account receivable | Jingzhu Expressway Guangzhu North Section Co., Ltd.  | 10,324,414.00      |                    | 6,174,264.00             | 4,450.00           |
| Account receivable | Guangdong Provincial Freeway Co.,Ltd.                | 1,834,743.30       |                    | 175,248.90               |                    |
| Account receivable | Guangdong Guanghui Expressway Co., Ltd.              | 1,490,227.95       | 2,112.57           | 1,355,473.55             | 2,112.57           |
| Account receivable | Guangdong Feida Traffic Engineering Co., Ltd.        | 1,166,085.25       | 115,108.90         | 1,423,875.25             | 103,072.45         |
| Account receivable | Guangdong Xinyue Traffic Investment Co., ltd.        | 680,652.70         | 220,555.94         | 2,334,682.70             | 160,715.94         |

| Name               | Related party                                               | Amount at year end |                    | Amount at year beginning |                    |
|--------------------|-------------------------------------------------------------|--------------------|--------------------|--------------------------|--------------------|
|                    |                                                             | Balance of Book    | Bad debt Provision | Balance of Book          | Bad debt Provision |
| Account receivable | Guangdong Road & Bridge Construction Development Co., Ltd.  | 567,957.47         |                    | 567,957.47               |                    |
| Account receivable | Guangdong Boda Expressway Co., Ltd.                         | 537,848.00         |                    | 463,491.88               |                    |
| Account receivable | Guangdong Highway Construction Co., Ltd.                    | 287,020.85         | 166,960.46         | 336,946.45               | 3,818.00           |
| Account receivable | Guangzhenzhu Expressway Co., Ltd.                           | 79,236.00          | 950.00             | 115,278.40               |                    |
| Account receivable | Guangdong Guangzhu West Line Expressway Co., Ltd.           | 65,946.00          | 65,946.00          | 384,226.00               |                    |
| Account receivable | Guangdong Jiangzhong Expressway Co., Ltd.                   | 19,708.00          |                    | 19,708.00                |                    |
| Account receivable | Guangdong Shenshan Expressway Co., Ltd.                     | 12,000.00          |                    |                          |                    |
| Account receivable | Guangdong Yuedong Expressway Industry Development Co., Ltd. | 7,367.20           | 736.72             | 7,367.20                 |                    |
| Account receivable | Guangdong Guangle Expressway Co., Ltd.                      | 7,248.00           |                    | 7,248.00                 |                    |
| Account receivable | Guangdong Yueyun Traffic Co., Ltd.                          | 3,032.00           |                    | 3,032.00                 |                    |
| Account receivable | Guangdong Expressway Media Co., Ltd.                        |                    |                    | 1,909,300.00             |                    |
| Account receivable | Guangdong Litong Technology Co., ltd.                       |                    |                    | 68,542.00                |                    |
| Account receivable | Guangdong Maozhan Expressway Co., Ltd.                      |                    |                    | 8,747.20                 |                    |
| Account receivable | Guangdong Shanfen Expressway Co., Ltd.                      |                    |                    | 8,028.80                 |                    |
| Account receivable | Jiangmen Jianghe Expressway Co.,Ltd.                        |                    |                    | 2,539.20                 |                    |
| Advanced payment   | Guangdong Feida Traffic Engineering Co., Ltd.               | 595,546.00         |                    |                          |                    |
| Advanced payment   | Zhaoqing Yuezhao Highway Co., Ltd.                          | 20,672.00          |                    | 144,703.00               |                    |
| Advanced           | Guangdong Litong Real Estate                                |                    |                    | 735,092.38               |                    |

| Name                         | Related party                                                  | Amount at year end |                    | Amount at year beginning |                    |
|------------------------------|----------------------------------------------------------------|--------------------|--------------------|--------------------------|--------------------|
|                              |                                                                | Balance of Book    | Bad debt Provision | Balance of Book          | Bad debt Provision |
| payment                      | Investment Co., Ltd.                                           |                    |                    |                          |                    |
| Dividend Receivable          | Zhaoqing Yuezhao Highway Co., Ltd.                             | 9,750,000.00       |                    |                          |                    |
| Dividend Receivable          | Guangdong Yueke Technology Petty Loan Co., Ltd.                |                    |                    | 6,000,000.00             |                    |
| Other Account receivable     | Guangdong Litong Real Estate Investment Co., Ltd.              | 1,515,077.22       |                    | 1,515,077.22             |                    |
| Other Account receivable     | Guangdong Guanghui Expressway Co., Ltd.                        | 560,000.00         |                    | 560,000.00               |                    |
| Other Account receivable     | Guangdong Provincial Freeway Co.,Ltd.                          | 463,491.88         |                    | 566,447.18               |                    |
| Other Account receivable     | Zhaoqing Yuezhao Highway Co., Ltd.                             | 390,000.00         |                    | 390,000.00               |                    |
| Other Account receivable     | Guangdong Expressway Media Co., Ltd.                           | 120,655.99         |                    | 896,321.01               |                    |
| Other Account receivable     | Guangdong Tongyi Expressway Service Area Co., Ltd.             | 94,029.95          |                    |                          |                    |
| Other Account receivable     | Gaungshenzhu Expressway Co., Ltd.                              | 60,640.00          |                    | 60,640.00                |                    |
| Other Account receivable     | Guangdong Gaoda Property Development Co., ltd.                 | 29,462.00          |                    | 15,906.00                |                    |
| Other Account receivable     | Guangdong Boda Expressway Co., Ltd.                            | 22,740.00          |                    | 22,740.00                |                    |
| Other Account receivable     | Guangdong Gufangzhu West Line Expressway Co., Ltd.             | 20,000.00          |                    | 20,000.00                |                    |
| Other Account receivable     | Poly Changda Engineering Co., Ltd.                             | 8,346.18           |                    |                          |                    |
| Other Account receivable     | Hongkong Zhuhai Macao Bridge Connection line management center | 3,000.00           |                    | 3,000.00                 |                    |
| Other Non-Current Assets     | Poly Changda Engineering Co., Ltd.                             | 34,218,249.49      |                    | 48,400,293.16            |                    |
| Other Non-Current Assets     | Guangdong Hualu Traffic Technology Co., Ltd.                   |                    |                    | 277,117.00               |                    |
| Long-term amortization costs | Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.  | 1,061,255.72       |                    | 1,114,764.44             |                    |

## (2) Payables

In RMB

| Name                  | Related party                                                       | Amount at year end | Amount at year beginning |
|-----------------------|---------------------------------------------------------------------|--------------------|--------------------------|
| Account payable       | Guangzhongjiang Expressway Project Management Dept                  | 28,000,000.00      | 28,000,000.00            |
| Account payable       | Guangdong Highway Construction Co., Ltd.                            | 25,630,651.00      | 25,630,651.00            |
| Account payable       | Guangdong Provincial Freeway Co., Ltd.                              | 8,746,491.18       | 8,746,491.18             |
| Account payable       | Guangdong Feida Traffic Engineering Co., Ltd.                       | 5,054,211.99       | 7,588,881.23             |
| Account payable       | Guangdong Litong Technology Investment Co., Ltd.                    | 2,663,010.00       | 2,663,010.00             |
| Account payable       | Guangdong Litong Real Estate Investment Co., Ltd.                   | 1,481,776.94       |                          |
| Account payable       | Guangdong Xinyue Traffic Investment Co., Ltd.                       | 1,237,761.42       | 1,237,761.42             |
| Account payable       | Guangdong Union Electron Service Co., Ltd.                          | 859,831.41         |                          |
| Account payable       | Guangdong Guanghui Expressway Co., Ltd.                             | 727,200.00         | 742,051.92               |
| Account payable       | Poly Changda Engineering Co., Ltd.                                  |                    | 16,685,096.00            |
| Account payable       | Guangdong Lulutong Co., Ltd.                                        |                    | 852,623.59               |
| Account payable       | Guangdong Hualu Traffic Technology Co., Ltd.                        |                    | 276,371.00               |
| Other Payable account | Guangdong Guanghui Expressway Co., Ltd.                             | 182,161,406.25     | 184,505,512.50           |
| Other Payable account | Poly Changda Engineering Co., Ltd.                                  | 4,665,296.00       | 19,879,471.19            |
| Other Payable account | Guangdong Union Electron Service Co., Ltd.                          | 3,071,938.39       | 367,300.00               |
| Other Payable account | Guangdong Feida Traffic Engineering Co., Ltd.                       | 1,758,080.11       | 2,092,641.20             |
| Other Payable account | Guangdong Hualu Traffic Technology Co., Ltd.                        | 1,156,567.00       | 1,077,965.88             |
| Other Payable account | Guangdong Xinyue Traffic Investment Co., Ltd.                       | 986,279.22         | 1,331,893.22             |
| Other Payable account | Guangdong East Thinking Management Technology Development Co., Ltd. | 439,523.40         | 416,398.40               |
| Other Payable account | Guangdong Litong Technology Investment Co., Ltd.                    | 247,070.50         | 247,070.50               |
| Other Payable account | Guangzhongjiang Expressway Project                                  | 200,000.00         | 200,000.00               |

| Name                               | Related party                                                 | Amount at year end | Amount at year beginning |
|------------------------------------|---------------------------------------------------------------|--------------------|--------------------------|
|                                    | Management Dept                                               |                    |                          |
| Other Payable account              | Guangdong Tongyi Expressway Service Area Co., Ltd.            | 120,000.00         | 120,000.00               |
| Other Payable account              | Guangdong Communication Planning & Design Institute Co., Ltd. | 158,049.70         | 158,049.70               |
| Other Payable account              | Guangzhou Xinyue Traffic Technology Co., Ltd.                 | 101,323.00         | 101,323.00               |
| Other Payable account              | Guangdong Expressway Media Co., Ltd.                          | 70,000.00          | 70,000.00                |
| Other Payable account              | Ganzhou Kangda Expressway Co., Ltd.                           | 72,121.23          |                          |
| Other Payable account              | Guangdong Litong Real Estate Investment Co., Ltd.             | 28,429.38          |                          |
| Other Payable account              | Guangdong Lulutong Co., Ltd.                                  | 10,912.41          | 10,912.41                |
| Dividend payable                   | Guangdong Communication Group Co., Ltd.                       | 216,663,424.84     |                          |
| Dividend Payable                   | Guangdong Highway Construction Co., Ltd.                      | 196,789,158.44     |                          |
| Dividend payable                   | Guangdong Provincial Freeway Co., Ltd.                        | 22,339,621.20      |                          |
| Dividend payable                   | Xinyue Co., Ltd.                                              | 5,570,858.29       |                          |
| Dividend Payable                   | Guangdong Traffic Development Co., Ltd.                       | 899,075.22         |                          |
| Contract Liabilities               | Guangdong Xinyue Traffic Investment Co., Ltd.                 | 22,300.88          |                          |
| Non-current liabilities due 1 year | Guangdong Jiangzhong Expressway Co., Ltd.                     | 39,150.00          | 43,065.00                |
| Long-term payable                  | Guangdong Jiangzhong Expressway Co., Ltd.                     | 36,000,000.00      | 36,000,000.00            |

## 7. Related party commitment

None

## XIII. Stock payment

### 1. The Stock payment overall situation

☐ Applicable ☒ Not applicable

### 2. The Stock payment settled by equity

☐ Applicable ☒ Not applicable

### 3. The Stock payment settled by cash

☐ Applicable ☒ Not applicable

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

None

### 5. Other

None

## XIV. Commitments

### 1. Significant commitments

Significant commitments at balance sheet date

#### (1) Capital commitment

On June 15, 2016, the Company's 29th meeting (Provisional) of the seventh board of directors was convened. In the meeting, the Proposal on Increasing Funding for Guangdong Fokai Expressway Co., Ltd pertaining to the Renovation and Expansion Project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway was examined and approved, agreed that based on the approved total investment amount by relevant government department, then the company's subsidiary- Guangdong Fokai Expressway Co., Ltd carries out the investment and construction of the renovation and expansion project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway; the company increases funding for Guangdong Provincial Fokai Expressway Co., Ltd pertaining to the renovation and expansion project of Sanbao-to-Shuikou Section of Shengyang-to-Haikou National Expressway, with the contributed funds as a proportion of 35% of the total investment amount approved by relevant government department. The afore-said item had been examined and approved in the first extraordinary general shareholder meeting, The Company had received the approval of the National Development and Reform Commission about the Guangdong Provincial Sanbao-Shuikou Expressway Section Rebuilding and Expansion Project (NO.1874-2016-NDRC Infrastructure Document) from Guangdong Provincial Development and reform Commission On October 11, 2016, agreed with the implementation of the Guangdong Provincial Sanbao-Shuikou Expressway Section Rebuilding and Expansion Project. It's estimated that the total investment of this project is about 3.513 billion yuan (the static investment is about 3.289 billion yuan), of which the project capital is 1.23 billion yuan that accounts for 35% of the total investment and such amount of the project capital will be provided by Guangdong Provincial Fokai Expressway Co., Ltd, and the rest amount of 2,283 billion yuan will be solved by using bank loans. According to the "Official Reply to the preliminary design of reconstruction and extension project of Guangdong Sanbao to Shuikou Road by Ministry of Transport" (No.73-2017 Transport Road Document) issued by Guangdong Provincial Department of Transport, the Ministry of Transport checked and ratified that the general estimate of the preliminary design of reconstruction and extension project of Guangdong Sanbao to Shuikou Road is RMB 3.426 billion As of June 30, 2020, The accumulated expenses occurred of Sanbao to Shuikou Highway extension project was 2.587 billion yuan.

| No | Contract Counterparty                             | Economic Content  | Contract Amount | Fulfilled as of June 30, 2020 |
|----|---------------------------------------------------|-------------------|-----------------|-------------------------------|
| 1  | China Railway Tunnel Group Co., Ltd.              | Civil Engineering | 251,026,485.00  | 247,327,027.72                |
| 2  | Boli Changda Engineering Co., Ltd.                | Civil Engineering | 624,878,240.00  | 579,422,527.93                |
| 3  | China Railway 18th Bureau Group Co., Ltd.         | Civil Engineering | 219,974,609.00  | 205,366,454.48                |
| 4  | CCCC First Navigation Engineering Bureau Co., Ltd | Civil Engineering | 355,014,108.00  | 300,078,345.44                |

## 2. Contingency

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

As of June 30, 2020, The company does not disclose the pension plan undisclosed matter should exist.

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

None

## XV. Events after balance sheet date

### 1. Profit distribution

On April 3, 2020, the ninth board of directors of the Company held its fourth meeting, approved the profit distribution plan for 2019, and distributed cash dividends of RMB 882,320,185.17. On June 29, 2020, the Company convened the 2019 Annual General Meeting of Shareholders, reviewed and approved the profit distribution plan, and distributed cash dividends of RMB 882,320,185.17.

On August 6, 2020, the cash dividend of A shareholders entrusted by the Company to China Clearing Shenzhen Branch will be directly transferred to its capital account through the shareholder custody securities company (or other custodian institutions); Dividends of restricted shares before the initial offering of A shares and cash dividends of Guangdong Provincial Freeway Co., Ltd., a shareholder of A shares, are distributed by the Company itself. On August 10, 2020, the cash dividends of B shareholders were directly transferred to their capital accounts through the custodian securities companies or custodian banks through shareholders.

In RMB

|                                                             |                |
|-------------------------------------------------------------|----------------|
| Profits or dividends declared upon examination and approval | 882,320,185.17 |
|-------------------------------------------------------------|----------------|

## XVI. Other significant events

### 1. Segment information

The company's business for the Guangfo Expressway, the Fokai Expressway and Jingzhu Expressway Guangzhou

Section toll collection and maintenance work, the technology industry and provide investment advice, no other nature of the business, no reportable segment.

## 2. Government Subsidy

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

| Subsidy item                                                                  | Category                | Opening balance | New subsidy amount in current period | The carry-over in current period is included in profit and loss amount | Other change | Closing balance | Presentation items carried over into profit or loss in the current period | Asset-related/revenue-related |
|-------------------------------------------------------------------------------|-------------------------|-----------------|--------------------------------------|------------------------------------------------------------------------|--------------|-----------------|---------------------------------------------------------------------------|-------------------------------|
| Cancel the special subsidy for the expressway provincial toll station project | Financial appropriation |                 | 35,416,900.00                        | 3,137,075.19                                                           |              | 32,279,824.81   | Other income                                                              | Assets related                |
| Discount interest fund                                                        | Discount interest fund  |                 | 2,500,000.00                         | 2,500,000.00                                                           |              |                 | Financial Expenses                                                        | Income related                |

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

| Subsidy item                   | Category                       | Amount included in profit or loss in the current period | Presentation items included in profit or loss in the current period | Asset-related/revenue-related |
|--------------------------------|--------------------------------|---------------------------------------------------------|---------------------------------------------------------------------|-------------------------------|
| Subsidy for post stabilization | Subsidy for post stabilization | 398,471.22                                              | Other income                                                        | Income related                |

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

(1) June 15, 2007 early in the morning, The 325 Jiujiang Bridge collapsed on # 23 pier for —Nanguijii 035# collision owned by the controlling subsidiary of the company Guangdong Fokai Expressway Company leads the collapse and the traffic jam of 200 meters long of the Jiujiang Bridge. On June 10, 2009, Jiujiang Bridge opened to traffic has been restored.

On June 19, 2007, The Ministry of Communications, the State Production Safety Supervision and Administration Commission issued the JiaoAnWeiming File [2007] No. 8 "Notification on the Guangdong" 6.15 "Jiujiang Bridge Collision Accident", initially determined the causes of the accident are: the incident ship suddenly met heavy fog on the way from Foshan Gaoming to Sunde, the captain neglected looking out, did not take proper measures and deviated from the main channel, touched the 325 National Road Jiujiang Bridge the non-navigation bridge pier and caused the collapse of part of the Jiujiang bridge. The accident was an unnatural

On July 19, 2007, Fokai Company applied preservation of property to Guangzhou Maritime Court. On August 22, 2007, Fokai Company officially prosecuted to Guangzhou Maritime Court, asking Foshan South Sea Shipping Company Limited and Yang Xiong to undertake the compensation 25,587,684 yuan for the loss caused by collapsing of Jiujiang Bridge. On August 28, 2007, Guangzhou Maritime Court accepted the case. According to the (2007)-Canton Haifa No. 332 ruling book issued by Guangzhou Maritime Court, the proceeding of the case

was suspended.

After the court accepted the case, the incident investigation team of Guangdong Provincial Government had not made the final report of Jiujiang Bridge accident. The Court, on November 5, 2007, decided to suspend the proceeding. In September 2008, Jiujiang Bridge accident investigation report was officially reported and resumed the proceedings. On December 5, 2008, Guangzhou Marine Court opened a court trial to proceed the case. Currently, Guangzhou Haizhu prosecutorial office was intend to prosecute the accident captain Shi Guide, therefore, on January 5, 2009, Guangzhou Maritime Court ruled the suspension of the case. On September 17, 2013, the Guangzhou Maritime Court issued a notice of civil and eliminate the cause of suspension of proceedings, the court decided to resume the trial. On December 19, 2013, the Guangzhou Maritime Court opened a court session, has not yet made the first-instance judgment. On March 7, 2014 the Court made the first instance verdict: the defendant Foshan Nanhai Yuhang ship Services Co., Ltd. and Yang Xiong compensated the plaintiff Fokai Expressway Co., Ltd. toll revenue losses of 19,357,500.96 yuan; the court dismissed the plaintiff other aspirations. The defendant appealed to the Higher People's Court of Guangdong Province, the Guangdong Provincial Higher People's Court ruled on June 5, 2014, the case discontinued proceedings. By the end of the report period, the abatement of action causes are already removed and the provincial higher court restores the hearing and conducts the investigation on April 21, 2017. On 27 February 2020, the company received a court decision of second instance, which rejected the appeal and upheld the original sentence. Because the defendant failed to perform the effective judgment, the company applied to Guangzhou Maritime Court for compulsory execution. On July 27, 2020, the company received the enforcement ruling of Guangzhou Maritime Court ([2020] Y 72 Z No.247 - 3rd); A total execution payment of RMB 657,219.33 was transferred to our company by the court, and the execution procedure was terminated according to law.

(2)The 26th (Provisional)Meeting of the sixth board of directors of Guangdong Provincial Expressway Development Co., Ltd. was held of May 10, 2012. The meeting examined and adopted the proposal Concerning the Company' s Accepting the insurance Bond Investment Plan of Pacific Asset Management Co., Ltd. The Company was approved to accept the insurance bond investment plan made by Pacific Asset Management Co., Ltd. The amount of proceeds to be raised is not more than 1.5 billion yuan . Floating interest rate plus guaranteed base interest rate applies as the interest rate. The Floaing interest rate shall not exceed the basic interest rate of RMB loan with a term of over five years on the day when the investment fund of the insureance company is transferred into the Company' s account and the corresponding days of the future years, which shall be adjusted once each year. The guaranteed base interest rate is 5.6%. The concrete amount of raised proceeds shall be within maximum limit of investment fund filed with CIRC. The actual amount wholly transferred to the Company shall apply. The final interest rate is subject to investment Contract for Bond Investment Plan between Pacific and Guangdong Expressway Filed with CIRC. It was approved to authorize the management of the Company to implement the above-mentioned matters.

The Company was approved to provide counter guarantee to Guangdong Communication Group Co.,Ltd.with 75% equity of Guangdong Fokai Expressway Co., Ltd. Held by it . As of the end of this period, the company has returned all the raised funds to Pacific Asset Management Co., Ltd. On May 22, 2020, the company completed the cancellation registration of equity pledge of Guangzhou Guangzhu Transportation Investment Management Co., Ltd.

(3) The 19th (Provisional)Meeting of the Eighth board of directors of Guangdong Provincial Expressway Development Co., Ltd. was held of August 7, 2018. The meeting examined and approved the Proposal on Issuing Medium-Term Notes, Agree that the company intends to register in the China Interbank Market Dealers Association with a quota of not more than 3.4 billion yuan (inclusive), which is within 40% of the company's

latest audited net assets. Apply for a one-time or installment in a timely manner, with a term of no less than 5 years (including 5 years), and raise funds to repay the loan and replenish working capital; The matter has been passed by the resolution of the first interim shareholders' meeting in 2018.

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

## XVII..Notes of main items in financial reports of parent company

### 1. Account receivable

#### 1.Classification account receivables.

In RMB

| Category                                   | Amount in year-end |               |                    |               |               | Balance Year-beginning |               |                    |               |               |
|--------------------------------------------|--------------------|---------------|--------------------|---------------|---------------|------------------------|---------------|--------------------|---------------|---------------|
|                                            | Book Balance       |               | Bad debt provision |               | Book value    | Book Balance           |               | Bad debt provision |               | Book value    |
|                                            | Amount             | Proportion(%) | Amount             | Proportion(%) |               | Amount                 | Proportion(%) | Amount             | Proportion(%) |               |
| Of which                                   |                    |               |                    |               |               |                        |               |                    |               |               |
| Accrual of bad debt provision by portfolio | 21,134,758.62      | 100.00%       |                    |               | 21,134,758.62 | 21,864,051.27          | 100.00%       |                    |               | 21,864,051.27 |
| Of which:                                  |                    |               |                    |               |               |                        |               |                    |               |               |
| Aging portfolio                            | 21,134,758.62      | 100.00%       |                    |               | 21,134,758.62 | 21,864,051.27          | 100.00%       |                    |               | 21,864,051.27 |
| Total                                      | 21,134,758.62      | 100.00%       |                    |               | 21,134,758.62 | 21,864,051.27          | 100.00%       |                    |               | 21,864,051.27 |

Accrual of bad debt provision by single item: None

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

☐ Applicable ☒ Not applicable

Disclosure by aging

In RMB

| Aging                            | Closing balance |
|----------------------------------|-----------------|
| Within 1 year (Including 1 year) | 21,134,758.62   |
| Total                            | 21,134,758.62   |

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

None

(3) The current accounts receivable write-offs situation

None

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

In RMB

| Name                                          | Amount        | Proportion(%) | Bad debt provision |
|-----------------------------------------------|---------------|---------------|--------------------|
| Guangdong Union Electronic Services Co., Ltd. | 21,134,758.62 | 100.00%       |                    |
| Total                                         | 21,134,758.62 | 100.00%       |                    |

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

None

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

None

Other note:

2. Other accounts receivable

In RMB

| Items               | Balance in year-end | Balance Year-beginning |
|---------------------|---------------------|------------------------|
| Dividend receivable | 166,906,851.62      | 7,205,472.90           |
| Other receivable    | 6,683,668.23        | 6,230,178.29           |
| Total               | 173,590,519.85      | 13,435,651.19          |

(1) Dividend receivable

1) Dividend receivable

In RMB

| Items                                                                                  | Balance in year-end | Balance Year-beginning |
|----------------------------------------------------------------------------------------|---------------------|------------------------|
| Guangdong Radio and Television Networks investment No.1 Limited partnership enterprise | 1,205,472.90        | 1,205,472.90           |
| Guangdong Yueke Technology Petty Loan Co., Ltd.                                        |                     | 6,000,000.00           |
| Jingzhu Expressway Guangzhu Section Co., Ltd.                                          | 41,587,034.32       |                        |
| Guangzhou Guangzhu Traffic Investment Mangement Co., Ltd.                              | 114,364,344.40      |                        |
| Zhaoqing Yuezhao Highway Co., Ltd.                                                     | 9,750,000.00        |                        |
| Total                                                                                  | 166,906,851.62      | 7,205,472.90           |

2) Significant dividend receivable aged over 1 year

None

(2) Other accounts receivable

1) Other accounts receivable classified by the nature of accounts

In RMB

| Nature                                                  | Closing book balance | Opening book balance |
|---------------------------------------------------------|----------------------|----------------------|
| Balance of settlement funds for securities transactions | 30,844,110.43        | 30,844,110.43        |
| Cash deposit                                            | 1,953,995.00         | 1,935,101.00         |
| Petty cash                                              | 2,582,145.37         | 1,700,634.57         |
| Other                                                   | 2,147,527.86         | 2,594,442.72         |
| Total                                                   | 37,527,778.66        | 37,074,288.72        |

2) Bad-debt provision

In RMB

| Bad Debt Reserves             | Stage 1                                        | Stage 2                                               | Stage 3                                                                     | Total         |
|-------------------------------|------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------|---------------|
|                               | Expected credit losses over the next 12 months | Expected credit loss over life (no credit impairment) | Expected credit losses for the entire duration (credit impairment occurred) |               |
| Balance as at January 1, 2020 |                                                |                                                       | 30,844,110.43                                                               | 30,844,110.43 |

| Bad Debt Reserves                        | Stage 1                                        | Stage 2                                               | Stage 3                                                                     | Total         |
|------------------------------------------|------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------|---------------|
|                                          | Expected credit losses over the next 12 months | Expected credit loss over life (no credit impairment) | Expected credit losses for the entire duration (credit impairment occurred) |               |
| Balance as at January 1, 2020 in current | ---                                            | ---                                                   | ---                                                                         | ---           |
| Balance as at June 30, 2020              |                                                |                                                       | 30,844,110.43                                                               | 30,844,110.43 |

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

☐ Applicable ☒ Not applicable

Disclosure by aging

In RMB

| Aging         | Closing balance |
|---------------|-----------------|
| Within 1 year | 2,846,525.95    |
| 1-2 years     | 1,010,739.70    |
| 2-3 years     | 443,715.70      |
| Over 3 years  | 33,226,797.31   |
| 3-4 years     | 1,490,184.00    |
| 4-5 years     | 463,491.88      |
| Over 5 years  | 31,273,121.43   |
| Total         | 37,527,778.66   |

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

The withdrawal amount of the bad debt provision:

In RMB

| Category                                      | Opening balance | Amount of change in the current period |                              |             |       | Closing balance |
|-----------------------------------------------|-----------------|----------------------------------------|------------------------------|-------------|-------|-----------------|
|                                               |                 | Accrual                                | Reversed or collected amount | write - off | Other |                 |
| Accrual of bad debt provision by single item: | 30,844,110.43   |                                        |                              |             |       | 30,844,110.43   |
| Total                                         | 30,844,110.43   |                                        |                              |             |       | 30,844,110.43   |

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

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

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

In RMB

| Name                                                | Nature                              | Closing balance | Aging         | Proportion of the total year end balance of the accounts receivable(%) | Closing balance of bad debt provision |
|-----------------------------------------------------|-------------------------------------|-----------------|---------------|------------------------------------------------------------------------|---------------------------------------|
| Kunlun Securities Co.,Ltd                           | Securities trading settlement funds | 30,844,110.43   | Over 5 years  | 82.19%                                                                 | 30,844,110.43                         |
| Petty cash                                          | Petty cash                          | 2,429,631.37    | Within 1 year | 6.47%                                                                  |                                       |
| Guangdong Litong Real Estates Investment Co., Ltd.  | Deposit                             | 1,505,864.00    | 3-4 years     | 4.01%                                                                  |                                       |
| Foshan Hezhan Yinghui Property Management Co., Ltd. | Disposal of fixed assets            | 935,820.00      | Within 1 year | 2.49%                                                                  |                                       |
| Guangdong Provincial Freeway Co.,Ltd.               | Entrustment management fee          | 463,491.88      | 4-5 year      | 1.24%                                                                  |                                       |
| Total                                               | --                                  | 36,178,917.68   | --            | 96.40%                                                                 | 30,844,110.43                         |

(6) Accounts receivable involved with government subsidies

None

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

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

None

### 3. Long-term equity investment

In RMB

| Items | End of term  |            |            | Beginning of term |            |            |
|-------|--------------|------------|------------|-------------------|------------|------------|
|       | Book Balance | Impairment | Book value | Book Balance      | Impairment | Book value |

|                                             |                  | provision |                  |                  | provision |                  |
|---------------------------------------------|------------------|-----------|------------------|------------------|-----------|------------------|
| Investment in subsidiaries                  | 1,613,665,008.81 |           | 1,613,665,008.81 | 1,533,665,008.81 |           | 1,533,665,008.81 |
| Investment in joint ventures and associates | 3,231,674,455.49 |           | 3,231,674,455.49 | 3,255,739,898.36 |           | 3,255,739,898.36 |
| Total                                       | 4,845,339,464.30 |           | 4,845,339,464.30 | 4,789,404,907.17 |           | 4,789,404,907.17 |

(1) Investment to the subsidiary

In RMB

| Name                                                       | Opening balance  | Increase /decrease in reporting period |                      |                                |       | Closing balance  | Closing balance of impairment provision |
|------------------------------------------------------------|------------------|----------------------------------------|----------------------|--------------------------------|-------|------------------|-----------------------------------------|
|                                                            |                  | Add investment                         | Decreased investment | Withdrawn impairment provision | Other |                  |                                         |
| Jingzhu Expressway Guangzhu Section Co., Ltd.              | 419,105,446.88   |                                        |                      |                                |       | 419,105,446.88   |                                         |
| Guangzhou Guangzhu Traffic Investment Management Co., Ltd. | 859,345,204.26   |                                        |                      |                                |       | 859,345,204.26   |                                         |
| Guangfo Expressway Co., Ltd.                               | 154,982,475.25   |                                        |                      |                                |       | 154,982,475.25   |                                         |
| Guangdong Expressway Technology Investment Co., Ltd.       | 95,731,882.42    |                                        |                      |                                |       | 95,731,882.42    |                                         |
| Yuegao Capital Investment (Hengqin) Co., Ltd.              | 4,500,000.00     | 80,000,000.00                          |                      |                                |       | 84,500,000.00    |                                         |
| Total                                                      | 1,533,665,008.81 | 80,000,000.00                          |                      |                                |       | 1,613,665,008.81 |                                         |

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

In RMB

| Name                                      | Opening balance  | Increase /decrease in reporting period |                      |                         |                                          |                      |                                         |                                |       | Closing balance  | Closing balance of impairment provision |
|-------------------------------------------|------------------|----------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------|-----------------------------------------|--------------------------------|-------|------------------|-----------------------------------------|
|                                           |                  | Add investment                         | Decreased investment | Gain/loss of Investment | Adjustment of other comprehensive income | Other equity changes | Declaration of cash dividends or profit | Withdrawn impairment provision | Other |                  |                                         |
| I. Joint ventures                         |                  |                                        |                      |                         |                                          |                      |                                         |                                |       |                  |                                         |
| Guangdong Guanghui Expressway Co., Ltd.   | 1,048,473,573.52 |                                        |                      | 43,495,261.34           |                                          | 3,954,180.00         | 24,715,954.57                           |                                |       | 1,071,207,060.29 |                                         |
| Subtotal                                  | 1,048,473,573.52 |                                        |                      | 43,495,261.34           |                                          | 3,954,180.00         | 24,715,954.57                           |                                |       | 1,071,207,060.29 |                                         |
| II. Associated enterprises                |                  |                                        |                      |                         |                                          |                      |                                         |                                |       |                  |                                         |
| Guangdong Jiangzhong Expressway Co., Ltd. | 179,491,516.98   |                                        |                      | -2,474,550.29           |                                          |                      |                                         |                                |       | 177,016,966.69   |                                         |
| Ganzhou Gankang Expressway Co., Ltd.      | 213,672,650.90   |                                        |                      | -18,334,081.49          |                                          |                      |                                         |                                |       | 195,338,569.41   |                                         |
| Ganzhou Kangda Expressway Co., Ltd.       | 234,733,526.86   |                                        |                      | 5,693,920.94            |                                          |                      |                                         |                                |       | 240,427,447.80   |                                         |

|                                                       |                  |  |  |               |              |              |               |  |  |                  |  |
|-------------------------------------------------------|------------------|--|--|---------------|--------------|--------------|---------------|--|--|------------------|--|
| ShenzhenHuiyan<br>Expressway Co.,<br>Ltd.             | 262,682,427.44   |  |  | 916,998.38    |              |              |               |  |  | 263,599,425.82   |  |
| Guoyuan Securities<br>Co.,Ltd.                        | 793,926,807.52   |  |  | 14,629,008.65 | 2,533,278.11 |              | 11,940,297.90 |  |  | 799,148,796.38   |  |
| Guangdong Yueke<br>Technology Petty<br>Loan Co., Ltd. | 214,637,335.45   |  |  | 4,318,117.99  |              |              |               |  |  | 218,955,453.44   |  |
| Zhaoqing Yuezhao<br>Highway Co., Ltd.                 | 308,122,059.69   |  |  | 7,608,675.97  |              |              | 49,750,000.00 |  |  | 265,980,735.66   |  |
| Subtotal                                              | 2,207,266,324.84 |  |  | 12,358,090.15 | 2,533,278.11 |              | 61,690,297.90 |  |  | 2,160,467,395.20 |  |
| Total                                                 | 3,255,739,898.36 |  |  | 55,853,351.49 | 2,533,278.11 | 3,954,180.00 | 86,406,252.47 |  |  | 3,231,674,455.49 |  |

#### 4. Business income and Business cost

In RMB

| Items         | Amount of current period |                | Amount of previous period |                |
|---------------|--------------------------|----------------|---------------------------|----------------|
|               | Revenue                  | Cost           | Revenue                   | Cost           |
| Main business | 288,021,522.60           | 326,653,026.85 | 617,314,121.48            | 325,665,097.11 |
| Other         | 5,558,207.44             | 2,004,931.99   | 5,812,395.87              | 3,525,577.41   |
| Total         | 293,579,730.04           | 328,657,958.84 | 623,126,517.35            | 329,190,674.52 |

#### 5. Investment income

In RMB

| Items                                                                       | Amount of current period | Amount of previous period |
|-----------------------------------------------------------------------------|--------------------------|---------------------------|
| Long-term equity investment income accounted by cost method                 | 380,951,378.72           | 670,160,115.89            |
| Long-term equity investment income accounted by equity method               | 55,853,351.49            | 237,712,998.09            |
| Investment return on investments held to maturity during the holding period | 50,785,213.04            | 38,528,868.23             |
| Interest income from debt investment during holding period.                 | 25,494,258.90            | 29,257,519.49             |
| Total                                                                       | 513,084,202.15           | 975,659,501.70            |

### XVIII. Supplementary Information

#### 1. Current non-recurring gains/losses

√ Applicable □ Not applicable

In RMB

| Items                                                                                                                                                                                                 | Amount       | Notes |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------|
| Gains/Losses on the disposal of non-current assets                                                                                                                                                    | -184,874.06  |       |
| Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards | 3,535,546.41 |       |
| Net amount of non-operating income and expense except the aforesaid items                                                                                                                             | 2,070,546.90 |       |
| Other non-recurring Gains/loss items                                                                                                                                                                  | 335,742.79   |       |

| Items                                                       | Amount       | Notes |
|-------------------------------------------------------------|--------------|-------|
| Less :Influenced amount of income tax                       | 1,440,123.12 |       |
| Influenced amount of minor shareholders' equity (after tax) | 632,378.68   |       |
| Total                                                       | 3,684,460.24 | --    |

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

☐ Applicable ☒ Not applicable

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

| Profit as of reporting period                                                                                  | Weighted average ROE (%) | EPS ( Yuan/share ) |             |
|----------------------------------------------------------------------------------------------------------------|--------------------------|--------------------|-------------|
|                                                                                                                |                          | EPS-basic          | EPS-diluted |
| Net profit attributable to common shareholders of the Company                                                  | -0.06%                   | -0.0028            | -0.0028     |
| Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss | -0.10%                   | -0.0046            | -0.0046     |

## 3.Other

## **XII. Documents Available for Inspection**

1. Accounting statements carried with personal signatures and seals of legal representative, Chief Financial officer and Financial Principal.
2. Original of Auditors' Report carried with the seal of Certified Public Accountants as well as personal signatures of certified Public accountants.
3. The texts of all the Company's documents publicly disclosed on the newspapers and periodicals designated by China Securities Regulatory Commission in the report period.