

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement and the listing document attached hereto, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement and the listing document attached hereto.

*This announcement and the listing document attached hereto are for information purposes only and do not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Issuer. This announcement and the listing document attached hereto are not, and are not intended to be, an offer of securities of the Issuer for sale, or the solicitation of an offer to buy securities of the Issuer, in the United States. The securities referred to in this announcement and the listing document attached hereto have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to registration requirements of the Securities Act. This announcement and the listing document attached hereto are not for distribution, directly or indirectly, in or into the United States. No public offer of the securities referred to herein is being or will be made in the United States.*

*This announcement and the listing document attached hereto have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document attached hereto) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document attached hereto shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the Laws of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong.*

Notice to Hong Kong investors: The Issuer and the Guarantor (as defined below) confirm that the Bonds (as defined below) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF OFFERING CIRCULAR

XIN YUE COMPANY LIMITED

(incorporated in the Hong Kong with limited liability)
(the “Issuer”)

U.S.\$500,000,000 2.358 per cent. Guaranteed Bonds due 2027
(Stock Code: 4442)
(the “Bonds”)

unconditionally and irrevocably guaranteed by
GUANGDONG PROVINCIAL COMMUNICATIONS GROUP CO., LTD
(廣東省交通集團有限公司)
(incorporated with limited liability in the People’s Republic of China)
(the “Guarantor”)

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 25 January 2022 published by the Issuer.

Please refer to the offering circular relating to the Bonds dated 18 January 2022 (the “**Offering Circular**”) appended herein. The Offering Circular is published in English only. No Chinese version of the Offering Circular has been published. As disclosed in the Offering Circular, the Bonds were intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of the Issuer and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Circular.

Hong Kong, 26 January 2022

As at the date of this announcement, the directors of the Issuer are LAN Hengshui, SUN Chuwen, ZHONG Nan'en, TONG Yanlin, ZHENG Xutao and ZHUO Weiheng.

As at the date of this announcement, the directors of the Guarantor are DENG Xiaohua, LIU Xiaohua, HONG Jun, LI Zhi and XU Hongfeng.

TABLE OF CONTENTS

Offering Circular Dated 18 January 2022	1
---	---

IMPORTANT NOTICE
NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the offering circular (the “**Offering Circular**”) attached to this e-mail. You are therefore advised to read this disclaimer carefully before accessing, reading or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information as a result of such access. You acknowledge that access to the Offering Circular is intended for use by you only and you agree you will not forward it or otherwise provide access to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES DESCRIBED HEREIN (the “SECURITIES”) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Singapore Securities and Futures Act Product Classification — In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer and the Guarantor (as defined herein) have determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Securities are “**prescribed capital markets products**” (as defined in the CMP Regulations 2018) and “**Excluded Investment Products**” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Confirmation of Your Representation: You have accessed the Offering Circular on the basis that you have confirmed to the Issuer, the Guarantor (as defined herein) and the Joint Lead Managers (as defined herein) that (1) you and any customers you represent are not in the United States, (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, and (3) you consent to delivery of the Offering Circular by electronic transmission. To the extent you purchase the Securities, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

The Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Guarantor, the Joint Lead Managers or any of their respective affiliates, directors, officers, employees, advisers, representatives, agents and each person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version.

The Offering Circular is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only.

Restrictions: Nothing in this electronic transmission constitutes, and it may not be used in connection with, an offer or an invitation by or on behalf of any of the Issuer, the Guarantor, or the Joint Lead Managers to subscribe for or purchase any of the Securities in any place where offers or solicitations are not permitted by law, and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Joint Lead Manager or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Securities.

Actions that You May Not Take: If you receive the Offering Circular by e-mail, you should not reply by e-mail to the Offering Circular, and you may not purchase any Securities by doing so. Any reply e-mail communications, including those you generate by using the “**Reply**” function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Xin Yue Company Limited

(incorporated in the Hong Kong Special Administrative Region with limited liability)

U.S.\$500,000,000 2.358 per cent. Guaranteed Bonds due 2027

unconditionally and irrevocably guaranteed by



Guangdong Provincial Communications Group Co., Ltd (廣東省交通集團有限公司)

(incorporated in the People's Republic of China with limited liability)

Issue Price: 100.00 per cent.

Xin Yue Company Limited (the "Issuer") proposes to issue U.S.\$500,000,000 in aggregate principal amount of 2.358 per cent. guaranteed bonds due 2027 (the "Bonds"). The Bonds will be unconditionally and irrevocably guaranteed (the "Guarantee") by Guangdong Provincial Communications Group Co., Ltd (廣東省交通集團有限公司) (the "Guarantor").

The Bonds will bear interest on their outstanding principal amount from and including 25 January 2022 (the "Issue Date") at the rate of 2.358 per cent. per annum payable semi-annually in arrears in equal instalments on 25 January and 25 July, commencing on 25 July 2022. Payments on the Bonds will be made without deduction or withholding for or on account of taxes to the extent described under "Terms and Conditions of the Bonds — Taxation". The PRC government (as defined herein) is not an obligor and the holders of the Bonds (the "Bondholders") shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Bonds. See "Risk Factors — Risks Relating to the Group's Business — The PRC government may continue to release new policies or amend existing regulations to control the increase in local governmental debts in the PRC. There is no assurance that the Group's financing and business model and its indebtedness will not be materially affected by future changes in the regulatory regime concerning the local state-owned enterprises in response to such regulations. The PRC government shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Guarantee or the transaction documents in relation to the Bonds, which are solely to be fulfilled by the Issuer and/or the Guarantor".

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (Negative Pledge) of the terms and conditions of the Bonds (the "Conditions")) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) (Negative Pledge) of the Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Guarantor will enter into a deed of guarantee (the "Deed of Guarantee") on or around 25 January 2022. The Guarantor undertakes to register or cause to be registered with the relevant branch of the State Administration of Foreign Exchange of the PRC (the "SAFE") the Deed of Guarantee within 15 Registration Business Days (as defined in the Conditions) after the execution of such Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "SAFE Registration"). The Guarantor will use its best endeavours to complete the SAFE Registration and obtain a registration certificate from the local branch of SAFE on or before the Registration Deadline (being the day falling 90 Registration Business Days after the Issue Date) and comply with all applicable PRC laws and regulations in relation to the Bonds and the Guarantee. For consequences of non-registration, see "Risk Factors — Risks Relating to the Bonds and the Guarantee — The Guarantee given by the Guarantor needs to be registered with SAFE before it can be considered enforceable under the PRC law, and there may be logistical hurdles for cross-border payment under the Guarantee if such registration is not completed within the prescribed timeframe."

Pursuant to the Circular on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (Fa Gai Wai Zi [2015] No 2044) (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資[2015]2044號)) (the "NDRC Circular") issued by the National Development and Reform Commission of the PRC (the "NDRC"), which for the purposes of the Offering Circular shall include any relevant local branch thereof) and effective on 14 September 2015, the Guarantor has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 7 December 2021 evidencing such registration and undertakes that it will within 10 Registration Business Days after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in accordance with the NDRC Circular and any implementation rules as issued by the NDRC from time to time (the "NDRC Post-Issue Filing").

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the Guarantee. This position has been reinforced by the Circular of the Ministry of Finance on Matters Concerning Regulating the Investment and Financing Activities of Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行業有關問題的通知 (財金[2018]23號)) promulgated on 28 March 2018 and took effect on the same day, and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving Market Regulatory Regime and Taking Strict Precautions Against Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) promulgated on 11 May 2018 and took effect on the same day, and the Notice of the General Office of the National Development and Reform Commission on Relevant Requirements for Record-filing and Registration of Issuance of Foreign Debts by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知) promulgated on 6 June 2019.

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on 25 January 2027 (the "Maturity Date"). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice, which shall specify the date for redemption, names and addresses of all Paying Agents (as defined in the Conditions) and the method by which payment shall be made to the Bondholders, in accordance with Condition 16 (which shall be irrevocable) and in writing to the Trustee (as defined herein) and the Principal Paying Agent (as defined herein), at 100 per cent. of their principal amount together with any interest accrued to (but not including) the date fixed for redemption, if the Issuer (or the Guarantor, as the case may be) satisfies the Trustee immediately prior to giving such notice that (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions) as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the Chinese mainland or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 18 January 2022, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it. At any time following the occurrence of a Relevant Event (as defined in the Conditions), each Bondholder will have the right, at such Bondholder's option, to require the Issuer to redeem all but not some only of that Bondholder's Bonds on the Put Settlement Date (as defined in the Conditions) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Conditions)) or 100 per cent. (in the case of a redemption for a Non-Registration Event (as defined in the Conditions)) of their principal amount, together in each case with accrued interest up to (but excluding) the relevant Put Settlement Date. See "Terms and Conditions of the Bonds — Redemption and Purchase".

For a more detailed description of the Bonds, see "Terms and Conditions of the Bonds" beginning on page 91.

The Bonds will be issued in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

Investing in the Bonds involves risks. See "Risk Factors" beginning on page 47 for a discussion of certain factors to be considered in connection with an investment in the Bonds. The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds and the Guarantee are being offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the Guarantee and the distribution of this Offering Circular, see "Subscription and Sale".

Application will be made to The Stock Exchange of Hong Kong Limited (the "SEHK") for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("Professional Investors") only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Bonds are intended for purchase by Professional Investors only and will be listed on the SEHK on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The SEHK has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or the Guarantor or the Group or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The Guarantor has been assigned a corporate credit rating of "A+" with a stable outlook by Fitch Ratings, Inc. ("Fitch") and "A" with a stable outlook by Standard & Poor's Rating Services ("S&P"). The Bonds are expected to be assigned a rating of "A+" by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of the Bonds.

The Bonds will be initially evidenced by interests in a global certificate (the "Global Certificate") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Lead Global Coordinators, Joint Lead Managers and Joint Bookrunners

Bank of China	GF Securities	China International Capital Corporation	ABC International
Guotai Junan International	China CITIC Bank International	CLSA	Standard Chartered Bank
Industrial Bank Co., Ltd. Hong Kong Branch	ICBC International	Luso Bank Ltd.	CMB Wing Lung Bank Limited
BOCOM International	China Construction Bank (Asia)	Agricultural Bank of China Limited Hong Kong Branch	China Everbright Bank Hong Kong Branch
			Emirates NBD Capital

Offering Circular dated 18 January 2022

NOTICE TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER, THE GUARANTOR OR ANY OF THEIR RESPECTIVE SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

Singapore Securities and Futures Act Product Classification — In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer (together with its subsidiaries, the “**Issuer Group**”), the Guarantor and the Guarantor’s subsidiaries, including the Issuer Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Listing of the Bonds on the SEHK is not to be taken as an indication of the merits of the Issuer and the Guarantor, the Group or the Bonds.

Each of the Issuer and the Guarantor confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and the Group and the Bonds which is material in the context of the issue and offering of the Bonds (including the information which is required by applicable laws and according to the particular nature of the Issuer, the Guarantor, the Group and the Bonds and is necessary to enable investors to make an informed assessment of the financial position, results of operations, liquidity, and prospects of the Issuer, the Guarantor and the Group and of the rights attaching to the Bonds); (ii) the statements with respect to the Issuer, the Guarantor, the Group, the Bonds and the Guarantee contained in this Offering Circular are in

all material respects true and accurate and not misleading; (iii) the opinions and intentions with respect to the Issuer, the Guarantor, the Group, the Bonds or the Guarantee expressed in this Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Bonds or the Guarantee, the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading; (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements; (vi) this Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and (vii) the statistical, industry and market-related data and forward-looking statements included in this Offering Circular, are based on or derived or extracted from sources which the Issuer and the Guarantor believe to be accurate and reliable in all material respects.

The Issuer and the Guarantor have prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by Bank of China Limited, GF Securities (Hong Kong) Brokerage Limited, China International Capital Corporation Hong Kong Securities Limited, ABCI Capital Limited, Guotai Junan Securities (Hong Kong) Limited, China CITIC Bank International Limited, CLSA Limited, Standard Chartered Bank, Haitong International Securities Company Limited, Industrial Bank Co., Ltd. Hong Kong Branch, ICBC International Securities Limited, Luso International Banking Limited, CMB Wing Lung Bank Limited, Oversea-Chinese Banking Corporation Limited, BOCOM International Securities Limited, China Construction Bank (Asia) Corporation Limited, Agricultural Bank of China Limited Hong Kong Branch, China Everbright Bank Co., Ltd., Hong Kong Branch and Emirates NBD Bank PJSC (together, the “**Joint Lead Managers**”, and each a “**Joint Lead Manager**”), the Issuer and the Guarantor to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the Chinese mainland, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see “*Subscription and Sale*”. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no copies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, the Bonds or the Guarantee, other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Trustee, the Agents (as defined in the Conditions), the Issuer, the Guarantor, the Group, or the Joint Lead Managers or their respective affiliates, directors, officers, employees, agents, representatives or advisers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or a solicitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers, to subscribe for or purchase the Bonds in which such offer or solicitation is not authorised or is unlawful and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds. Nothing contained in this Offering Circular is, or shall be relied upon as, a representation, warranty or undertaking by the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers. This Offering Circular should not be considered as a recommendation by any of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers to purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor, the Group and the merits and risks involved in investing in the Bonds. See “*Risk Factors*”.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers accepts any responsibility for the contents of this Offering Circular and they assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement made or purported to be made by the Joint Lead Managers, the Trustee, the

Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or on their behalf in connection with the Issuer, the Guarantor, the Group or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee, the Agents and their respective affiliates, directors, officers, employees, agents, representatives or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer, the Guarantor, or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

IN CONNECTION WITH THIS OFFERING, EACH OF THE JOINT LEAD MANAGERS APPOINTED (EXCLUDING CHINA CITIC BANK INTERNATIONAL LIMITED WHO SHALL NOT ACT AS A STABILISATION MANAGER) AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (SUCH PARTY, A “STABILISATION MANAGER”) AND/OR THEIR RESPECTIVE AFFILIATE(S) (OR ANY PERSON(S) ACTING ON ITS BEHALF) MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORT THE MARKET PRICE(S) OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER AND/OR THEIR RESPECTIVE AFFILIATE(S) (OR PERSON(S) ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS.

The Joint Lead Managers and/or their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

The contents of this Offering Circular have not been reviewed by any regulatory authority of any jurisdiction. You are advised to exercise caution in relation to the offering of the Bonds. If you are in any doubt about any of the contents of this Offering Circular, you should obtain independent professional advice.

Industry and Market Data

Market data and certain industry forecasts used in this Offering Circular have been extracted from market research, public information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified by the Joint Lead Managers, the Trustee, any Agent or their respective affiliates, directors, officers, employees, agents, representatives and advisers, and none of the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, agents, representatives and advisers makes any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

PRESENTATION OF FINANCIAL AND OPERATIONAL INFORMATION

This Offering Circular contains the audited consolidated financial information of the Group and the Issuer Group as at and for the years ended 31 December 2018, 2019 and 2020 and the unaudited but reviewed consolidated financial information of the Group and the Issuer Group as at and for the nine months ended 30 September 2020 and 2021.

Presentation of Financial Information of the Group

The audited consolidated financial information of the Group as at and for the year ended 31 December 2018 has been extracted from the Guarantor's audited consolidated financial statements as at and for year ended 31 December 2019 (the "**Group's 2019 Financial Statement**"), included elsewhere in this Offering Circular. The audited consolidated financial information of the Group as at and for the years ended 31 December 2019 and 2020 has been extracted from the Guarantor's consolidated financial statements as at and for year ended 31 December 2020 (the "**Group's 2020 Financial Statement**", together with the Group's 2019 Financial Statement, the "**Group's Audited Financial Statements**"), included elsewhere in this Offering Circular. The consolidated financial information of the Group as at and for the nine months ended 30 September 2020 and 2021 has been extracted from the Guarantor's unaudited consolidated interim financial statements as at and for the nine months ended 30 September 2021 (the "**Group's Interim Financial Statements**" and together with the Group's Audited Financial Statements, the "**Group's Financial Statements**"), included elsewhere in this Offering Circular. The Group's Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**"). The Group's Audited Financial Statements have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP ((立信會計師事務所(特殊普通合夥)) ("**BDO**"), the Guarantor's independent auditor, in accordance with the Chinese Auditing Standards issued by the MOF. The audited consolidated financial information of the Group as at and for the year ended 31 December 2018 (the "**Group's 2018 Financial Information**") and the audited consolidated financial information of the Group as at and for the year ended 31 December 2019 included in this Offering Circular have been audited and the audited consolidated financial information of the Group as at and for the year ended 31 December 2019 included in this Offering Circular have been audited by BDO. The audited consolidated financial information of the Group as at and for the year ended 31 December 2020 included in this Offering Circular and the restated and audited consolidated financial information of the Group as at and for the year ended 31 December 2019 included in this Offering Circular (the "**Group's 2019 Restated Financial Information**") have been audited by BDO. The Group's Interim Financial Statements were presented in accordance with the PRC GAAP and have been reviewed by BDO.

For clarity and ease of comparison, the consolidated balance sheet of Group of the Group's 2020 Financial Statements (which included the Group's 2019 Restated Financial Information) and the consolidated balance sheet of Group of the Group's 2019 Financial Statements (which included the Group's 2018 Financial Information) are set out separately in "*Summary Consolidated Financial Information and Other Data*". Investors must therefore exercise caution when making comparisons

of the Group's 2020 Financial Statements against the Group's 2019 Financial Statements and when evaluating the Group's financial condition and results of operations. The consolidated financial information of the Group as at and for the years ended 31 December 2019 and 2020 disclosed in "Summary", "Risk Factors" and "Description of the Group" have been extracted from the Group's 2020 Financial Statements, and the consolidated financial information of the Group as at and for the year ended 31 December 2018 disclosed in "Summary", "Risk Factors" and "Description of the Group" have been extracted from the Group's 2019 Financial Statements.

Group's 2020 Financial Statement

The MOF issued the revised accounting standards in July 2017 of CAS No. 14 — Revenue (Caikuai [2017] No. 22) (the "**New Revenue Standards**"). The New Revenue Standards stipulate that the cumulative effects on the opening balance of retained earnings and other related items in the financial statements should be adjusted on the first effective date of the standards, and information for the comparable periods should remain unadjusted. Guangdong Provincial Expressway Development Co., Ltd. (廣東省高速公路發展股份有限公司) and its subsidiaries implemented the New Revenue Standards since 1 January 2020. Also, the MOF issued the "Interpretation of Accounting Standards for Business Enterprises No. 13 on 10 December 2019, and implemented since 1 January 2020 without retrospective adjustment. See note V (Significant changes in accounting policies and estimates and error correction and other adjustments) to the Guarantor's 2020 Financial Statements for details.

Upon the implementation of the above new accounting standards, relevant items in the financial statements as at the beginning of the year (i.e. 1 January 2020) were restated, however, the relevant items in the Group's consolidated financial statements for the year ended 31 December 2019 were not restated.

Group's Interim Financial Statements

The MOF issued the revised accounting standards in April 2017 of CAS No. 22 — Financial Instruments: Recognition and Measurement (Caikuai [2017] No. 7), CAS No. 23 — Transfer of Financial Assets (Caikuai [2017] No. 8), CAS No. 24 — Hedge Accounting ([2017] No. 9) and CAS No. 37 — Presentation and Disclosures of Financial Instruments ([2017] No. 14) (collectively, the "**New Financial Instruments Standards**"). The MOF issued the revised accounting standards in July 2017 of the **New Revenue Standards**. The MOF issued the revised accounting standards in December 2018 of CAS No. 21 — Leases (Caikuai [2018] No. 35) (the "**New Leases Standards**"). Except for listed subsidiaries according to the prescribed time implementation, the Group has applied the above revised accounting standards since 1 January 2021. See note 31 (Significant changes in accounting policies and accounting estimates) to the Guarantor's Interim Financial Statements for details.

In accordance with the New Financial Instruments Standards, the Group recognised any difference between the previous carrying amount under previous financial instruments standards and the carrying amount at the beginning of the annual reporting period that includes the date of initial application (i.e. 1 January 2021) in the opening retained earnings or other comprehensive income. Comparative information has not been restated. In accordance with the New Revenue Standards, the Group have adjusted the relevant accounting policies in accordance with the specific provisions on specific matters or transactions such as contract costs, warranties, principal versus agent considerations, licensing, and receipt in advance. In accordance with the New Leases Standards, accounted for lease modifications before the initial year of application according to the final arrangement of the change under new leases standard without retrospective adjustments; the Group is not required to make any adjustments to the opening balances of retained earnings and other related items in the financial statements in the initial year of application and surplus for leases for which it acts as a lessor and the Group has applied new leases standard since the date of initial application.

Upon the implementation of the above new accounting standards, relevant items in the financial statements as at the beginning of the year (i.e. 1 January 2021) were restated, however, the relevant items in the Group's consolidated financial statements for the year ended 31 December 2020 were not restated.

Presentation of Financial Information of the Issuer

The audited consolidated financial information of the Issuer Group as at and for the year ended 31 December 2018 has been extracted from the Issuer's consolidated financial statements as at and for the year ended 31 December 2019 (the "**Issuer's 2019 Financial Statements**"), included elsewhere in this Offering Circular. The audited consolidated financial information of the Issuer Group as at and for the years ended 31 December 2019 and 2020 has been extracted from the Issuer's consolidated financial statements as at and for the year ended 31 December 2020 (the "**Issuer's 2020 Financial Statements**", together with the Issuer's 2019 Financial Statement, the "**Issuer's Audited Financial Statements**"), included elsewhere in this Offering Circular. The consolidated financial information of the Issuer Group as at and for the nine months ended 30 September 2020 and 2021 has been extracted from the Issuer's unaudited consolidated interim financial statements as at and for the nine months ended 30 September 2021 (the "**Issuer's Interim Financial Statements**" and together with the Issuer's Audited Financial Statements, the "**Issuer's Financial Statements**"), included elsewhere in this Offering Circular. The Issuer's Financial Statements were prepared and presented in accordance with the PRC GAAP. The audited consolidated financial information of the Issuer as at and for the year ended 31 December 2018 (the "**Issuer's 2018 Financial Information**") and the audited consolidated financial information of the Issuer as at and for the year ended 31 December 2019 included in this Offering Circular have been audited by GP Certified Public Accountants (Special General Partnership) (廣東正中珠江會計師事務所 (特殊普通合夥)) ("**GP**"), the Issuer's prior independent auditor. The audited consolidated financial information of the Issuer as at and for the year ended 31 December 2020 included in this Offering Circular and the restated and audited consolidated financial information of the Issuer as at and for

the year ended 31 December 2019 included in this Offering Circular (the “**Issuer’s 2019 Restated Financial Information**”) have been audited by Zhongzhun Certified Public Accountants (Special General Partnership) Guangdong Branch (中准會計師事務所 (特殊普通合夥) 廣東分所) (“**Zhongzhun**”), the Issuer’s independent auditor. The Issuer’s Interim Financial Statements were presented in accordance with the PRC GAAP and have been reviewed by BDO, the Issuer’s current independent auditor.

PRC GAAP differs in certain respects from International Financial Reporting Standards (“**IFRS**”). See “*Summary of Certain Differences Between PRC GAAP and IFRS*”.

For clarity and ease of comparison, the Issuer’s 2020 Financial Statements (which included the Issuer’s 2019 Restated Financial Information) and the Issuer’s 2019 Financial Statements (which included the Issuer’s 2018 Financial Information) are set out separately in “*Summary Consolidated Financial Information and Other Data*”. Investors must therefore exercise caution when making comparisons of the Issuer’s 2020 Financial Statements against the Issuer’s 2019 Financial Statements and when evaluating the Issuer’s financial condition and results of operations. The consolidated financial information of the Issuer as at and for the years ended 31 December 2019 and 2020 disclosed in “*Summary*”, “*Risk Factors*” and “*Description of the Issuer*” have been extracted from the Issuer’s 2020 Financial Statements, and the consolidated financial information of the Issuer at and for the year ended 31 December 2018 disclosed in “*Summary*”, “*Risk Factors*” and “*Description of the Issuer*” have been extracted from the Issuer’s 2019 Financial Statements.

Issuer’s 2020 Financial Statements

Certain financial data of the Issuer’s consolidated financial information as at and for the year ended 31 December 2019 have been restated to reflect the business combination under common control incurred during the year ended 31 December 2020. See note 7(3) (New entities including in the consolidation in the current period) to the Issuer’s 2020 Financial Statements for details.

Issuer’s Interim Financial Statements

The MOF issued the revised accounting standards in April 2017 of the New Financial Instruments Standards. The MOF issued the revised accounting standards in July 2017 of the New Revenue Standards. The MOF issued the revised accounting standards in December 2018 of the New Leases Standards. See note 31 (Significant changes in accounting policies and accounting estimates) to the Issuer’s Interim Financial Statements for details.

In accordance with the New Financial Instruments Standards, the retained earnings and other comprehensive income at the beginning of the year will be adjusted due to the cumulative impact of the retrospective adjustment. In accordance with the New Revenue Standards, the first implementation of the new revenue standard should adjust the amount of retained earnings and other related items in the financial statements at the beginning of the year based on the cumulative impact, and no adjustments should be made to the comparable period information. In accordance

with the New Leases Standards, the amount of retained earnings and other related items in the financial statements at the beginning of the year were adjusted when the New Leases Standards were first implemented based on the cumulative impact of the new lease standard implementation for the first time, without adjusting the comparable period information.

Upon the implementation of the above new accounting standards, relevant items in the financial statements as at the beginning of the year (i.e. 1 January 2021) were restated, however, the relevant items in the Group's consolidated financial statements for the year ended 31 December 2020 were not restated.

Presentation of Operational Information of the Group

The operational information included in this Offering Circular, including without limitation, operational details of projects, expressways under management, length of expressways and investment in projects, relate to the Guarantor and its Subsidiaries and Guangdong Nanyue. Guangdong Nanyue is wholly owned by the Guangdong provincial government and Guangdong Nanyue is managed by the Guarantor with the authority from the Guangdong provincial government. However, Guangdong Nanyue is not owned by the Guarantor and the financial statements of Guangdong Nanyue are not consolidated into the financial statements of the Guarantor.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the “PRC” and “China” are to the People’s Republic of China, all references to the “Chinese mainland” are to the People’s Republic of China which for the purpose of this Offering Circular excludes Hong Kong, Macau and Taiwan, all references to the “United States” and “U.S.” are to the United States of America, all references to “Hong Kong” are to the Hong Kong Special Administrative Region of the People’s Republic of China, all references to “Macau” means the Macau Special Administrative Region of the People’s Republic of China, all references to “Renminbi” and “RMB” are to the lawful currency of the PRC, and all references to “USD”, “U.S.\$” and “U.S. dollars” are to the lawful currency of the United States.

This Offering Circular contains translations of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Guarantor has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.4434 to U.S.\$1.00 (the noon buying rate in New York City on 30 September 2021 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rates is set forth in “Exchange Rates” in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all, or vice versa.

In this Offering Circular, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables or figures shown as totals may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations or transliterations of their Chinese names and are included for identification purpose only. In the event of any inconsistency, the Chinese name prevails.

In this Offering Circular, unless otherwise indicated or the context otherwise requires:

- “CBIRC” refers to China Banking and Insurance Regulatory Commission;
- “GDP” refers to gross domestic product;

- “Group” refers to (i) in respect of operational information in this Offering Circular only, the Guarantor and its Subsidiaries and Guangdong Nanyue; and (ii) in respect of financial information included in this Offering Circular and in any other context (other than as specified in sub-clause (i) of this definition or otherwise indicated), the Guarantor and its Subsidiaries;
- “Guandong Nanyue” refers to Guangdong Nanyue Traffic Investment Construction Co., Ltd. (廣東省南粵交通投資建設有限公司);
- “MOF” refers to the Ministry of Finance of the PRC;
- “MOFCOM” refers to the Ministry of Commerce of the PRC;
- “NDRC” refers to the National Development and Reform Commission of the PRC or its competent local counterparts;
- “NDRC Circular” refers to the Circular on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (Fa Gai Wai Zi [2015] No 2044) (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資 [2015] 2044號) issued by the NDRC;
- “NPC” refers to the National People’s Congress of the PRC;
- “PBOC” refers to the People’s Bank of China, the central bank of the PRC;
- “PRC government” refers to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “SAFE” refers to the State Administration of Foreign Exchange of the PRC or its competent local counterparts;
- “SASAC” refers to State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會);
- “SCNPC” refers to the Standing Committee of the NPC;
- “State Council” refers to the State Council of the PRC;
- “Subsidiaries” has the meaning given to it in the Conditions; and
- “VAT” refers to value-added tax.

FORWARD-LOOKING STATEMENTS

The Issuer and the Guarantor have made certain forward-looking statements in this Offering Circular. All statements other than statements of historical facts contained in this Offering Circular constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “target”, “believe”, “can”, “could”, “estimate”, “expect”, “aim”, “intend”, “may”, “plan”, “will”, “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the future business strategy, operating revenue and profitability, planned projects and other matters as they relate to the Issuer, the Guarantor, the Group discussed in this Offering Circular. These forward-looking statements contained in this Offering Circular (whether made by the Issuer, the Guarantor or by any third party) involve known and unknown risks, including those disclosed under the section titled “Risk Factors”, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, the Guarantor or the Group to be materially different from those expressed or implied by such forward-looking statements.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer and the Guarantor expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any of opinions or forward-looking statements expressed or implied in this Offering Circular to reflect any change in the Group’s expectations with regard thereto or any new information, change of events, conditions or circumstances, on which any such opinion or statement was based.

The factors that could cause the actual results, performances and achievements of the Issuer, the Guarantor the Group or any member of the Group to be materially different include:

- the Group’s ability to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- the Group’s capital expenditure plans and its ability to carry out those plans;
- access and cost of capital and financing;
- the actions and developments of the Group’s competitors;
- future developments, trends and conditions in the industry and markets in which the Group operates;
- changes in the competition landscape in the industries where the Group operates;

- any changes in the laws, rules and regulations of the central and local government in the Chinese mainland, Hong Kong and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to the Group's business;
- general political and economic conditions, including those related to the PRC and Hong Kong;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and Hong Kong and the industry and markets in which the Group operates;
- macroeconomic measures taken by the PRC government and the Hong Kong government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the Group's control;
- changes in global economic conditions; and
- other factors, including those discussed in "Risk Factors".

TABLE OF CONTENTS

	Page
NOTICE TO INVESTORS	i
PRESENTATION OF FINANCIAL AND OPERATIONAL INFORMATION	vi
CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION	xi
FORWARD-LOOKING STATEMENTS	xiii
SUMMARY	1
THE OFFERING	5
SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA	12
RISK FACTORS	47
EXCHANGE RATES	90
TERMS AND CONDITIONS OF THE BONDS	91
SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM	121
USE OF PROCEEDS	124
CAPITALISATION AND INDEBTEDNESS	125
DESCRIPTION OF THE ISSUER	127
DESCRIPTION OF THE GROUP	129
DIRECTORS AND SENIOR MANAGEMENT OF THE ISSUER	165
DIRECTORS AND SENIOR MANAGEMENT OF THE GUARANTOR	168
REGULATIONS OF THE CHINESE MAINLAND	173
TAXATION	192
SUBSCRIPTION AND SALE	197
SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS	203
GENERAL INFORMATION	205
INDEX TO FINANCIAL STATEMENTS	F-1

SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety, including the section entitled “Risk Factors”, before making an investment decision.

OVERVIEW

The Group is a leading investment and financing platform as well as construction and operation company in the Guangdong Province within the transportation industry. The Group is also one of the largest toll road building and managing companies in the PRC in terms of asset size. As at 31 December 2020, the total size of assets managed by the Group amounted to RMB681 billion.

The Group primarily conducts its business in Guangdong Province. Located south of China and within the Greater Bay Area, Guangdong Province is a manufacturing heartland and a leading foreign trade player in China. As one of the most open and economically vibrant regions in China, the Greater Bay Area plays a significant strategic role in the overall development of the country. According to the Development Plan Outline for the Guangdong-Hong Kong-Macao Greater Bay Area (粵港澳大灣區發展規劃綱要) (the “**Development Plan**”) promulgated by the State Council in 2019, a modern comprehensive transport system will be built in the Greater Bay Area to strengthen infrastructural development and enhance external and internal connectivity. The excellent location of Guangdong Province with great economic development potentials has supported and will continue to support the business growth of the Group.

The Group’s generates its income from five business lines, namely (i) toll fee business, (ii) materials trading business, (iii) transportation and service zone operation business, (iv) engineering and technology business and (v) other businesses.

- *Toll fee business.* The Group manages and operates an expansive network of toll roads in Guangdong Province primarily through Guangdong Provincial Express Company Limited (廣東省高速公路有限公司), Guangdong Provincial Road and Bridge Construction Development Company Limited (廣東省路橋建設發展有限公司) and Guangdong Provincial Highway Construction Company Limited (“**Guangdong Highway Construction**”, 廣東省公路建設有限公司). As at 31 December 2020, the Group operated and managed 98 toll expressways spanning approximately 7,721 km. In addition, the total investment in toll road projects that were opened to traffic and managed by the Group exceeded RMB690 billion. The Group manages and operates expressways that marked the milestones in the economic development of the Greater Bay Area, including the Guangzhou-Shenzhen Expressway (廣深高速), the Nansha Bridge (南沙大橋) and the Beijing-Hong Kong-Macao Expressway (京港澳高速). The toll fee business is the Group’s primary source of income. For the years ending 31

December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the Group generated the revenue of RMB32,199.9 million, RMB36,086.8 million, RMB28,089.2 million, RMB18,103.4 million and RMB29,786.6 million from its toll fee business, respectively, and this accounted for 68.8 per cent., 73.9 per cent., 69.2 per cent., 69.2 per cent. and 76.1 per cent. of the Group's total revenue, respectively in the corresponding periods.

- *Material trading business.* The Group conducts its materials trading business primarily through Guangzhou Xinyue Asphalt Co., Ltd. (廣州新粵瀝青有限公司) and Guangdong Nanyue Logistics Industrial Co., Ltd. (廣東南粵物流實業有限公司). The Group trades various materials, including but not limited to asphalt, steel, cement and other goods. Majority of the materials procured by the Group are purchased for construction of expressway projects by other members of the Group or joint ventures or associated companies or business partners of the Group. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's materials trading business was RMB3,428.9 million, RMB3,705.2 million, RMB5,079.3 million, RMB2,786.8 million and RMB3,461.5 million, respectively, representing 7.3 per cent., 7.6 per cent., 12.5 per cent., 10.6 per cent. and 8.8 per cent., respectively, of the Group's total operating revenue for the same periods.

- *Transportation and service zone business.* The Group has formed comprehensive the transportation and service zone network with the development of passenger transportation and logistics business, energy supply business and service zone operation business. The transportation and service zone business is comprised of (i) transportation business and (ii) service zone business.
 - *Transportation business.* The Group conducts its transportation business primarily through Guangdong Yueyun, Weisheng Transportation Enterprise Company Limited (“威盛運輸企業有限公司”), the Motor Transport Company of Guangdong and Hong Kong (“粵港汽車運輸聯營有限公司”), and Kee Kwan Motor Road Co., Limited (“岐關車路有限公司”). The Group's transportation business primarily consists of passenger transportation services and logistics services. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's transportation business was RMB4,075.9 million, RMB4,096.0 million, RMB2,405.9 million, RMB2,011.4 million and RMB1,998.5 million, respectively, representing 8.7 per cent., 8.4 per cent., 5.9 per cent., 7.7 per cent. and 5.1 per cent., respectively, of the Group's total operating revenue for the same periods.

- *Service zone operation business.* The Group operates its service zone operation business primarily through Guangdong Yueyun, which is the Group's subsidiary listed on The Hong Kong Stock Exchange. The Group's service zone operation business is primarily comprised of (i) the energy business, (ii) the retail business and (iii) the merchant solicitation business. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's service zone operation business was RMB1,615.7 million, RMB2,128.9 million, RMB3,003.5 million, RMB2,009.1 million and RMB2,676.4 million, respectively, representing 3.5 per cent., 4.4 per cent., 7.4 per cent., 7.7 per cent. and 6.8 per cent., respectively, of the Group's total operating revenue for the same periods.
- *Engineering and technology business.* As a leading expressway engineering construction entity in Guangdong Province, the Group has actively promoted the integration of technological innovations and transportation. The Group conducts its engineering and technology business primarily through Guangdong Leatop Technology Investment Co., Ltd. (廣東利通科技投資有限公司), Guangdong Unitoll, Guangdong Hualu, Guangzhou Xinyue Asphalt Co., Ltd. (廣州新粵瀝青有限公司), Guangdong Lulutong Co., Ltd. (廣東路路通有限公司) and Guangdong Expressway Technology Investment Co., Ltd. (廣東高速科技投資有限公司). For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's engineering and technology business was RMB994.7 million, RMB1,282.2 million, RMB1,095.4 million, RMB669.0 million and RMB553.8 million, respectively, representing 2.1 per cent., 2.6 per cent., 2.7 per cent., 2.6 per cent. and 1.4 per cent., respectively, of the Group's total operating revenue for the same periods.
- *Other businesses.* The Group engages in other businesses. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's other businesses amounted to RMB589.8 million, RMB1,508.0 million, RMB939.9 million, RMB588.6 million and RMB665.0 million, respectively, representing 1.3 per cent., 3.1 per cent., 2.3 per cent., 2.2 per cent. and 1.7 per cent., respectively, of the Group's total operating revenue for the same periods.

The Group's total revenue for the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021 was RMB46,812.5 million, RMB48,807.1 million, RMB40,613.2 million, RMB26,168.3 million and RMB39,141.9 million, respectively; and the Group's gross profit (which equals to the revenue minus the operating cost from operation) for the same years was RMB17,630.6 million, RMB18,015.6 million, RMB12,265.9 million, RMB7,968.5 million and RMB13,503.5 million, respectively.

COMPETITIVE STRENGTHS

The Group believes that the following competitive strengths have contributed to its success in its principal business sectors and will continue to secure its leading market position and future prospects.

- Guangdong's strategic location and strong economic performance
- The most important investment and financing vehicle as well as construction and operation entity with dynamic innovation and research capabilities in the transportation field of Guangdong Province
- Strong government background and all-rounded governmental support
- Revenue growth driven by concentrated main business and extended development of transportation industry
- Diversified financing channels and sound financial management
- Highly professional management team appointed by the provincial government

STRATEGIES

The Group intends to achieve its overall business objectives by pursuing the following strategies:

- Focus on the development of quasi-public business with the development of competitive business as a supplement
- Create a large state-owned capital investment group with integrated service value

THE OFFERING

The following is a brief summary of the offering and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the Bonds” and “Summary of Provisions Relating to the Bonds in Global Form” shall have the same meanings in this summary. For a more complete description of the Conditions, see “Terms and Conditions of the Bonds” in this Offering Circular.

Issuer	Xin Yue Company Limited.
Guarantor	Guangdong Provincial Communications Group Co., Ltd (廣東省交通集團有限公司).
The Bonds	U.S.\$500,000,000 2.358 per cent. Guaranteed Bonds due 2027.
Guarantee	The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect are contained in the Deed of Guarantee (and any supplement thereto).
Issue Price	The Bonds will be issued at 100.00 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered form in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Issue Date	25 January 2022.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date, at the rate of 2.358 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$11.79 per Calculation Amount on 25 January and 25 July in each year, commencing 25 July 2022.
Maturity Date	25 January 2027.

Status of the Bonds

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*) of the Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and subject to Condition 4(a) (*Negative Pledge*) of the Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Status of the Guarantee

The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and subject to Condition 4(a) (*Negative Pledge*), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Negative Pledge

The Bonds will contain a negative pledge provision as further described in Condition 4(a) (*Negative Pledge*) of the Conditions.

Use of Proceeds

The net proceeds of the issue of the Bonds will be used for project construction, refinancing and working capital. See “*Use of Proceeds*”.

Events of Default

The Bonds will contain certain events of default as further described in Condition 9 (*Events of Default*) of the Conditions.

Cross-Acceleration

The Bonds are subject to a cross-acceleration provision in respect of (i) any other present or future indebtedness of the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) (*Cross-Acceleration*) have occurred in aggregate equals or exceeds U.S.\$100,000,000 or its equivalent. See Condition 9(c) (*Cross-Acceleration*) of the Conditions.

Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the Chinese mainland or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such set-off, counterclaim, withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Chinese mainland at a rate up to and including the aggregate rate applicable on 18 January 2022 (the “**Applicable Rate**”), the Issuer or, as the case may be, the Guarantor, will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Chinese mainland at a rate in excess of the Applicable Rate, or if the Issuer, as the case may be, the Guarantor is required to make any deduction or withholding is required by or within Hong Kong, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or the Guarantee, as the case may be) in the circumstances set out in Condition 8 (*Taxation*) of the Conditions.

Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption for Relevant Events

Following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a Non-Registration Event) of their principal amount, together in each case with accrued interest up to (but excluding) the relevant Put Settlement Date, as further described in Condition 6(c) (*Redemption for Relevant Events*) of the Conditions.

Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice, which shall specify the date for redemption, names and addresses of all Paying Agents and the method by which payment shall be made to the Bondholders, in accordance with Condition 16 (*Notices*) of the Conditions (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at 100 per cent. of their principal amount, together with any interest accrued to (but not including) the date fixed for redemption, if the Issuer (or the Guarantor, as the case may be) satisfies the Trustee immediately prior to the giving of such notice, that: (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the Chinese mainland or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 18 January 2022; and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case maybe) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case maybe) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due, as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Conditions.

Further Issues

The Issuer may from time to time, without the consent of the Bondholders, create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the Issue Date, the first payment of interest on them and the deadlines for making and completing the NDRC Post-Issue Filing and the SAFE Registration and for making the consequent notifications to the Trustee and the Bondholders) and so that the same shall be consolidated and form a single series with the outstanding Bonds, as further described in Condition 15 (Further Issues) of the Conditions.

Trustee

Bank of Communications Trustee Limited.

Principal Paying Agent, Transfer Agent and Registrar

Bank of Communications Co., Ltd. Hong Kong Branch.

Clearing Systems

The Bonds will be initially evidenced by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in this Offering Circular, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

Clearance and Settlement

The Bonds have been accepted for clearance through Euroclear and Clearstream with a Common Code number 2422522685 and an International Securities Identification Number XS2422522685. The Legal Entity Identifier of the Issuer is 875500KSMQKW1JYCSJ53.

Notices and Payment

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream and/or an Alternative Clearing System, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and/or Clearstream and/or such Alternative Clearing System, as applicable, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions.

Governing Law	English law.
Jurisdiction	The courts of Hong Kong are to have exclusive jurisdiction.
Listing	Application will be made to the SEHK for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 26 January 2022.
Selling Restrictions	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “ <i>Subscription and Sale</i> ”.
Rating	The Guarantor has been assigned a corporate credit rating of “A+” with a stable outlook by Fitch and “A” with a stable outlook by S&P. The Bonds are expected to be assigned a rating of “A+” by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of the Bonds.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The following tables set forth the Group's and the Issuer Group's selected consolidated financial information as at and for the periods indicated. See "Presentation of Financial Information".

Presentation of Financial Information of the Group

The audited consolidated financial information of the Group's 2019 Financial Statement, included elsewhere in this Offering Circular. The audited consolidated financial information of the Group as at and for the years ended 31 December 2019 and 2020 has been extracted from Group's 2020 Financial Statement, included elsewhere in this Offering Circular. The consolidated financial information of the Group as at and for the nine months ended 30 September 2020 and 2021 has been extracted from the Group's Interim Financial Statements, included elsewhere in this Offering Circular. The Group's Financial Statements were prepared and presented in accordance with the PRC GAAP. The Group's Audited Financial Statements have been audited by BDO, the Guarantor's independent auditor, in accordance with the Chinese Auditing Standards issued by the MOF. The Group's 2018 Financial Information and the audited consolidated financial information of the Group as at and for the year ended 31 December 2019 included in this Offering Circular have been audited and the audited consolidated financial information of the Group as at and for the year ended 31 December 2019 included in this Offering Circular have been audited by BDO. The audited consolidated financial information of the Group as at and for the year ended 31 December 2020 included in this Offering Circular and the Group's 2019 Restated Financial Information have been audited by BDO. The Group's Interim Financial Statements were presented in accordance with the PRC GAAP and have been reviewed by BDO.

For clarity and ease of comparison, the consolidated balance sheet of Group of the Group's 2020 Financial Statements (which included the Group's 2019 Restated Financial Information) and the consolidated balance sheet of Group of the Group's 2019 Financial Statements (which included the Group's 2018 Financial Information) are set out separately in "Summary Consolidated Financial Information and Other Data". Investors must therefore exercise caution when making comparisons of the Group's 2020 Financial Statements against the Group's 2019 Financial Statements and when evaluating the Group's financial condition and results of operations. The consolidated financial information of the Group as at and for the years ended 31 December 2019 and 2020 disclosed in "Summary", "Risk Factors" and "Description of the Group" have been extracted from the Group's 2020 Financial Statements, and the consolidated financial information of the Group at and for the year ended 31 December 2018 disclosed in "Summary", "Risk Factors" and "Description of the Group" have been extracted from the Group's 2019 Financial Statements.

Group's 2020 Financial Statement

The MOF issued the revised accounting standards in July 2017 of the New Revenue Standards. The New Revenue Standards stipulate that the cumulative effects on the opening balance of retained earnings and other related items in the financial statements should be adjusted on the first effective date of the standards, and information for the comparable periods should remain unadjusted. Guangdong Provincial Expressway Development Co., Ltd. (廣東省高速公路發展股份有限公司) and its subsidiaries implemented the New Revenue Standards since 1 January 2020. Also, the MOF issued the “Interpretation of Accounting Standards for Business Enterprises No. 13 on 10 December 2019, and implemented since 1 January 2020 without retrospective adjustment. See note V (Significant changes in accounting policies and estimates and error correction and other adjustments) to the Guarantor’s 2020 Financial Statements for details.

Upon the implementation of the above new accounting standards, relevant items in the financial statements as at the beginning of the year (i.e. 1 January 2020) were restated, however, the relevant items in the Group’s consolidated financial statements for the year ended 31 December 2019 were not restated.

Group’s Interim Financial Statements

The MOF issued the revised accounting standards in April 2017 of the New Financial Instruments Standards. The MOF issued the revised accounting standards in July 2017 of the New Revenue Standards. The MOF issued the revised accounting standards in December 2018 of the New Leases Standards. Except for listed subsidiaries according to the prescribed time implementation, the Group has applied the above revised accounting standards since 1 January 2021. See note 31 (Significant changes in accounting policies and accounting estimates) to the Guarantor’s Interim Financial Statements for details.

In accordance with the New Financial Instruments Standards, the Group recognised any difference between the previous carrying amount under previous financial instruments standards and the carrying amount at the beginning of the annual reporting period that includes the date of initial application (i.e. 1 January 2021) in the opening retained earnings or other comprehensive income. Comparative information has not been restated. In accordance with the New Revenue Standards, the Group have adjusted the relevant accounting policies in accordance with the specific provisions on specific matters or transactions such as contract costs, warranties, principal versus agent considerations, licensing, and receipt in advance. In accordance with the New Leases Standards, accounted for lease modifications before the initial year of application according to the final arrangement of the change under new leases standard without retrospective adjustments; the Group is not required to make any adjustments to the opening balances of retained earnings and other related items in the financial statements in the initial year of application and surplus for leases for which it acts as a lessor and the Group has applied new leases standard since the date of initial application.

Upon the implementation of the above new accounting standards, relevant items in the financial statements as at the beginning of the year (i.e. 1 January 2021) were restated, however, the relevant items in the Group's consolidated financial statements for the year ended 31 December 2020 were not restated.

Presentation of Financial Information of the Issuer

The audited consolidated financial information of the Issuer Group as at and for the year ended 31 December 2018 has been extracted from the Issuer's 2019 Financial Statements, included elsewhere in this Offering Circular. The audited consolidated financial information of the Issuer Group as at and for the years ended 31 December 2019 and 2020 has been extracted from the Issuer's 2020 Financial Statements, included elsewhere in this Offering Circular. The consolidated financial information of the Issuer Group as at and for the nine months ended 30 September 2020 and 2021 has been extracted from the Issuer's Interim Financial Statements, included elsewhere in this Offering Circular. The Issuer's Financial Statements were prepared and presented in accordance with the PRC GAAP. The Issuer's 2018 Financial Information and the audited consolidated financial information of the Issuer as at and for the year ended 31 December 2019 included in this Offering Circular have been audited by GP, the Issuer's prior independent auditor. The audited consolidated financial information of the Issuer as at and for the year ended 31 December 2020 included in this Offering Circular and the Issuer's 2019 Restated Financial Information have been audited by Zhongzhun, the Issuer's independent auditor. The Issuer's Interim Financial Statements were presented in accordance with the PRC GAAP and have been reviewed by BDO, the Issuer's current independent auditor.

PRC GAAP differs in certain respects from IFRS. See "Summary of Certain Differences Between PRC GAAP and IFRS".

For clarity and ease of comparison, the Issuer's 2020 Financial Statements (which included the Issuer's 2019 Restated Financial Information) and the Issuer's 2019 Financial Statements (which included the Issuer's 2018 Financial Information) are set out separately in "Summary Consolidated Financial Information and Other Data". Investors must therefore exercise caution when making comparisons of the Issuer's 2020 Financial Statements against the Issuer's 2019 Financial Statements and when evaluating the Issuer's financial condition and results of operations. The consolidated financial information of the Issuer as at and for the years ended 31 December 2019 and 2020 disclosed in "Summary", "Risk Factors" and "Description of the Issuer" have been extracted from the Issuer's 2020 Financial Statements, and the consolidated financial information of the Issuer at and for the year ended 31 December 2018 disclosed in "Summary", "Risk Factors" and "Description of the Issuer" have been extracted from the Issuer's 2019 Financial Statements.

Issuer's 2020 Financial Statements

Certain financial data of the Issuer's consolidated financial information as at and for the year ended 31 December 2019 have been restated to reflect the business combination under common control incurred during the year ended 31 December 2020. See note 7(3) (New entities including in the consolidation in the current period) to the Issuer's 2020 Financial Statements for details.

Issuer's Interim Financial Statements

The MOF issued the revised accounting standards in April 2017 of the New Financial Instruments Standards. The MOF issued the revised accounting standards in July 2017 of the New Revenue Standards. The MOF issued the revised accounting standards in December 2018 of the New Leases Standards. See note 31 (Significant changes in accounting policies and accounting estimates) to the Issuer's Interim Financial Statements for details.

In accordance with the New Financial Instruments Standards, the retained earnings and other comprehensive income at the beginning of the year will be adjusted due to the cumulative impact of the retrospective adjustment. In accordance with the New Revenue Standards, the first implementation of the new revenue standard should adjust the amount of retained earnings and other related items in the financial statements at the beginning of the year based on the cumulative impact, and no adjustments should be made to the comparable period information. In accordance with the New Leases Standards, the amount of retained earnings and other related items in the financial statements at the beginning of the year were adjusted when the New Leases Standards were first implemented based on the cumulative impact of the new lease standard implementation for the first time, without adjusting the comparable period information.

Upon the implementation of the above new accounting standards, relevant items in the financial statements as at the beginning of the year (i.e. 1 January 2021) were restated, however, the relevant items in the Group's consolidated financial statements for the year ended 31 December 2020 were not restated.

PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. For a summary of those differences, see "Summary of Certain Differences between PRC GAAP and IFRS".

The summary financial data below should be read in conjunction with, and is qualified in its entirety by reference to, the Group's Financial Statements and the Issuer's Financial Statements and the notes thereto included elsewhere in this Offering Circular.

SUMMARY CONSOLIDATED BALANCE SHEET DATA OF THE GROUP

	As at 31 December	
	2018	2019
	(Audited)	(Audited)
	<i>RMB</i>	<i>RMB</i>
Assets		
Current Assets:		
Cash at bank and on hand	28,075,281,015.31	23,689,445,074.33
Financial assets measured at fair value and changes included in profit or loss	50,000,000.00	300,116,541.99
Notes receivable	6,416,672.08	49,359,744.33
Accounts receivable	1,424,374,829.39	1,400,247,518.74
Prepayments	3,205,346,004.51	2,478,373,660.39
Other receivables	2,643,677,930.47	2,004,676,600.71
△Financial assets purchased under resale agreements	8,900,000.00	—
Inventories	2,486,956,464.53	7,699,796,036.78
Including: Raw materials	122,874,089.06	199,636,977.70
Merchandised inventories (Finished goods)	144,111,746.13	293,584,478.50
☆ Contractual assets	—	—
Non-current assets due within one year	2,748,308.80	1,321,299.96
Other current assets	410,726,263.66	421,974,222.54
Total current assets	38,314,427,488.75	38,045,310,699.77
Non-current assets	—	—
△Loans and advances	59,000,000.00	55,575,000.00
Available for sale financial assets	2,988,736,018.32	3,677,790,001.56
Long-term receivables	518,762,781.01	462,874,292.10
Long-term equity investment	8,994,839,537.15	6,797,140,210.75
☆ Other equity instrument investment	921,740,881.02	1,091,698,351.26
Investment properties	1,349,057,097.85	1,292,508,134.85
Fixed assets	243,615,925,709.88	250,167,970,666.78
Construction in progress	58,858,876,837.13	77,652,199,469.67
☆ Assets of right use	794,169,729.81	723,954,382.18
Intangible assets	31,618,964,010.96	31,927,099,756.11
Research and development costs	9,239,790.19	26,915,965.66
Goodwill	412,252,064.54	418,291,644.26
Long-term deferred expenses	520,685,892.18	533,414,757.53
Deferred tax assets	1,893,068,363.43	1,872,732,438.11
Other non-current assets	7,040,574,712.09	9,830,780,492.68
Total non-current assets	359,595,893,425.56	386,530,945,563.50
Total assets	397,910,320,914.31	424,576,256,263.27

	As at 31 December	
	2018	2019
	(Audited)	(Audited)
	<i>RMB</i>	<i>RMB</i>
Liabilities		
Current liabilities:		
Short-term loans	89,800,000.00	314,051,323.41
Notes payable	294,607,350.47	713,262,399.91
Accounts payable	9,470,599,168.16	12,489,417,221.26
Advances from customers	789,413,758.47	1,313,086,179.43
☆ Contract liabilities	40,902,609.70	32,537,054.87
△ Absorbed deposit and savings in other banks . .	1,013,165,589.65	173,680,108.11
Employee benefits payable	527,955,032.29	610,336,216.27
Including: Accrued payroll	296,125,964.40	320,523,012.02
Welfare payable	3,411,309.04	3,899,677.52
#Including: Staff bonus and reserve fund	3,303,850.96	3,804,440.96
Taxes and fees payable	1,178,432,111.35	910,586,020.27
Including: Taxes payable	1,168,762,355.15	887,656,618.06
Other payables	12,362,407,800.38	12,427,980,318.45
Non-current liabilities due within one year	9,592,183,891.25	8,667,694,665.67
Other current liabilities	589,148.40	1,925,044.09
Total current liabilities	35,360,056,460.12	37,654,556,551.74
Non-current liabilities:		
Long-term loans	211,674,400,397.91	217,078,938,288.66
Bonds payable	29,236,339,628.81	32,076,286,526.30
☆ Lease liabilities	704,763,093.97	677,564,824.11
Long-term payables	816,753,029.75	1,144,392,665.95
Long-term employee benefits payable	197,694,848.94	190,277,350.01
Provision	561,440.61	125,594.00
Deferred income	1,499,688,818.15	1,468,773,077.26
Deferred tax liabilities	1,121,694,664.23	1,341,927,657.74
Other current liabilities	515,228,019.19	7,929,871,891.96
Total non-current liabilities	245,767,123,941.56	261,908,157,875.99
Total liabilities	281,127,180,401.68	299,562,714,427.73

	As at 31 December	
	2018	2019
	(Audited)	(Audited)
	<i>RMB</i>	<i>RMB</i>
Equity		
Share capital	26,800,000,000.00	26,800,000,000.00
Capital reserves	40,729,955,483.99	43,789,692,166.71
Other comprehensive income	1,097,848,687.10	1,572,565,669.83
Including: Translation difference of foreign currency statement.	-58,082,127.07	-52,093,826.58
Specific reserves.	80,636,594.22	68,717,068.84
Surplus reserves	2,608,544,955.62	2,850,554,756.28
Including: Statutory surplus reserves.	2,169,261,950.80	2,411,271,751.46
Discretionary surplus reserves.	439,283,004.82	439,283,004.82
△Provision for normal risks.	326,144,252.03	326,144,252.03
Undistributed profit.	17,966,319,651.69	19,494,586,223.77
Total owner's equity belongs to parent company. .	89,609,449,624.65	94,902,260,137.46
Equity of non-controlling interest shareholders . .	27,173,690,887.98	30,111,281,698.08
Total equity.	116,783,140,512.63	125,013,541,835.54
Total liabilities and shareholders' equity	397,910,320,914.31	424,576,256,263.27

	<u>As at 1 January</u>	<u>As at 31 December</u>
	<u>2020</u>	<u>2020</u>
	<u>(Restated and audited)</u>	<u>(Audited)</u>
	<i>RMB</i>	<i>RMB</i>
Current Assets		
Cash at bank and on hand	23,689,445,074.33	20,519,194,211.66
Financial assets at fair value through profit or loss	300,116,541.99	8,682,823,710.69
Notes receivable	49,359,744.33	53,794,328.82
Accounts receivable	1,402,598,172.07	1,629,507,243.85
Prepayments	2,478,373,660.39	942,480,759.70
Other receivables	1,997,538,998.76	3,031,350,117.40
Including: Dividends receivable	20,707,233.55	60,124,508.53
△ Financial assets purchased under resale agreements	—	1,694,535,000.00
Inventories	7,699,796,036.78	2,473,407,550.28
Including: Raw materials	199,636,977.70	150,399,575.41
Merchandised inventories (Finished goods).	293,584,478.50	467,196,029.82
Contract assets	4,786,948.62	5,276,369.96
Non-current assets due within one year.	1,321,299.96	743,568.25
Other current assets	421,974,222.54	324,230,168.05
Total current assets	38,045,310,699.77	39,357,343,028.66
Non-current assets		
Loans and payments on behalf	55,575,000.00	—
Available-for-sale financial assets	3,677,790,001.56	2,098,857,222.09
Long-term receivables.	462,874,292.10	936,612,124.49
Long-term equity investments	6,797,140,210.75	8,285,596,882.61
Other equity instrument investments	1,091,698,351.26	992,891,274.78
Investment properties	1,292,508,134.85	1,558,667,297.31
Fixed assets	250,167,970,666.78	250,256,056,210.16
Including: Original costs of fixed assets	357,059,966,485.58	371,124,775,365.16
Accumulated depreciation	107,145,523,137.51	121,127,527,922.79
Provision for impairment	114,448,068.93	107,291,889.72
Construction in progress	77,652,199,469.67	91,978,235,795.98
Right-of-use assets	723,954,382.18	1,057,649,674.52
Intangible assets	31,927,099,756.11	34,911,699,824.99
Research and development costs	26,915,965.66	29,490,402.09
Goodwill.	418,291,644.26	405,989,628.60
Long-term deferred expenses	533,414,757.53	615,234,854.39
Deferred tax assets	1,872,732,438.11	1,779,304,943.39
Other non-current assets	9,830,780,492.68	12,024,701,921.75
Total non-current assets	386,530,945,563.50	406,930,988,057.15
Total assets	424,576,256,263.27	446,288,331,085.81

	<u>As at 1 January</u>	<u>As at 31 December</u>
	<u>2020</u>	<u>2020</u>
	<u>(Restated and audited)</u>	<u>(Audited)</u>
	<i>RMB</i>	<i>RMB</i>
Current liabilities		
Short-term loans	314,051,323.41	2,453,996,196.75
Notes payable	713,262,399.91	711,634,221.16
Accounts payable	12,489,417,221.26	11,361,012,874.53
Advances from customers	1,310,298,568.80	1,172,031,540.35
Contract liabilities	35,324,665.50	45,999,759.92
Deposits from customers and interbank	173,680,108.11	64,936,403.93
Employee benefits payable	610,336,216.27	607,532,755.25
Including: Accrued payroll	320,523,012.02	298,718,727.35
Welfare payable	3,899,677.52	4,556,139.17
#Including: Staff bonus and reserve fund	3,804,440.96	4,454,440.96
Taxes and surcharges payable	910,586,020.27	1,381,562,047.47
Including: Taxes payable	887,656,618.06	1,356,152,945.21
Other payables	12,427,980,318.45	11,044,281,038.66
Including: Dividends payable	131,108,573.76	66,849,146.17
Non-current liabilities due within one year	8,667,694,665.67	8,504,901,774.48
Other current liabilities	1,925,044.09	5,131,113.85
Total current liabilities	37,654,556,551.74	37,353,019,726.35
Non-current liabilities		
Long-term loans	217,078,938,288.66	238,617,372,066.79
Bonds payable	32,076,286,526.30	31,819,021,962.82
Lease liabilities	677,564,824.11	1,025,527,322.90
Long-term payables	1,144,392,665.95	597,998,388.29
Long-term employee benefits payable	190,277,350.01	195,036,005.23
Provision	125,594.00	—
Deferred income	1,468,773,077.26	2,262,840,464.93
Deferred tax liabilities	1,341,927,657.74	927,579,563.28
Other non-current liabilities	7,929,871,891.96	8,394,312,401.27
Total non-current liabilities	261,908,157,875.99	283,839,688,175.51
Total liabilities	299,562,714,427.73	321,192,707,901.86

	<u>As at 1 January</u>	<u>As at 31 December</u>
	<u>2020</u>	<u>2020</u>
	<u>(Restated and audited)</u>	<u>(Audited)</u>
	<i>RMB</i>	<i>RMB</i>
Equity		
Paid-in capital.	26,800,000,000.00	26,800,000,000.00
Capital reserves	43,789,692,166.71	46,911,329,703.30
Other comprehensive income	1,572,565,669.83	322,337,644.22
Including: Converted difference in foreign currency statements.	(52,093,826.58)	(69,680,531.64)
Specific reserves.	68,717,068.84	69,246,776.38
Surplus reserves	2,850,554,756.28	3,074,566,460.48
Including: Statutory surplus reserves.	2,411,271,751.46	2,635,283,455.66
Discretionary surplus reserves.	439,283,004.82	439,283,004.82
△Generic Risk Reserve	326,144,252.03	373,501,005.04
Undistributed profit.	19,494,586,223.77	18,723,233,127.20
Total equity attributable to owners of the Company.	94,902,260,137.46	96,274,214,716.62
Non-controlling interests.	30,111,281,698.08	28,821,408,467.33
Total equity.	125,013,541,835.54	125,095,623,183.95
Total liabilities and shareholders' equity.	424,576,256,263.27	446,288,331,085.81

	<u>As at 1 January</u>	<u>As at 30 September</u>
	<u>2021</u>	<u>2021</u>
	<u>(Restated and reviewed)</u>	<u>(Reviewed)</u>
	<i>RMB</i>	<i>RMB</i>
Current Assets:		
Cash at bank and on hand	20,561,227,775.11	23,026,743,192.88
Trading financial assets	8,961,651,064.27	12,686,213,571.19
Notes receivable	53,794,328.82	16,957,069.98
Accounts receivable	1,598,780,019.67	1,825,936,640.27
Prepayments	941,587,491.20	1,363,138,922.80
Other receivables	2,822,880,653.88	1,622,523,855.02
Redemptory monetary capital for sale	1,694,535,000.00	800,000,000.00
Inventories	2,473,469,066.79	2,920,902,892.25
Contract assets	171,881,751.02	231,802,988.22
Non-current assets due within one year	743,568.25	119,776,133.35
Other current assets	324,230,168.05	986,032,313.22
Total current assets	39,604,780,887.06	45,600,027,579.18
Non-current assets:		
Long-term receivables	936,612,124.49	818,036,138.48
Long-term equity investments	8,285,596,882.61	8,776,468,093.89
Other equity instrument investments	2,813,666,485.52	3,073,269,079.21
Investment properties	1,558,667,297.31	1,619,427,128.74
Fixed assets	249,688,322,363.37	250,254,516,144.31
Construction in progress	91,978,235,795.98	89,433,636,971.43
Right-of-use assets	1,232,542,500.18	1,153,618,032.53
Intangible assets	34,911,699,824.99	33,717,418,743.07
Research and development costs	29,490,402.09	23,638,508.15
Goodwill	405,989,628.60	405,989,628.60
Long-term deferred expenses	614,227,107.39	600,695,216.85
Deferred tax assets	1,780,423,852.96	1,573,123,293.91
Other non-current assets	12,032,989,384.42	12,497,248,787.66
Total non-current assets	406,268,463,649.91	403,947,085,766.83
Total assets	445,873,244,536.97	449,547,113,346.01

	<u>As at 1 January</u>	<u>As at 30 September</u>
	<u>2021</u>	<u>2021</u>
	<u>(Restated and reviewed)</u>	<u>(Reviewed)</u>
	<i>RMB</i>	<i>RMB</i>
Current liabilities:		
Short-term borrowings	2,458,152,932.86	1,333,575,647.28
Notes payable	711,634,221.16	668,725,943.09
Accounts payable	11,361,012,874.53	9,726,556,790.06
Advances from customers	271,697,907.02	371,694,929.44
Contract liabilities	903,890,612.21	887,579,956.90
Deposits from customers and interbank	65,010,878.16	34,944,730.15
Employee benefits payable	607,532,755.25	1,650,210,020.41
Taxes and surcharges payable	1,381,562,047.47	1,109,475,214.58
Other payables	10,029,542,474.43	9,449,061,397.00
Non-current liabilities due within one year	9,552,714,604.24	8,670,333,951.94
Other current liabilities	47,296,487.60	91,248,514.61
Total current liabilities	37,390,047,794.93	33,993,407,095.46
Non-current liabilities:		
Long-term borrowings	238,617,372,066.79	238,312,908,958.39
Bonds payable	31,819,021,962.82	35,927,195,373.97
Lease liabilities	1,157,869,726.34	1,114,794,512.59
Long-term payables	597,998,388.29	803,359,588.42
Long-term employee benefits payable	195,036,005.23	183,876,176.96
Deferred income	1,700,560,111.17	1,499,949,103.44
Deferred tax liabilities	927,579,563.28	866,554,677.83
Other non-current liabilities	8,394,312,401.27	8,393,950,369.40
Total non-current liabilities	283,409,750,225.19	287,102,588,761.00
Total liabilities	320,799,798,020.12	321,095,995,856.46
Equity:		
Paid-in capital	26,800,000,000.00	26,800,000,000.00
Capital reserves	46,911,329,703.30	48,378,517,426.03
Other comprehensive income	322,855,981.50	283,277,377.81
Specific reserves	69,246,776.38	89,429,759.47
Surplus reserves	3,074,566,460.48	3,074,566,460.48
Generic Risk Reserve	373,501,005.04	373,501,005.04
Undistributed profit	18,700,578,163.85	20,249,512,211.50
Total equity attributable to owners of the Company	96,252,078,090.55	99,248,804,240.33
Non-controlling interests	28,821,368,426.30	29,202,313,249.22
Total equity	125,073,446,516.85	128,451,117,489.55
Total liabilities and shareholders' equity	445,873,244,536.97	449,547,113,346.01

SUMMARY CONSOLIDATED INCOME STATEMENT DATA OF THE GROUP

	For the year ended 31 December			For the nine months ended 30 September	
	2018	2019	2020	2020	2021
	(Audited)	(Audited)	(Audited)	(Reviewed)	(Reviewed)
	RMB	RMB	RMB	RMB	RMB
I. Total operating income	47,036,528,396.52	49,112,329,630.94	40,926,958,723.74	26,389,419,237.03	39,310,031,402.06
Including: Operation income	46,812,465,183.90	48,807,093,713.27	40,613,172,681.03	26,168,329,441.47	39,141,851,463.80
Interest income	224,063,212.62	305,235,917.67	313,786,042.71	221,089,795.56	168,179,938.26
II. Total operating cost	40,571,217,999.37	43,189,047,205.35	41,864,046,838.03	27,230,251,225.99	35,211,412,474.28
Including: Operation cost	29,181,898,746.00	30,791,508,255.16	28,347,249,193.98	18,199,834,804.22	25,638,395,892.55
Interest expenses	99,033,594.20	17,431,173.27	17,234,901.32	14,671,953.41	9,711,409.84
Charges and commissions expenses	305,819,622.09	330,771,891.12	293,613,574.65	132,033,713.82	190,849,335.67
Selling and distribution expenses	151,144,550.79	188,797,817.52	166,900,755.36	106,537,666.89	102,839,159.56
General and administrative expenses	2,646,139,860.24	2,814,458,740.13	2,818,689,253.80	1,679,519,876.22	2,039,243,676.81
Research and Development expenses	275,458,836.26	202,908,888.13	211,044,688.66	113,431,970.57	192,941,862.85
Financial expenses	7,911,722,789.79	8,843,170,440.02	10,009,314,470.26	6,984,221,240.86	7,037,431,137.00
Including: Interest expenses	7,840,175,865.53	8,890,928,891.49	10,319,231,334.52	7,129,042,809.63	7,178,349,942.51
Interest incomes	240,466,934.99	159,426,601.72	197,523,876.61	116,156,146.59	162,607,266.77
Add: Other income	299,383,124.09	367,884,215.54	639,379,910.63	409,160,031.45	339,804,972.38
Investment income ("-" for loss)	2,043,488,084.03	1,099,167,728.57	3,921,223,670.35	2,009,228,618.26	980,058,798.55
Including: income from investments in associates and joint ventures	1,020,518,676.37	811,481,598.81	862,146,408.20	183,402,075.01	545,363,004.72
★ Provision of credit losses ("-" for loss)	-19,856,308.29	-12,882,937.57	-30,185,575.73	1,125,274.03	-56,622,689.31
Impairment losses of assets ("-" for loss)	-80,396,189.03	-97,990,169.55	-227,423,243.74	-19,351,912.57	-1,847,474.51
Gains or losses on disposal of assets ("-" for loss)	460,536,453.23	235,042,043.07	80,398,371.58	46,999,954.28	43,840,585.30
III. Operating profit	9,168,465,561.18	7,514,503,305.65	3,446,305,018.80	1,606,329,976.49	5,403,853,120.19
Add: Non-operating income	270,855,273.76	176,615,778.53	181,156,921.71	131,128,525.17	232,993,097.86
Less: Non-operating expenses	154,417,765.24	151,475,197.49	136,113,448.01	59,712,369.25	42,882,770.14
IV. Profit before tax	9,284,903,069.70	7,539,643,886.69	3,491,348,492.50	1,677,746,132.41	5,593,963,447.91
Less: Income tax expenses	2,485,089,829.47	2,285,515,557.80	1,832,660,879.31	1,606,473,516.22	1,820,172,952.32

	For the year ended 31 December			For the nine months ended 30 September	
	2018	2019	2020	2020	2021
	(Audited)	(Audited)	(Audited)	(Reviewed)	(Reviewed)
	RMB	RMB	RMB	RMB	RMB
V. Net profit for the year	6,799,813,240.23	5,254,128,328.89	1,658,687,613.19	71,272,616.19	3,773,790,495.59
1. Classified by ownership:					
Net profit attributable to owners of the Company	3,993,463,121.61	2,688,046,372.74	623,055,360.64	-629,858,857.84	2,291,154,047.65
Net profit attributable to non-controlling interests	2,806,350,118.62	2,566,081,956.15	1,035,632,252.55	701,131,474.03	1,482,636,447.94
2. Classified by continuity of operations:					
Net profit from continuing operations	6,799,813,240.23	5,254,128,328.89	1,658,687,613.19	71,272,616.19	3,773,790,495.59
Net profit from discontinued operations	—	—	—	—	—
VI. Other comprehensive income, net of tax	-226,267,710.55	543,064,100.18	-1,300,515,704.06	-233,460,953.58	-35,773,078.37
Other comprehensive income (net of tax) attributable to owners of the Company	-194,199,452.70	474,716,982.73	-1,250,228,025.61	-203,324,201.11	-39,578,603.69
1. Item that will not be reclassified to profit or loss:	1,229,195.54	63,445,952.29	-36,995,162.01	-70,072,515.64	-45,366,774.33
(1) Remeasurement of defined benefit plan	1,148,137.79	653,328.44	150,051.51	-2,863,942.22	2,852,296.41
(2) Changes in fair value of other equity instrument investments.	81,057.75	62,792,623.85	-37,145,213.52	-67,208,573.42	-48,219,070.74
2. Item that may be reclassified to profit or loss:	-195,428,648.24	411,271,030.44	-1,213,232,863.60	-133,251,685.47	5,788,170.64
(1) Other comprehensive income that can be transferred into profit or loss under equity method	-9,771,624.48	2,675,391.61	-7,188,711.50	-889,210.07	3,027,554.83
(2) Changes in the fair value of available-for-sale financial assets	-259,712,660.02	402,607,338.34	-1,188,457,447.04	-133,240,931.10	
(3) Translation differences arising from translation of foreign currency financial statements	74,055,636.26	5,988,300.49	-17,586,705.06	878,455.70	2,760,615.81
Other comprehensive income (net of tax) attributable to non-controlling interest shareholders	-32,068,257.85	68,347,117.45	-50,287,678.45	-30,136,752.47	3,805,525.32
VII. Total comprehensive income for the year.	6,573,545,529.68	5,797,192,429.07	358,171,909.13	-162,188,337.39	3,738,017,417.22
Attributable to:					
Owners of the Company	3,799,263,668.91	3,162,763,355.47	-627,172,664.97	-833,183,058.95	2,251,575,443.96
Non-controlling interests	2,774,281,860.77	2,634,429,073.60	985,344,574.10	670,994,721.56	1,486,441,973.26

SUMMARY CONSOLIDATED CASH FLOW STATEMENT DATE OF THE GROUP

	For the year ended 31 December			For the nine months ended 30 September	
	2018	2019	2020	2020	2021
	(Audited)	(Audited)	(Audited)	(Reviewed)	(Reviewed)
	RMB	RMB	RMB	RMB	RMB
I. Cash flows from operating activities . . .					
Cash received from sale of goods and rendering of services	50,282,921,242.45	50,590,259,413.31	40,651,151,976.39	26,003,817,692.15	39,385,597,679.29
ΔNet increase of client deposit and bank deposit	298,930,706.93	-839,485,481.54	-108,743,704.18	716,590,257.64	-30,066,148.01
ΔCash received form interest, charges and commission	198,930,794.24	307,019,836.06	316,177,117.00	234,355,183.29	166,735,155.56
ΔNet increase of repurchase business . . .	-8,900,000.00	8,900,000.00	-1,694,535,000.00	-1,099,900,000.00	894,535,000.00
Cash received from tax refund	3,973,154.60	1,832,761.62	6,056,111.20	3,664,854.43	—
Cash received from other related operating activities	2,989,059,487.77	4,838,593,137.87	2,199,648,274.86	1,101,503,926.03	3,863,256,848.83
Sub-total of cash inflows	53,764,915,385.99	54,907,119,667.32	41,369,754,775.27	26,960,031,913.54	44,280,058,535.67
Payment for goods and services	15,583,811,710.52	13,692,501,240.73	13,707,958,298.13	9,867,662,434.47	8,569,297,856.42
ΔNet increase in loans and advances to customers	59,000,000.00	-2,000,000.00	-57,000,000.00	-57,000,000.00	100,000,000.00
ΔNet increase in deposit in central bank and other financial institutions	523,991,736.69	-219,927,871.91	423,126,990.65	185,120,872.65	-336,227,348.56
ΔCash paid for interest, charges and commission	194,133,320.20	18,063,911.21	17,750,202.78	15,552,270.61	8,469,672.59
Cash payments to and on behalf of employees	6,439,213,874.61	6,889,275,463.75	6,599,668,004.94	4,060,071,666.16	4,521,080,430.06
Cash paid for all types of taxes	4,697,800,067.74	4,217,315,159.41	2,809,039,051.64	1,666,557,570.60	3,193,136,375.90
Cash paid to other related operating activities	1,786,962,684.26	3,089,349,972.16	2,922,594,955.49	918,863,042.07	3,178,622,954.48
Sub-total of cash outflows	29,284,913,394.02	27,684,577,875.35	26,423,137,503.63	16,656,827,856.56	19,234,379,940.89
Net cash inflow from operating activities . .	24,480,001,991.97	27,222,541,791.97	14,946,617,271.64	10,303,204,056.98	25,045,678,594.78
II. Cash flows from investing activities . . .					
Cash received form investment	284,097,705.71	1,392,971,780.80	4,114,404,815.01	2,176,850,000.00	6,783,347,000.00
Cash received form returns on investment . .	774,127,883.95	1,280,977,947.39	867,944,808.48	471,800,232.14	848,186,592.78
Net cash received form disposal of fixed assets, intangible assets and other long-term assets	698,108,489.44	292,607,294.05	132,807,244.65	31,201,804.56	42,579,630.23
Net cash received from disposal of subsidiaries and other business entities . .	-4,943,516,534.93	-2,546,473.47	795,250,946.74	781,588,066.55	—
Cash received from other related investing activities	8,504,916,374.70	1,441,906,905.26	903,948,755.15	561,616,570.34	2,775,921,605.34
Sub-total of cash inflows	5,317,733,918.87	4,405,917,454.03	6,814,356,570.03	4,023,056,673.59	10,450,034,828.35

	For the year ended 31 December			For the nine months ended 30 September	
	2018	2019	2020	2020	2021
	(Audited)	(Audited)	(Audited)	(Reviewed)	(Reviewed)
	RMB	RMB	RMB	RMB	RMB
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	31,384,944,833.44	29,707,251,442.39	25,938,752,664.78	17,866,725,126.13	12,336,559,173.83
Cash paid for investments	395,790,229.32	1,873,143,875.25	10,546,134,200.36	7,402,211,040.00	10,823,398,900.00
Net cash paid on acquisitions of subsidiaries and other business entities	-2,488,617,339.40	-150,733,220.39	—	—	—
Cash paid to other related investing activities	6,790,630,708.51	450,671,205.84	403,565,812.46	230,975,519.94	1,931,156,110.75
Sub-total of cash outflows	36,082,748,431.87	31,880,333,303.09	36,888,452,677.60	25,499,911,686.07	25,091,114,184.58
Net cash outflow from investing activities . .	-30,765,014,513.00	-27,474,415,849.06	-30,074,096,107.57	-21,476,855,012.48	-14,641,079,356.23
III. Cash flows from financing activities . .					
Cash received form investment	5,710,308,805.02	3,465,036,285.40	2,830,722,266.77	1,775,675,637.50	1,579,355,000.00
Including: Cash received from capital contributions by non-controlling interest shareholders of subsidiaries	2,117,990,000.00	349,771,285.40	428,750,000.00	120,452,137.50	262,750,000.00
Cash received from borrowings	38,564,785,440.44	31,157,785,143.31	46,997,682,179.10	32,229,191,566.86	41,570,739,887.27
Cash received from other related financing activities	79,401,498.80	385,810,003.00	1,350,687,336.02	1,112,971,600.00	19,356,600.00
Sub-total of cash inflows	44,354,495,744.26	35,008,631,431.71	51,179,091,781.89	35,117,838,804.36	43,169,451,487.27
Cash paid on repayment of loans	14,125,825,240.05	22,318,350,433.94	22,484,639,852.71	13,403,978,835.02	39,689,650,945.01
Cash paid on distribution of dividends, profits or repayment of interest expenses .	14,668,442,569.56	15,145,010,023.51	15,598,506,621.21	7,199,639,692.62	10,707,794,695.91
Including: Dividend and profit paid to non-controlling interest shareholders by subsidiaries	2,758,281,238.30	2,582,893,550.12	1,450,972,932.95	1,095,522,021.60	1,508,359,056.37
Cash paid to other related financing activities	1,409,882,202.00	1,453,841,065.06	1,486,514,026.41	109,150,460.27	339,647,225.91
Sub-total of cash outflows	30,204,150,011.61	38,917,201,522.51	39,569,660,500.33	20,712,768,987.91	50,737,092,866.83
Net cash inflow from financing activities . .	14,150,345,732.65	-3,908,570,090.80	11,609,431,281.56	14,405,069,816.45	-7,567,641,379.56
IV. Effect of foreign exchange rate changes on cash and cash equivalents	60,159,303.25	12,103,194.24	-49,890,249.58	-4,540,274.03	-8,105,312.18
V. Net increase/decrease in cash and cash equivalents	7,925,492,514.87	-4,148,340,953.65	-3,567,937,803.95	3,226,878,586.92	2,828,852,546.81
Add: Cash and cash equivalents at the beginning of the year	18,528,654,466.83	26,454,146,981.70	22,305,806,028.05	22,305,806,028.05	18,737,868,224.10
VI. Cash and cash equivalents at the end of the year	26,454,146,981.70	22,305,806,028.05	18,737,868,224.10	25,532,684,614.97	21,566,720,770.91

OTHER FINANCIAL DATA OF THE GROUP

	For the year ended 31 December			For six months ended 30 September	
	2018	2019	2020	2020	2021
	<i>(RMB million)</i>				
Profit before tax	9,284.90	7,539.64	3,491.35	1,677.75	5,593.96
Interest expense	7,840.18	8,890.93	10,319.23	7,129.04	7,178.35
Depreciation	12,164.46	14,691.86	12,303.84	8,550.96	12,408.79
Amortization	397.52	427.50	1,333.67	1,000.25	1,295.51
EBITDA ⁽¹⁾	<u>29,687.06</u>	<u>31,549.94</u>	<u>27,448.09</u>	<u>18,358.01</u>	<u>26,476.62</u>

Note:

- (1) The Group presents EBITDA in this Offering Circular in addition to other financial information because it considers EBITDA to be an important performance measure and believes that EBITDA is used by many industries and investors as one measure of gross cash flow generation. EBITDA should not be considered by an investor as an alternative to cash flow from operating activities as determined in accordance with PRC GAAP or other generally accepted accounting principles, and is not a standard measure under PRC GAAP. The Group's calculation of EBITDA may differ from similarly titled computations by other companies.

SUMMARY CONSOLIDATED BALANCE SHEET DATA OF THE ISSUER GROUP

	As at 31 December	
	2018	2019
	(Audited)	(Audited)
	<i>RMB</i>	<i>RMB</i>
Assets		
Current Assets:		
Monetary assets/Bank balance and cash	2,264,456,871.28	1,467,336,440.03
Financial assets at fair value through profit or loss	—	—
Notes receivable	—	—
Accounts receivable	98,748,702.30	96,788,013.24
Prepayment	445,463,933.12	589,291,428.34
Other receivables	17,721,129.41	16,895,288.94
Inventories	103,280,608.60	248,243,766.39
Assets held for sale	—	—
Non-current assets due within one year	12,512,192.00	70,613,828.00
Other current assets	296,154,463.17	336,114,308.11
Total Current Assets	3,238,337,899.88	2,825,283,073.05
Non-current Assets:		
Available-for-sale financial assets	69,053,745.57	258,793,368.17
Held-to-maturity investment	—	—
Long-term receivables	261,827,182.90	212,298,262.85
Long-term equity investments	472,413,697.81	456,576,024.51
Investment properties	—	—
Fixed assets	2,564,948,116.46	2,268,821,159.33
Construction in progress	984,087,503.42	3,793,930,278.17
Productive biological assets	—	—
Oil and gas assets	—	—
Intangible assets	48,082,124.93	45,799,961.19
Development expenditure	—	—
Goodwill	—	—
Long-term deferred expenses	474,209.91	360,084.26
Deferred tax assets	11,660,792.37	16,189,274.69
Other non-current assets	116,626,866.64	341,212,616.93
Total Non-current Assets	4,529,174,240.01	7,393,981,030.10
Total Assets	7,767,512,139.89	10,219,264,103.15

	As at 31 December	
	2018	2019
	(Audited)	(Audited)
	<i>RMB</i>	<i>RMB</i>
Liabilities and Owners' Equity		
Current Liabilities:		
Shod-term loan	—	—
Financial liabilities at fair value through profit or loss	—	—
Notes payable	15,837,015.47	47,070,104.27
Accounts payable	119,588,108.30	229,151,068.93
Receipt in advance	11,207,867.47	12,656,728.28
Employee benefits payable	22,942,499.84	29,933,427.15
Taxes payable	167,719,457.00	76,349,660.41
Other payables	280,185,682.56	417,591,898.11
Liabilities held for sale	—	—
Non-current liabilities due within one year	395,309,767.79	2,325,652.33
Other current liabilities	—	—
Total Current Liabilities	1,012,790,398.43	815,078,539.48
Non-current Liabilities:		
Long-term borrowings	1,052,524,535.69	3,033,205,296.19
Bonds payable	—	—
Long-term payable	265,087,088.60	262,373,144.45
Long-term employee benefits payable	—	—
Contingent liabilities	—	—
Deferred income	1,612,500.00	1,573,932.00
Deferred tax liabilities	105,448,823.92	98,826,741.33
Other non-current liabilities:		
Total Non-current Liabilities	1,424,672,948.21	3,395,979,113.97
Total Liabilities	2,437,463,346.64	4,211,057,653.45
Owner's equity:		
Paid-in capital (or Share capital)	27,375,340.00	27,375,340.00
Capital reserves	152,315,628.70	108,435,628.70
Less: Treasury stock	—	—
Other comprehensive income	44,331,847.40	39,364,987.17
Specific reserves	—	—
Surplus reserves	—	—
Undistributed profit	3,561,868,963.74	4,089,418,688.06
Equity attributable to the shareholders of the holding company	3,785,891,779.84	4,264,594,643.93
Non-controlling interests	1,544,157,013.41	1,743,611,805.77
Total Owners' Equity	5,330,048,793.25	6,008,206,449.70
Total Liabilities and Owners' Equity	7,767,512,139.89	10,219,264,103.15

	<u>As at 1 January</u>	<u>As at 31 December</u>
	<u>2020</u>	<u>2020</u>
	<u>(Restated and audited)</u>	<u>(Audited)</u>
	<i>RMB</i>	<i>RMB</i>
Current Assets:		
Monetary funds/Bank balance and cash	1,733,810,047.76	2,760,201,880.64
Deposits for settlement	—	—
Lendings to banks and other financial institutions.	—	—
Held-for-trading financial assets	—	—
Financial assets at fair value through profit or loss	—	—
Derivatives financial assets	—	—
Bills receivable	41,680,944.33	53,494,328.82
Accounts receivable	721,470,138.42	985,801,252.09
Financing receivables	—	—
Prepayment	734,716,988.92	198,739,466.36
Insurance premium receivable	—	—
Re insurance premium receivable	—	—
Receivables for re-insurance contract reserves . . .	—	—
Other receivables	70,344,435.92	137,473,430.83
Including: Dividend receivable	—	36,140,487.67
Financial assets purchased under agreements to resell	—	—
Inventories	410,398,803.66	636,268,776.07
Including: Raw materials	159,262,913.08	125,804,703.50
Finished goods	147,680,538.87	306,870,519.74
Contract assets	—	—
Assets held for sale	—	—
Non-current assets maturing within one year	55,613,828.00	172,308,185.00
Other current assets	5,659,019.35	14,725,948.91
Total Current Assets	3,773,694,206.36	4,959,013,268.72

	<u>As at 1 January</u>	<u>As at 31 December</u>
	<u>2020</u>	<u>2020</u>
	<u>(Restated and audited)</u>	<u>(Audited)</u>
	<i>RMB</i>	<i>RMB</i>
Non-current Assets:		
Loans and advances to customers	—	—
Debt investments	—	—
Available-for-sale financial assets	258,793,368.17	226,536,413.55
Other debt investments	—	—
Held-to-maturity investment	—	—
Long term receivables	212,298,262.85	58,026,164.85
Long term equity investments	456,576,024.51	630,271,451.23
Investments in other equity instruments	—	—
Other non-current financial assets	—	—
Investment properties	—	—
Fixed assets	3,702,535,339.07	13,357,509,002.32
Including: Fixed assets at costs	11,584,010,992.31	21,609,576,209.16
Including: Accumulated depreciation	7,864,536,696.72	8,234,434,194.74
Including: Provision for impairment of fixed assets	18,043,403.46	17,633,012.10
Construction in progress	3,798,764,530.12	233,921,589.90
Productive biological assets	—	—
Oil and gas assets	—	—
Right-of-use assets	—	—
Intangible assets	124,065,897.03	221,177,546.16
Development expenditure	—	—
Goodwill	—	—
Expenditure for long-term amortisation	360,084.26	501,792.99
Deferred tax assets	21,951,679.67	29,426,093.28
Other non-current assets	585,306,470.93	254,203,490.86
Including: Authorised physical assets reserve	—	—
Total Non-current Assets	9,160,651,656.61	15,011,573,545.14
Total Assets	12,934,345,862.97	19,970,586,813.86

	<u>As at 1 January</u>	<u>As at 31 December</u>
	<u>2020</u>	<u>2020</u>
	<u>(Restated and audited)</u>	<u>(Audited)</u>
	<i>RMB</i>	<i>RMB</i>
Current Liabilities:		
Short-term loan	92,977,273.41	1,858,384,798.25
Borrowings from Central Bank	—	—
Borrowings from banks and other financial institutions	—	—
Held-for-trading financial liabilities	—	—
Financial liabilities at fair value through profit or loss	—	—
Derivatives financial liabilities	—	—
Bills payable	307,418,119.31	623,060,721.16
Accounts payable	412,732,385.35	2,025,907,801.71
Receipt in advance	99,893,955.46	71,253,047.27
Contract liabilities	—	—
Financial assets sold under agreements to repurchase	—	—
Customer deposits and deposits from other banks and financial institutions	—	—
Client account for securities trading	—	—
Client account for securities underwriting	—	—
Employee benefits payable	37,744,819.64	31,461,269.34
Including salaries and wages payable	19,984,021.84	12,050,332.34
Staff welfare payable	—	—
Including: Employee incentive and welfare funds	—	—
Taxes and levies payable	116,242,415.54	164,458,275.07
Including: Tax payable	115,872,537.27	160,409,584.98
Other payables	452,435,454.95	254,046,934.93
Including dividend payable	117,478,822.49	—
Underwriting and policy acquisition costs payable	—	—
Re-insurance premium payable	—	—
Liabilities held for sale	—	—
Non-current liabilities maturing within one year	200,325,652.33	87,813,226.27
Other current liabilities	—	—
Total Current Liabilities	1,719,770,075.99	5,116,386,074.00

	<u>As at 1 January</u>	<u>As at 31 December</u>
	<u>2020</u>	<u>2020</u>
	<u>(Restated and audited)</u>	<u>(Audited)</u>
	<i>RMB</i>	<i>RMB</i>
Non-current Liabilities:		
Insurance contract reserves	—	—
Long-term borrowings	3,283,705,296.19	6,503,700,718.74
Bonds payable	—	—
Including: Preference shares	—	—
Perpetual bonds	—	—
Lease liabilities	—	—
Long-term payable	262,373,144.45	292,922,727.32
Long-term employee benefits payable	—	—
Contingent liabilities	—	—
Deferred income	3,999,488.03	14,164,565.39
Deferred tax liabilities	98,826,741.33	108,496,948.97
Other non-current liabilities	—	—
Including- Authorised reserve funds	—	—
Total Non-current Liabilities	3,648,904,670.00	6,919,364,960.42
Total Liabilities	5,368,674,745.99	12,035,751,034.42
Owner's equity (or Shareholder's equity):		
Paid-in capital	27,375,340.00	27,375,340.00
State Capital	—	—
Capital from state-owned entity	27,375,340.00	27,375,340.00
Collective capital	—	—
Capital from private entity	—	—
Capital from overseas entity	—	—
Less. Return on capital	—	—
Paid up share capital	27,375,340.00	27,375,340.00

	<u>As at 1 January</u>	<u>As at 31 December</u>
	<u>2020</u>	<u>2020</u>
	<u>(Restated and audited)</u>	<u>(Audited)</u>
	<i>RMB</i>	<i>RMB</i>
Other equity instruments	—	—
Including: Preference shares	—	—
Perpetual bonds	—	—
Capital reserves	946,265,674.51	99,101,408.66
Less: Treasury stock	—	—
Other comprehensive income	39,364,987.17	7,108,032.55
Including: Exchanges difference from translation of overseas financial statements	—	—
Specific reserves	786,437.49	351,703.55
Surplus reserves	—	—
Including: Statutory provident funds	—	—
Voluntary provident funds	—	—
Reserve funds	—	—
Corporate development funds	—	—
Returns on investment	—	—
General risk reserve	—	—
Undistributed profit	4,088,701,689.50	4,525,052,130.50
Total Equity attributable to the shareholders of the holding company	5,102,494,128.67	4,658,988,615.26
Non-controlling interests	2,463,176,988.31	3,275,847,164.18
Total Equity	7,565,671,116.98	7,934,835,779.44
Total Liabilities and Equity	12,934,345,862.97	19,970,586,813.86
	<u>As at 1 January</u>	<u>As at 30 September</u>
	<u>2021</u>	<u>2021</u>
	<u>(Restated and reviewed)</u>	<u>(Reviewed)</u>
	<i>RMB</i>	<i>RMB</i>
Assets		
Current Assets:		
Cash at bank and on hand	2,760,201,880.64	2,595,449,739.07
Notes receivable	53,494,328.82	14,894,539.98
Accounts receivable	985,801,252.09	1,189,704,797.94
Prepayments	198,739,466.36	486,907,390.96
Other receivables	137,466,516.45	83,536,059.60
Inventories	636,268,776.07	678,649,213.17
Non-current assets due within one year	172,308,185.00	4,959,059.46
Other current assets	14,725,948.91	27,791,477.35
Total current assets	4,959,006,354.34	5,081,892,277.53
Non-current assets:		
Long-term receivables	58,026,164.85	65,835,388.52

	<u>As at 1 January</u>	<u>As at 30 September</u>
	<u>2021</u>	<u>2021</u>
	<u>(Restated and reviewed)</u>	<u>(Reviewed)</u>
	<i>RMB</i>	<i>RMB</i>
Long-term equity investments	630,271,451.23	643,891,958.91
Other equity instrument investments	226,536,413.55	240,239,196.92
Fixed assets	13,357,509,002.32	12,877,141,755.17
Construction in progress	233,921,589.90	1,161,193,728.85
Right-of-use assets	36,015,201.46	27,951,157.22
Intangible assets	221,177,546.16	210,340,408.23
Long-term deferred expenses	501,792.99	412,583.25
Deferred tax assets	29,427,821.88	40,046,887.21
Other non-current assets	254,203,490.86	392,926,889.94
Total non-current assets	15,047,590,475.20	15,659,979,954.22
Total assets	20,006,596,829.54	20,741,872,231.75
Current Liabilities:		
Short-term borrowings	1,858,384,798.25	1,469,004,891.72
Notes payable	623,060,721.16	605,780,843.09
Accounts payable	2,025,907,801.71	1,315,994,791.37
Advances from customers		12,219,219.95
Contract liabilities	65,726,226.66	21,387,764.90
Employee benefits payable	31,461,269.34	58,895,103.00
Taxes and surcharges payable	164,458,275.07	124,649,341.02
Other payable	243,456,538.29	240,241,077.29
Non-current liabilities due within one year	118,682,752.38	467,392,439.72
Other current liabilities	5,526,820.61	1,519,659.55
Total current liabilities	5,136,665,203.47	4,317,085,131.61

	<u>As at 1 January</u>	<u>As at 30 September</u>
	<u>2021</u>	<u>2021</u>
	<u>(Restated and reviewed)</u>	<u>(Reviewed)</u>
	<i>RMB</i>	<i>RMB</i>
Non-current liabilities:		
Long-term borrowings	6,503,780,718.74	6,747,979,079.93
Lease liabilities	12,330,624.63	8,542,995.85
Long-term payables	292,922,727.32	946,242,517.36
Deferred income	14,164,565.39	12,423,935.46
Deferred tax liabilities	108,496,948.97	110,060,556.87
Total non-current liabilities	6,931,695,585.05	7,825,249,085.47
Total liabilities	12,068,360,788.52	12,142,334,217.08
Owners' equity:		
Paid-in Capital	27,375,340.00	27,375,340.00
Capital reserves	99,101,408.66	99,101,408.66
Other comprehensive income	7,108,032.55	20,810,815.92
Specific reserves	351,703.55	253,907.37
Undistributed profit	4,528,454,933.11	4,948,357,468.56
Total equity attributable to owners of the Company	4,662,391,417.87	5,095,898,940.51
Non-controlling interests	3,275,844,623.15	3,503,639,074.16
Total owners' equity	7,938,236,041.02	8,599,538,014.67
Total liabilities and owners' equity	20,006,596,829.54	20,741,872,231.75
SUMMARY CONSOLIDATED INCOME STATEMENT DATA OF THE ISSUER GROUP		
	<u>For the year ended 31 December</u>	
	<u>2018</u>	<u>2019</u>
	<u>(Audited)</u>	<u>(Audited)</u>
	<i>RMB</i>	<i>RMB</i>
I. Total Revenue	3,976,410,177.89	3,065,782,878.43
Including: Operating income	3,976,410,177.89	3,065,782,878.43
II. Total Cost of Operations	1,579,823,849.63	1,447,024,719.17
Including: Operating costs	1,447,630,857.36	1,299,196,754.64
Taxes and levies	17,053,230.76	14,445,444.94
Selling expenses	12,753,992.21	14,874,649.94
Administrative expenses	113,349,065.57	125,366,257.72
Research and development costs	1,915,046.10	3,559,600.33
Finance costs	-12,878,342.37	-10,417,988.40
Including: Interest expenses	26,027,892.56	21,320,075.19
Interest income	31,899,982.53	30,199,124.48
Add: Other income	295,935.41	56,192.00
Gain/(loss) on investments	46,427,461.13	58,988,118.78

	For the year ended 31 December	
	2018	2019
	(Audited)	(Audited)
	<i>RMB</i>	<i>RMB</i>
Including: Share of profits or loss of associates and joint ventures	48,802,521.71	48,147,169.49
Gain/(loss) in changes in fair value.	—	—
Impairment loss on assets	-24,373,213.67	-8,262,572.88
Gain/(loss) on disposal of assets	235,242.19	-79,204.22
III. Operating profit/(loss).	2,419,171,753.32	1,669,460,692.94
Add: Non-operating income	13,735,399.45	2,426,522.35
Less: Non-operating expenses	6,469,800.54	2,216,432.56
IV. Profit/(loss) before taxation.	2,426,437,352.23	1,669,670,782.73
Less: Income tax expense	607,308,184.06	422,905,807.47
V. Net profit/(loss)	1,819,129,168.17	1,246,764,975.26
(1) Categorized by continuity:		
Including: Net profit/(loss) from continuing operations	1,819,155,860.09	1,246,764,975.26
Net profit/(loss) from discontinued operations.	-26,691.92	—
(2) Categorized by ownership:		
Including: Net profit/(loss) attributable to the shareholders of the holding company.	676,709,824.17	527,549,724.32
Net profit attributable to non-controlling interests.	1,142,419,344.00	719,215,250.94

	For the year ended 31 December	
	2018	2019
	(Audited)	(Audited)
	<i>RMB</i>	<i>RMB</i>
VI. Other comprehensive income, net of tax	-5,873,359.86	-4,966,860.23
Other comprehensive income attributable to the shareholders of the holding company, net of tax	-5,873,359.86	-4,966,860.23
(1) Other comprehensive income that will not be reclassified to profit or loss	—	—
1. Remeasurement of defined benefit pension plans	—	—
2. Other comprehensive income that will not be reclassified to profit or loss under equity method	—	—
(2) Other comprehensive income that may be reclassified to profit or loss	-5,873,359.86	-4,966,860.23
1. The share of the invested unit in other comprehensive income that will not be reclassified to profit or loss under equity method	—	—
2. Changes in fair value of available-for-sale financial assets	-5,873,359.86	-4,966,860.23
3. Gain or loss arising from reclassification from held-to-maturity investment to available-for-sale financial assets	—	—
4. The gain or loss in the effective portion of cash flow hedge	—	—
5. Exchange difference arising on translation of foreign operations	—	—
6. Others	—	—
Other comprehensive income attributable to non-controlling interests, net of tax	—	—
VII. Total Comprehensive Income	1,813,255,808.31	1,241,798,115.03
Including: Total comprehensive income attributable to shareholders of the holding company	670,836,464.31	522,582,864.09
Total comprehensive income attributable to non-controlling interests	1,142,419,344.00	719,215,250.94
VIII. Earnings per share:		
Basic earnings per share	—	—
Diluted earnings per share	—	—

	For the year ended 31 December		For the period ended 30 September	
	2019	2020	2020	2021
	(Restated and audited)	(Audited)	(Reviewed)	(Reviewed)
	RMB	RMB	RMB	RMB
1. Total Revenue	6,243,043,476.03	6,599,969,080.92	3,844,264,693.14	5,579,000,117.69
Including: Business revenue	6,243,043,476.03	6,599,969,080.92	3,844,264,693.14	5,579,000,117.69
Interest income	—	—	—	—
Premium income earned	—	—	—	—
Underwriting and policy commission income	—	—	—	—
2. Total Cost of Operations	4,378,451,065.75	5,569,228,281.73	3,283,421,082.13	4,359,813,037.36
Including: Cost of Sales	4,101,979,868.20	5,304,328,753.49	3,126,285,279.92	3,994,228,221.64
Interest expense	—	—	—	—
Underwriting and policy acquisition costs	—	—	—	—
Insurance surrender fee	—	—	—	—
Net claims expenses	—	—	—	—
Insurance fund contribution, net	—	—	—	—
Policyholder dividends resulting from participation in profit	—	—	—	—
Premiums ceded to reinsurers	—	—	—	—
Taxes and levies	20,934,073.82	18,983,002.29	7,070,444.05	15,615,813.79
Selling expenses	37,261,697.73	39,697,732.14	18,661,523.13	23,893,269.76
Administrative expenses	176,788,872.81	170,081,084.49	96,286,802.70	117,381,059.60
Research and development costs	14,074,884.45	15,087,593.32	7,150,368.11	8,964,622.73
Finance costs	27,411,668.74	21,050,116.00	27,966,664.22	199,730,049.84
Including: Interest expenses	46,511,521.63	50,748,660.60	48,166,862.24	218,564,250.63
Interest Income	31,299,554.75	18,047,529.28	18,826,527.82	13,262,240.13
Other expenses	—	—	—	—
Add: Other income	233,178.26	3,478,640.87	314,785.93	7,294,174.98
Gain/(loss) on investments	67,927,382.90	43,148,200.28	29,064,000.02	57,852,389.02
Including: Share of profits or loss of associates and joint ventures	48,147,169.49	25,044,059.66	15,961,240.28	56,113,924.69
Provision of credit losses (losses are represented by “-”)	—	—	—	-63,984,879.24
Impairment losses of assets (losses are represented by “-”)	-9,591,826.67	-37,913,068.80	-25,828,011.56	—
Gain recognized for termination of financial assets at amortised costs	—	—	—	—
Exchange gain/(loss)	—	—	—	—
Net gain/(loss) on hedge exposure	—	—	—	—
Gain/(loss) in changes in fair value	—	—	—	—
Gain/(loss) on disposal of assets	-79,204.22	—	—	—
3. Operating profit/(loss)	1,923,081,940.55	1,039,454,571.54	564,394,385.40	1,220,348,765.09
Add: Non-operating Income	3,590,355.17	6,138,635.44	5,063,455.96	2,695,741.64
Including: Government subsidies	94,401.24	—	—	—
Less: Non-operating expenses	4,540,029.70	5,520,039.43	4,189,784.94	3,098,539.55

	For the year ended 31 December		For the period ended 30 September	
	2019	2020	2020	2021
	(Restated and audited)	(Audited)	(Reviewed)	(Reviewed)
	RMB	RMB	RMB	RMB
4. Profit/(loss) before taxation	1,922,132,266.02	1,040,073,167.55	565,268,056.42	1,219,945,967.18
Less: Income tax expense	482,165,739.59	268,826,323.59	140,934,616.57	290,285,448.45
5. Net profit/(loss).	1,439,966,526.43	771,246,843.96	424,333,439.85	929,660,518.73
(1) Categorized by ownership:				
Net profit attributable to the shareholders of the holding company	588,112,786.27	436,350,441.00	232,273,319.82	419,902,535.45
Net profit attributable to non-controlling Interests	851,853,740.16	334,896,402.96	192,060,120.03	509,757,983.28
(2) Categorized by continuity:				
Net profit from continuing operations	1,439,966,526.43	771,246,843.96	424,333,439.85	929,660,518.73
Net profit from discontinued operations	—	—	—	—
6. Other comprehensive income, net of tax	-4,966,860.23	-32,256,954.62	-22,308,329.18	13,702,783.37
Other comprehensive income attributable to the shareholders of the holding company	-4,966,860.23	-32,256,954.62	-22,308,329.18	13,702,783.37
(1) Other comprehensive income that will not be reclassified to profit or loss	—	—	—	13,702,783.37
1. Remeasurement of defined benefit pension plans	—	—	—	—
2. Other comprehensive income that will not be reclassified to profit or loss under equity method	—	—	—	—
3. Changes in fair value of other equity investment instruments	—	—	—	13,702,783.37
4. Changes in fair value of the credit risk of the company	—	—	—	—
5. Others	—	—	—	—
(2) Other comprehensive income that may be reclassified to profit or loss	-4,966,860.23	-32,256,954.62	-22,308,329.18	—
1. Other comprehensive income that will be reclassified to profit or loss under equity method	—	—	—	—
2. Changes in fair value of other debt Investments	—	—	—	—
3. Changes in fair value of available-for-sale financial assets	-4,966,860.23	-32,256,954.62	-22,308,329.18	—
4. Other comprehensive income recognized for reclassification of financial assets	—	—	—	—
5. Gain or loss arising from held-to-maturity investment to available-for-sale financial assets	—	—	—	—
6. Provision for impairment loss on other debt instrument investment	—	—	—	—
7. Cash flow hedge reserves (Effective portion of gain or loss on cash flow hedges)	—	—	—	—
8. Exchange difference arising on translation of foreign operations	—	—	—	—
9. Others	—	—	—	—

	For the year ended 31 December		For the period ended 30 September	
	2019	2020	2020	2021
	(Restated and audited)	(Audited)	(Reviewed)	(Reviewed)
	RMB	RMB	RMB	RMB
Other comprehensive income attributable to non-controlling interests, net	—	—	—	—
7. Total Comprehensive Income	1,434,999,666.20	738,989,889.34	402,025,110.67	943,363,302.10
Total comprehensive income attributable to shareholders of the holding company	583,145,926.04	404,093,486.38	209,964,990.64	433,605,318.82
Total comprehensive income attributable to non-controlling interests	851,853,740.16	334,896,402.96	192,060,120.03	509,757,983.28
8. Earnings per share:				
Basic earnings per share	—	—	—	—
Diluted earnings per share	—	—	—	—

SUMMARY CONSOLIDATED CASH FLOW STATEMENT DATA OF THE ISSUER GROUP

	For the year ended 31 December	
	2018	2019
	(Audited)	(Audited)
	RMB	RMB
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	4,229,772,177.86	3,203,648,070.81
Refund of taxes and levies	—	256,780.77
Cash received for other operating activities	90,227,553.31	67,814,150.93
Subtotal of cash inflow from operating activities	4,319,999,731.17	3,271,719,002.51
Payment for purchase of commodities and services	1,212,336,234.00	1,073,159,551.97
Cash paid to and on behalf of employees	167,986,134.75	184,119,182.69
Payment of taxes and levies	739,677,434.39	619,315,488.27
Payment for other operating activities	296,285,517.75	84,867,440.46
Sub-total of cash outflow from operating activities	2,416,285,320.89	1,961,461,663.39
Net cash inflow/(outflow) from operating activities	1,903,714,410.28	1,310,257,339.12
II. Cash flows from investing activities:		
Cash received from returns on investments	—	—
Dividends received	286,324,861.26	83,674,312.64
Cash received from disposal of fixed assets, intangible assets and other long-term assets	1,013,792.43	159,880.26
Proceeds from disposal of subsidiaries and other operating units	—	—
Proceeds from other investing related activities	79,188,495.59	294,942,236.86

	For the year ended 31 December	
	2018	2019
	(Audited)	(Audited)
	<i>RMB</i>	<i>RMB</i>
Subtotal of cash inflow from investing activities. .	366,527,149.28	378,776,429.76
Cash paid to acquire fixed assets, intangible assets and other long-term assets.	1,375,584,168.05	3,119,844,242.95
Payment for investments.	—	238,586,482.83
Cash paid to acquire subsidiaries and other business units	—	—
Payment for other investing activities.	325,420,260.72	95,235,377.55
Subtotal of cash outflow from investing activities. .	1,701,004,428.77	3,453,666,103.33
Net cash inflow/(outflow) from investing activities	-1,334,477,279.49	-3,074,889,673.57

	For the year ended 31 December	
	2018	2019
	(Audited)	(Audited)
	RMB	RMB
III. Cash flow from financing activities:	—	—
Capital contributions received	177,353,405.02	325,271,285.40
Including: Cash received from capital contributions by non-controlling interest of subsidiaries	—	—
Cash received from borrowings	1,050,000,000.00	2,281,934,800.00
Cash received from issuance of bonds	—	—
Cash received from other financing activities	—	—
Subtotal of cash inflow from financing activities	1,227,353,405.02	2,607,206,085.40
Repayment of borrowings	272,278,949.22	697,311,020.52
Dividends and interests paid	1,170,491,464.68	944,593,382.03
Including: Dividends paid to non-controlling interests by subsidiaries	—	—
Cash payments relating to other financing activities	—	1,916,250.17
Subtotal of cash outflow from financing activities	1,442,770,413.90	1,643,820,652.72
Net cash inflow/(outflow) from financing activities	-215,417,008.88	963,385,432.68
IV. Effect of foreign exchange rate changes on cash and cash equivalents	19,883,558.78	4,126,470.52
V. Net increase/(decrease) in cash and cash equivalents	373,703,680.69	-797,120,431.25
Add: Cash and cash equivalents at beginning of year	1,890,753,190.59	2,264,456,871.28
VI. Cash and cash equivalent at end of year	2,264,456,871.28	1,467,336,440.03

	For the year ended 31 December		For the period ended 30 September	
	2019	2020	2020	2021
	(Restated and audited)	(Audited)	(Reviewed)	(Reviewed)
	RMB	RMB	RMB	RMB
I. Cash flows from operating activities:				
Cash received from sales of goods or rendering of services	6,062,240,234.61	6,268,721,165.46	3,604,066,319.25	5,396,274,084.60
Net increase in customer deposits and deposits from other banks and other financial institutions	—	—	—	—
Net increase in borrowings from central bank	—	—	—	—
Net increase in borrowings from other financial institutions	—	—	—	—
Cash received for premiums of insurance policies	—	—	—	—
Net cash received for re-insurance business	—	—	—	—

	For the year ended 31 December		For the period ended 30 September	
	2019	2020	2020	2021
	(Restated and audited)	(Audited)	(Reviewed)	(Reviewed)
	RMB	RMB	RMB	RMB
Net increase in deposits and investment funds from policy owners . . .	—	—	—	—
Net proceeds from disposal of financial assets at fair value through profit or loss	—	—	—	—
Interest, underwriting and policy acquisition fees received	—	—	—	—
Net increase in borrowings	—	—	—	—
Net increase in funds for repurchase of business	—	—	—	—
Client account deposit received for securities trading, net	—	—	—	—
Refund of taxes and surcharges	256,780.77	607,733.57	—	—
Cash received for other operating activities	117,603,987.16	180,629,212.79	249,152,648.47	286,057,739.89
Subtotal of cash inflow from operating activities	6,180,101,002.54	6,449,958,111.82	3,853,218,967.72	5,682,331,824.49
Payment for purchase of commodities and services	3,466,382,250.19	4,551,976,318.29	3,163,851,408.94	3,681,632,779.31
Net increase in loans to customers	—	—	—	—
Net increase in deposits at central bank and other financial institutions	—	—	—	—
Settlement for claims of insurance policies	—	—	—	—
Net decrease in borrowings	—	—	—	—
Interest, underwriting and policy acquisition fees paid	—	—	—	—
Dividends paid to profit participating policies	—	—	—	—
Cash paid to and on behalf of employees	312,338,272.99	292,219,330.90	176,426,004.60	195,864,846.33
Payment of tax and levies	716,153,732.44	316,674,302.07	164,216,659.34	448,096,975.09
Payment for other operating activities	168,313,745.86	165,570,149.30	90,519,673.40	143,362,847.31
Subtotal of cash outflow from operating activities	4,663,188,001.48	5,326,440,100.56	3,595,013,746.28	4,468,957,448.04
Net cash inflow/(outflow) from operating activities	1,516,913,001.06	1,123,518,011.26	258,205,221.44	1,213,374,376.45

	For the year ended 31 December		For the period ended 30 September	
	2019	2020	2020	2021
	(Restated and audited)	(Audited)	(Reviewed)	(Reviewed)
	RMB	RMB	RMB	RMB
2. Cash flows from investing activities:				
Cash received from disposal of investments	—	60,000,000.00	—	180,000,000.00
Cash received from returns on investments	93,200,812.64	51,110,520.32	30,870,144.28	61,858,476.28
Proceeds from disposal of fixed assets, intangible assets and long-term assets	166,629.26	220,641.30	79,838.03	36,869.94
Proceeds from disposal of subsidiaries and other operating units . . .	—	—	—	—
Proceeds from other investing related activities	243,849,825.86	29,700,000.00	—	—
Subtotal of cash inflow from investing activities	337,217,267.76	141,031,161.62	30,949,982.31	241,895,346.22
Cash paid to acquire fixed assets, intangible assets and other long-term assets	3,143,748,939.94	4,167,565,748.51	2,865,172,356.41	1,854,453,366.44
Payment for investments	238,586,482.83	210,910,000.00	—	—
Increase in mortgaged borrowing	—	—	—	—
Net cash paid to acquire subsidiaries and other business units	—	847,164,265.85	—	—
Payment for other investing activities	10,283,377.55	28,478.00	—	43,882,424.62
Subtotal of cash outflow from investing activities	3,392,618,800.32	5,225,668,492.36	2,865,172,356.41	1,898,335,791.06
Net cash inflow/(outflow) from investing activities	-3,055,401,532.56	-5,084,637,330.74	-2,834,222,374.10	-1,656,440,444.84
3. Cash flow from financing activities:				
Capital contributions received	325,271,285.40	611,000,000.00	423,000,000.00	47,000,000.00
Including: Cash received from capital contributions by minority shareholders of subsidiaries	325,271,285.40	611,000,000.00	423,000,000.00	47,000,000.00
Cash received from borrowings	2,390,912,073.41	5,469,155,057.76	3,016,783,599.83	2,015,476,686.96
Cash received from other financing activities	—	—	—	—
Subtotal of cash inflow from financing activities	2,716,183,358.81	6,080,155,057.76	3,439,783,599.83	2,062,476,686.96
Repayment of borrowings	826,718,609.52	591,346,514.89	413,483,641.36	1,219,030,381.39
Dividends and interests paid	1,173,739,251.97	465,736,830.10	139,660,315.55	559,511,326.48
Including: Dividends paid to non-controlling interests by subsidiaries	948,584,531.78	247,924,612.74	133,226,227.09	328,963,532.27
Cash payments relating to other financing activities	1,916,250.17	7,928,239.75	1,773,104.75	680,916.42
Subtotal of cash outflow from financing activities	2,002,374,111.66	1,065,011,584.74	554,917,061.66	1,779,222,624.29
Net cash inflow/(outflow) from financing activities	713,809,247.15	5,015,143,473.02	2,884,866,538.17	283,254,062.67
4. Effect of foreign exchange rate changes on cash and cash equivalents	4,126,470.52	-27,632,320.66	-5,739,463.14	-4,940,135.85
5. Net increase/(decrease) in cash and cash equivalents	-820,552,813.83	1,026,391,832.88	303,109,922.37	-164,752,141.57
Add: Cash and cash equivalents at beginning of year/period	2,554,362,861.59	1,733,810,047.76	1,733,810,047.76	2,760,201,880.64
6. Cash and cash equivalent at end of year	1,733,810,047.76	2,760,201,880.64	2,036,919,970.13	2,595,449,739.07

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Potential investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks relating to the each of the Issuer's and the Guarantor's business, financial condition or results of operations or the value of the Bonds. Some risks may be unknown to the Issuer and the Guarantor and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations or prospects of the Group or the value of the Bonds. Each of the Issuer and the Guarantor believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by each of the Issuer or the Guarantor on information currently available to them or which they are currently unable to anticipate. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of each of the Issuer's and the Guarantor's could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

None of the Issuer nor Guarantor represents that the statements below regarding the risk factors of holding any Bonds are exhaustive. Potential investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP'S BUSINESS

The performance of the Group's business is dependent on future economic growth in the PRC and other markets in which the Group operates, and any economic downturn (whether due to COVID-19 or otherwise) would negatively affect its business, results of operations and financial condition.

As most of the Group's expressway projects and most of its service offerings take place in the PRC, the growth of its business is largely dependent upon the continuation of economic development and growth in the PRC. The PRC has experienced rapid economic development but there is no assurance that such growth may continue at such rates, if at all. A sustained period of slower growth in the PRC in general could have a material adverse effect on the Group's business, results of operations, financial conditions, as well as on its prospects to identify, invest in and develop new projects and businesses. In addition, any slowdown in the economies of the United States, the European Union and certain Asian countries could materially adversely affect economic

growth in the PRC and elsewhere. There can be no assurance that the Group's business, results of operations and financial condition, as well as its future prospects, will not be materially and adversely affected by an economic downturn in any of these countries.

The outlook of the PRC and global economies are subject to significant uncertainties resulting from or related to various geo-political, economic or social events such as the ongoing trade war between the United States and the PRC, the withdrawal of the United Kingdom from the European Union and the outbreak of COVID-19 in late 2019 that has continued globally in 2020 and so far in 2021. There have been extreme volatilities in the global markets across all asset classes, including stocks, bonds, oils and metals, in the first half of 2021, and there is no assurance that such volatilities will not continue.

Since early 2018, the PRC and the United States have been engaged in a trade war which may have a material adverse effect on the global and the PRC economies. This has involved the imposition of tariffs by the United States on certain imported goods from the PRC and vice versa. While the United States and the PRC have reached the first-phase trade deal in January 2020, the Group cannot predict as to how and whether such deal will be implemented and whether any further agreement will be reached between the two countries at any time or at all. The roadmap to the comprehensive resolution remains unclear, and what lasting impact the trade war may have on the PRC economy remains uncertain. The adoption and expansion of trade restrictions, the occurrence and escalation of a trade war, or other government actions related to tariffs or trade agreements or policies has the potential to materially and adversely impact the PRC economy, which can in turn affect the Group's business, financial condition and results of operations.

On June 30, 2020, the Standing Committee of the PRC National People's Congress passed the Law of the People's Republic of China on Safeguarding National Security in the HKSAR (the "**HK National Security Law**"). The law defines the duties and government bodies of the HKSAR for safeguarding national security, categories of offences and their corresponding penalties. This law can substantially change the way Hong Kong has been governed since the territory was handed over by the United Kingdom to China in 1997. On July 14, 2020, former President Donald Trump signed into law the Hong Kong Autonomy Act (the "**HKAA**"), authorising the U.S. administration to impose blocking sanctions against individuals and entities determined to "**materially contribute**" to the erosion of Hong Kong's autonomy. The HKAA further authorises secondary sanctions, including the imposition of blocking sanctions, against foreign financial institutions that knowingly conduct a significant transaction with foreign persons sanctioned under this authority. The HKAA may cause substantial market uncertainties, and it is difficult to predict the full impact of the HKAA on the Group's operations and business at this stage.

In addition, effective 31 January 2020, the United Kingdom has officially exited from the European Union. There remains significant uncertainty as to its impact on the economic conditions of other parts of the world, such as the PRC, including but not limited to, further decreases in global stock exchange indices, increased foreign exchange volatility and a possible economic downturn involving more countries and regions.

The World Health Organisation declared the COVID-19 outbreak a “public health emergency of international concern” in January 2020 and a pandemic in March 2020. There has been rapid and widespread increase in new infections in the United States, Europe and other parts of the world.

The COVID-19 pandemic together with the measures implemented by relevant governmental authorities to contain it, such as city lockdown, extended holidays, stringent quarantine, social distancing, closure of work premises, travel restrictions and border controls, has dampened, and there is no assurance that the COVID-19 pandemic and the aforementioned measures will not further dampen, the level of economic activity in the PRC. Such measures have led to reduced traffic on expressways. In addition to the extension of toll-free period for the lunar new year in 2020 by nine days, the Ministry of Transport of the PRC (the “MOT”) announced on 15 February 2020 a general exemption for payment of toll fees on expressways across the Chinese mainland with effect from 17 February 2020 until a date to be announced after the work for prevention and control of the epidemic ends. The MOT announced on 28 April 2020 that this exemption ended with effect from 6 May 2020. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict the extent to which the Group and its businesses will continue to be affected. Any material deterioration in the financial markets, the PRC economy or the economies in other markets in which the Group operates as a result of the COVID-19 outbreak may materially and adversely affect its business, financial condition and results of operations.

If market conditions deteriorate or the market downturn (whether as a result of COVID-19 or otherwise) becomes more severe, longer lasting or broader than expected, the general demand for transportation and hence the investment in, and construction of, expressways in the PRC and/or other markets in which the Group operates will likely be materially and adversely affected. Any further tightening of liquidity in the global financial markets may also negatively affect the Group’s liquidity. Therefore, if the global economic slowdown and turmoil in the financial markets occurs and continues, the Group’s business, results of operations and financial condition may be materially and adversely affected. For more details on the impact of COVID-19 on the Group’s operating and financial results, see “— *Pandemics (such as COVID-19), epidemics, or fear of spread of contagious diseases could disrupt the Group’s industry and the Group’s operations, which could materially and adversely affect the Group’s business, financial condition, and results of operations.*”.

The Group’s toll rates and toll road concession rights are subject to regulation by various provincial or local government authorities, including the recently lifted exemption for payment of toll fees on expressways across the Chinese mainland as a result of the COVID-19 outbreak.

All toll rates charged by each of the Group’s expressway joint ventures are subject to regulation by various provincial or local government authorities in the Chinese mainland. In the Chinese mainland, any proposed toll rate increase is required to be approved by the relevant provincial price department and relevant provincial transportation department, taking into account various

factors before giving their approval. These factors include the toll rates of comparable expressways and expressways in the same region, prevailing inflation and interest rates, traffic flow and the affordability to users.

The Group could apply to the relevant governmental authorities for a toll rate increase in order to meet its desired rate of return on investments. However, there can be no assurance that any applications for increases of toll rates will be approved by the relevant authorities in a timely manner, or at all. Furthermore, while the Group does not foresee any reduction in toll rates at expressways operated by the Group, there is no assurance that the relevant governmental authorities will not require the Group to reduce the toll rates despite its opposition or without consulting it.

On 27 October 2005, the MOT promulgated the Guiding Opinion of Charge by Weight on Expressways for Trial Implementation (關於收費公路試行計重收費的指導意見). The MOT put forward the guiding opinion on road freight vehicle tolling by weight based on the practice and experience throughout the country. On 16 May 2019, the State Council issued the “Notice of the State Council General Office on Deepening the Reform of Toll Road System and Implementation Plan of the Cancellation of Provincial Border Toll Stations on Expressways” (國務院辦公廳關於印發深化收費公路制度改革取消高速公路省界收費站實施方案通知), demanding that all provincial border toll stations be removed by the end of 2019, promotion of non-stop electronic tolling system be further enhanced, and road freight vehicles be tolled on a vehicle category basis instead of weight basis with effect from 1 January 2020 without increasing transportation costs to toll road users. The extent of impact of the change of the basis for charging toll on road freight vehicles and the abolition of provincial border toll stations (which had necessitated adjustments in the allocation of toll payments amongst different expressway operations) (“**2020 Toll Policy Changes**”) on the toll revenue of the Group’s expressway projects in the PRC remains uncertain.

The State Council issued the “Notice of the State Council on the Implementation on the Toll-Free Policy on Small Passenger Vehicles on Major Festivals and Holidays (國務院關於批轉交通運輸部等部門重大節假日免收小型客車通行費實施方案的通知) promulgated by the MOT, the NDRC, the MOF, the Ministry of Supervision, and the Office of Redressing Malpractices of the State Council on 24 July 2012 with regard to the Toll-Free on Major Festivals and Holdings for Small Passenger Vehicles Implementation Policy (the “**Holiday Toll-Free Policy**”). Pursuant to the Urgent Notice on Further Improving Policies for Green Passage of Fresh Agricultural Products (關於進一步完善鮮活農產品運輸綠色通道政策的緊急通知) promulgated jointly by the MOT, the NDRC and the MOF, all expressways have to adopt the “Green Passage Toll Free Policy” for fresh agricultural products with effect from 1 December 2010. Pursuant to the Holiday Toll-Free Policy, small passenger vehicles with seven seats or less would be entitled to use certain expressways during major statutory holidays in the Chinese mainland free of charge. In addition, certain provincial governments have issued regulations that granted toll discounts to trucks using the expressways.

Furthermore, a few measures such as control on collection of fees for expressways, travel restrictions and border controls, amongst other things, have been implemented by relevant government authorities in the PRC as a result of the COVID-19 outbreak. With consent from the State Council, the MOT announced on 15 February 2020 a general exemption for payment of toll fees on expressways across the Chinese mainland with effect from 17 February 2020 until a date to be announced after the work for prevention and control of the epidemic ends. This exemption ended with effect from 6 May 2020, as announced by the MOT on 28 April 2020.

There can be no assurance that the government will not adopt any other similar policies in the future, which may materially and adversely affect the Group's business, results of operations and financial condition.

Besides, pursuant to the Administrative Regulations on Toll Road (《收費公路管理條例》) which came into effect in November 2004, the term for toll road concession rights shall be decided pursuant to the principle of full recovery of investment costs and reasonable investment return, but shall not be longer than 30 years for central and western provinces designated by the PRC government and 25 years for other provinces in China. On 10 June 2011, the MOT, the MOF, the NDRC, the Ministry of Supervision (which has been superseded by the National Supervision Commission), and the Office of Redressing Malpractices of State Council issued a Notice on Specified Work on correcting the toll collection of Toll Roads (關於開展收費公路專項清理工作的通知) (the “**Joint Notice**”). Pursuant to the Joint Notice, the provincial government will lead the work of correcting unreasonable toll collection and cancel the projects of which the authorized period for toll collection has expired. In December 2012, the MOT issued Emergency Notice on Expediting the Cleaning Up of the Toll Road Relevant Issues Rectification Work Progress and Submit the Relevant Materials (關於加快收費公路專項清理相關問題整改工作進度並報送有關材料的緊急通知), urging the provincial government to expedite the correction process. As at 31 December 2020, the Group operated and managed 98 toll expressways spanning approximately 7,721 km. Accordingly, the relevant government authority has the right to cut short the concession period accorded to the Group's toll expressways from 30 years to 25 years, which would materially and adversely affect the Group's prospects. In 2015 and 2018, the MOT respectively published a proposed amendment to the Administrative Regulations on Toll Road, which would allow the concession periods for certain expressways to be extended beyond 30 years. However, the amendment has not been put into effect as of the date of this Offering Circular. Therefore, there exist uncertainties relating to the impact of the Administrative Regulations on Toll Road on the Group's toll expressways pending the proposed amendment coming into effect.

Although the Group expects that the Group would not be materially and adversely affected by such notices, each provincial government may have a different interpretation of such notices and, as a result, there can be no assurance that similar policy that would impact the expressways will not take place in the future or that the Group will be able to obtain the concession periods the Group deems necessary or which are sufficient to recoup its investments or to generate expected growth of its future expressway projects. Furthermore, there can be no assurance that the PRC government will not issue new regulations or otherwise take any other actions and interpretations of rules and

regulations that could impair the terms of the concession rights of the Group. In the event that the PRC government, without any compensation, requires the expressway joint ventures to limit their concession rights (including but not limited to the toll rates, the term, and the scope of the expressway under the joint venture's administration) or make other adjustments on certain expressways in the future, the Group's business, results of operations and financial condition may be materially and adversely affected.

PRC regulations on the administration of local government debt may have a material adverse effect on the Group's financing and business models.

The PRC government has in recent years issued multiple regulations intended to restrict the ability of local governments to use state-owned enterprises to incur debt that should be directly incurred by government bodies. These regulations include the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (Guo Fa [2014] No. 43) (關於加強地方政府性債務管理的意見(國發[2014]43號)) (“**Circular 43**”) released by the State Council in September 2014, the Circular on Further Regulating the Debt Financing Behaviours of Local Government (Cai Yu [2017] No. 50) (關於進一步規範地方政府舉債融資行業的通知(財預[2017]50號)) (“**Circular 50**”) jointly issued by the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC, the China Banking Regulatory Commission (reorganised into the China Banking and Insurance Regulatory Commission) and the China Securities Regulatory Commission in April 2017, the Circular on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services (Cai Yu [2017] No. 87) (關於堅決制止地方以政府購買服務名義違法違規融資的通知(財預[2017] 87號)) (“**Circular 87**”) issued by the MOF in May 2017, the Notice of the Ministry of Finance on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (財政部關於規範金融企業對地方政府和國有企業投融資行業有關問題的通知(財金 [2018] 23號)) (“**Circular 23**”) issued by the MOF in March 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (Fa Gai Wai Zi [2018] No. 706) (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) (“**Circular 706**”) jointly issued by the NDRC and the MOF in May 2018, the Guiding Opinion on Strengthening the Asset and Liability Constraints of State-Owned Enterprises (中共中央辦公廳、國務院辦公廳關於加強國有企業資產負債約束的指導意見) (the “**Joint Opinion**”) jointly issued by the General Office of the Central Committee of the Communist Party of China and the State Council in September 2018 and the Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666) (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) (“**Circular 666**”) issued by the General Office of NDRC in June 2019 (Circular 43, Circular 50, Circular 87, Circular 23, Circular 706, the Joint Opinion and Circular 666, together, the “**Debt Control Circulars**”).

Circular 50 reaffirmed the Circular 43 policy that local governments are not permitted to use any means other than bonds for debt financing and are prohibited from requesting or ordering enterprises to issue debt on their behalf. Circular 87 required that local governments and their departments shall not take advantage of or fabricate contracts for government procurement of services in such a manner that conceals an underlying objective of raising funds for any construction project. Circular 23 and Circular 706 established policies for foreign debt issuance including the prohibition against public assets being included as enterprise assets and restrictions on making disclosure in offering circulars that imply government endorsement of the issuance or an association with the government's credit. The Joint Opinion, consistent with Circular 43 and Circular 50, bans local governments from engaging in "disguised" borrowing by using state-owned enterprises to issue corporate debt on their behalf.

The Group believes that the PRC government will continue to implement the Debt Control Circulars to control local government debts. Accordingly, the Group should rely on the cash flow generated from its operations and external borrowings for financing its operating activities and to satisfy its cash needs for servicing its outstanding indebtedness. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, neither the Guangdong provincial government, Department of Finance of Guangdong Province, nor any other PRC governmental entity has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. The Bonds are solely to be repaid by the Group, and the obligations of the Group under the Bonds, the Deed of Guarantee or the Trust Deed shall solely be fulfilled by the Group as independent legal persons. The liability of the Guangdong provincial government and Department of Finance of Guangdong Province is limited to its equity contribution in the Group. If the Group does not fulfil its obligations under the Bonds, the Guarantee and the Trust Deed, the Bondholders will only have recourse against the Group, and not the Guangdong provincial government, Department of Finance of Guangdong Province, or any other PRC governmental entity.

The PRC government may continue to release new policies or amend existing regulations to control the increase in local governmental debts in China. There is no assurance that the Group's financing and business model and also its indebtedness will not be materially affected by future changes in the regulatory regime concerning the financing platforms of local governments in response to such regulations.

The PRC government may continue to release new policies or amend existing regulations to control the increase in local governmental debts in the PRC. There is no assurance that the Group's financing and business model and its indebtedness will not be materially affected by future changes in the regulatory regime concerning the local state-owned enterprises in response to such regulations. The PRC government shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Guarantee or the transaction documents in relation to the Bonds, which are solely to be fulfilled by the Issuer and/or the Guarantor.

Notwithstanding the Group's extensive relationships with the PRC government (including the Guangdong provincial government, Guangdong SASAC, Department of Finance of Guangdong Province and any other entities controlled by them), neither the Issuer nor the Guarantor are part of the PRC government. The PRC government (including the Guangdong provincial government, Guangdong SASAC and Department of Finance of Guangdong Province) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Guarantee or the transaction documents in relation to the Bonds in lieu of the Issuer or as the case may be, the Guarantor. This position has been reinforced by Circular 23, Circular 706 and Circular 666. Both the MOF Circular and the Joint Circular do not, however, prohibit the PRC government from providing support (in various forms including capital injection and subsidies, but excluding injecting any kinds of public assets and land reserves as the Group's assets) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationships between the Issuer, the Guarantor and the Guangdong provincial government in this Offering Circular does not imply in any way any explicit or implicit credit support of the Guangdong provincial government in respect of the Bonds, the repayment of which remains the sole responsibilities of the Issuer and the Guarantor.

The PRC government as the ultimate shareholder of the Guarantor only has limited liability in the form of its equity contribution in the Guarantor. As such, the PRC government does not have any payment obligations under the Bonds, the Guarantee or the transaction documents in relation to the Bonds. In addition, any ownership or control by the PRC government does not necessarily correlate to, or provide any assurance as to, the financial condition of the Issuer, the Guarantor and the Group. The Bonds are solely to be repaid by the Issuer (and under the Guarantee by the Guarantor), each as an obligor under the relevant transaction documents and as an independent legal person. The Bondholders do not have any recourse against the PRC government in respect of any obligation arising out of or in connection with the Bonds or the transaction documents.

The Group's business operations are capital intensive and any failure of the Group to obtain sufficient capital resources on acceptable terms or in a timely manner may materially and adversely affect its business and prospects.

The Group's business, particularly, its expressway operation, investment, construction and maintenance business is capital-intensive in nature and generally requires a significant amount of working capital. Continuous funding of, and access to, working capital is critical for the Group to

maintain its business activities and support the long-term development thereof, including extension or widening of the existing expressways or constructing new expressways. To achieve the goals set under the “14th Five-Year Plan”, the Group expects to have a total of 35 projects under construction or to be constructed, with a total mileage of approximately 1,600 kilometres and an expected total investment of more than RMB375 billion.

The Group has historically satisfied its working capital requirements through a combination of (i) cash flow generated from its operating activities, (ii) the proceeds from bank loans and borrowings from other financial institutions, (iii) direct financing such as the issuance of bonds and (iv) government subsidies and grants. The Group’s ability to generate sufficient operating cash flow is affected by a number of factors, such as the Group’s ability to carry on its business activities in an efficient manner, due performance of the Group’s contractors, changes in general market conditions and the regulatory environment and competition in the sectors in which the Group operates, particularly the expressway operation industry. Any adverse change in any of these factors may create capital shortfall. As such, the Group’s operating activities may not be able to generate sufficient cash to satisfy its liquidity needs at all times.

In addition, the amount of the government grants and subsidies the Group receives could fluctuate from time to time. Whether or not the Group will receive the same amount of government grants and subsidies, if at all, is largely dependent upon the policies and the financial condition of both the local and central governments of the PRC. In addition, whether or not a particular kind of government subsidy will be granted to the Group is subject to the determination of the relevant governmental authority at its discretion based on the Group’s relevant application. There is no assurance that the Group will continue to receive the same government grants and subsidies or enjoy the same preferential treatments as it historically has. Please also see “— *The Group may cease to enjoy preferential tax treatment and tax exemptions, the loss of which, or a reduction in which, could reduce the Group’s profits*” below.

If the Group is not able to satisfy its working capital requirements or cash needs with its operating cash flow, cash reserves and/or government grants, it has to increase its reliance on external financing. The Group’s ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

- general economic and capital market conditions;
- changes in monetary policies with respect to bank interest rates and lending policy;
- interest rates and credit availability from banks or other lenders;
- investor confidence in the Group, and success of the Group’s business;
- the Group’s ability to obtain the PRC government approvals required to access domestic or international financing;

- provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital; and
- political and economic conditions in the PRC.

There is no assurance that additional financing, either on a short-term or a long-term basis, will be available, or that such financing will be obtained on terms favourable to the Group. If the Group is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake new expressway projects or implement them as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the service the Group provides and materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may incur additional indebtedness in the future and it may not be able to generate sufficient cash to satisfy its outstanding and future debt obligations.

As at 31 December 2018, 2019 and 2020 and as at 30 September 2021, the Group's consolidated liabilities amounted to RMB281,127.2 million, RMB299,562.7 million, RMB320,799.8 million, and RMB321,096.0 million, respectively. The Group may from time to time incur additional indebtedness which could be substantial in amount, such as this Offering, pursuant to which the Bonds may restrict the Group's ability to incur additional debt. If the Group or its subsidiaries incur additional debt, the risks facing them as a result of such indebtedness and leverage could intensify. The amount of the Group's indebtedness would have important consequences to the Bondholders. For example, increased indebtedness could:

- limit the Group's ability to satisfy its obligations under the Bonds and other debt;
- increase the Group's vulnerability to adverse general economic and industry conditions;
- require the Group to dedicate a substantial portion of its cash flow from operations to servicing and repaying indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, dividend payments and other general corporate purposes;
- limit the Group's flexibility in planning for or reacting to changes in the businesses and the industries in which the Group operates;
- place the Group at a competitive disadvantage compared to its competitors that have less debt;
- limit, along with the financial and other restrictive covenants of such indebtedness, among other things, the Group's ability to borrow additional funds; and

- increase the cost of additional financing.

The Group's ability to generate sufficient cash to satisfy its outstanding and future debt obligations will depend upon its future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond the Group's control. For the nine months ended 30 September 2020 and 2021, the Group incurred net operating cash inflows of RMB10,303.2 million and RMB25,045.7 million, respectively. Notwithstanding the foregoing, there is no assurance that the Group will always be able to generate sufficient cash flow to meet its anticipated operating expenses or to service its debt obligations as they become due. If the Group is unable to service its indebtedness, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing existing indebtedness or seeking equity capital. These strategies, if implemented, may not be instituted on satisfactory terms. In addition, the financing arrangements the Group may undertake may impose operating and financial restrictions on its business (including the maintenance of certain financial ratios). The Group's ability to meet its financial ratios may be affected by events beyond its control. There is no assurance that the Group will be able to meet these ratios.

In taking out loan facilities, there is no assurance that the Group can also decide to mortgage, charge or pledge some of its assets, including but not limited to its toll concession rights, which may limit the Group's use of the mortgaged, charged or pledged assets and therefore affect its operational efficiency. If the Group and its subsidiaries are unable to service and repay their respective debts under such loan facilities on a timely basis, the assets mortgaged, charged or pledged to secure the relevant loans of the Group may be foreclosed or sold by the relevant lenders, which may materially and adversely affect the Group's business, financial condition, results of operation and prospects.

Pandemics (such as COVID-19), epidemics, or fear of spread of contagious diseases could disrupt the Group's industry and the Group's operations, which could materially and adversely affect the Group's business, financial condition, and results of operations.

Global pandemics, epidemics in the PRC or elsewhere in the world, or fear of spread of contagious diseases, such as Ebola virus disease (EVD), coronavirus disease 2019 (COVID-19), Middle East respiratory syndrome (MERS), severe acute respiratory syndrome (SARS), H1N1 flu, H7N9 flu, and avian flu could disrupt the Group's industry and business operations in China and elsewhere in the world, reduce or restrict demand for the Group's products and services, or result in regional or global economic distress, which may materially and adversely affect the Group's business, financial condition, and results of operations. Any one or more of these events or recurrence may materially and adversely affect the Group's sales results, or even for a prolonged period of time, which could materially and adversely affect the Group's business, financial condition, and results of operations.

The current COVID-19 pandemic has had a significant impact on the Group's business and its profitability. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the Group's net profit was RMB6,799.8 million, RMB5,254.1 million, RMB1,658.7 million, RMB71.3 million and RMB3,773.8 million, respectively. According to the unified requirements of the MOT, from 12:00 am on 17 February 2020 to 12:00 am on 6 May 2020, all vehicles using expressways in accordance with the law will be exempted from toll payments across the country. Being an enterprise engaging in expressway operations, the Group has been on the front line of epidemic prevention. In addition to properly carrying out work to prevent and control the epidemic, the Group has also promptly taken active steps to resume its production and operations in a full manner, while mitigating the negative impacts of the epidemic through measures to broaden revenue streams and reduce expenditure, such as increasing market development efforts in quality projects, improving production efficiency and reducing operating costs. During the Spring Festival in 2021, as part of its epidemic prevention and control measures, the PRC governmental authorities encouraged people to stay at home. People who were returning from travels were subject to stringent preventive and control measures, leading to a decline of travelling needs nationwide during the period, and thus a decrease in the Group's toll revenue as compared with pre-pandemic years. In addition, the latest epidemic resurgence in Guangdong has caused the local government to step up measures and control efforts to fight the spread of the coronavirus. The expressways operated and invested by the Group resumed their pre-pandemic operational performance during the first quarter in 2021. As at the date of this Offering Circular, the Group believed that there was no significant negative impact caused by the COVID-19 pandemic on the production and operation of the Group. Vaccination is currently the PRC's top COVID-19 prevention and control strategy. However, there is no assurance that the COVID-19 pandemic can be eliminated or contained in the near future, or at all, or a similar outbreak will not occur again. The PRC has from time to time experienced waves of local COVID-19 infections across the country. As at the date of this Offering Circular, the latest wave of COVID-19 cases in the PRC emerged in mid-December 2021, totalling over 1,900 local COVID-19 infections. If the COVID-19 pandemic and the resulting disruption to the Group's business were to extend over a prolonged period, it could materially and adversely affect the Group's business, financial condition, and results of operations.

A large part of the Group's business operations is based in a single geographical region, Guangdong Province. Any factors that lead to a significant decrease in the demand for toll fee business, material trading business, transportation and service zone operation business as well as engineering and technology business in Guangdong Province would materially and adversely affect the Group's business, financial condition and results of operations.

A large part of the Group's current and anticipated business operations are located in Guangdong Province. Any material region-wide adverse events may negatively impact the demand for the construction, operations and maintenance of toll expressways, road transportation and other related businesses in Guangdong Province, which would in turn affect the Group's revenue and profitability. Such adverse events include changes in economic conditions and regulatory environment, changes in the government's development plans and policies for Guangdong

Province, significant natural disasters and man-made incidents. Due to the limited geographical coverage of the Group's operations, the Group may not be able to effectively manage any potential losses arising from these adverse events, which may materially and adversely affect the Group's business, financial condition and results of operations. In particular, the Group's business growth has been historically driven by rapid economic development and strong infrastructure spending in Guangdong Province. There is no assurance that Guangdong Province will continue to experience rapid economic development, or that it will maintain its current level of infrastructure spending.

The Guarantor is exposed to risks relating to related party transactions.

The Guarantor has historically engaged in a broad range of transactions with its subsidiaries whose financial results are consolidated into the Group's financial statements, as well as other related parties of the Group. These transactions primarily include sourcing and sale of goods, provision or receipt of labour services and right-of-use assets. Although the Guarantor has adopted and implemented internal control system for monitoring its related-party transactions, there are inherent risks associated with the ability of its related parties to make timely payments and any failure to make timely payments by these entities could materially and adversely affect the Guarantor's liquidity and in turn affect the operation of its business and the turnover of its capital. In addition, while the related-party transactions entered into by the Guarantor thus far have been based on arms' length negotiation with reference to the prevailing market prices and duly approved by the relevant competent authority, related-party transactions entered into on a non-arm's length basis in the future may erode the Guarantor's competitiveness and damage its reputation.

The Group is subject to credit risks arising from the guarantees it provides.

As at 30 September 2021, the total borrowings in respect of which the Group acted as a guarantor amounted to RMB15.09 billion, representing approximately 11.75 per cent. of the Group's net assets as at the same date. If the loans guaranteed by the Group cannot be repaid in full on time or at all, the Group is facing the risks to repaying such loans. Prior to entering into such guarantee arrangements, the Group had gone through proper internal authorisation procedures and obtained necessary approvals. As at the date of this Offering Circular, to the best knowledge of the Group, all of the borrowing entities which are subject of the guarantees the Group provides are conducting business as usual. Nevertheless, there is no assurance that such borrowing entities will not experience any financial difficulties in the future, such that they may not be able to repay their debts and thus discharge their obligations under such loans. As a result, the Group is subject to the risk that it may need to assume the repayment liability as a guarantor in respect of loans whereby the borrowing entities default on their repayment obligations.

The Group may be involved in legal and other proceedings arising from its operations from time to time.

The Group may be involved from time to time in disputes with various parties involved in its expressway projects such as contractors, sub-contractors, suppliers, construction companies, purchasers, partners and others, as well as in connection with its investments, acquisitions and divestitures. The Group may also be involved in legal claims with respect to the outsourced activities and that the Group may be liable to other third parties for losses or damage caused by its third-party contractors. In addition, the Group may be involved from time to time in disputes with banks with respect to compliance with bank covenants. These disputes may lead to legal and other proceedings or claims for repayment of loans, and may cause the Group to suffer significant costs and delays. In addition, the Group may have disagreements with regulatory bodies and governmental authorities in the course of its operations, which may subject it to administrative proceedings and unfavorable decrees that may result in financial losses and in delays in various construction or development projects of the Group.

The Group may be exposed to such proceedings and decrees even for projects that were not owned or operated by it at the time of any such alleged improprieties. If the Group is not successful in obtaining remedies under any contractual arrangements for any such undisclosed losses or damages, the Group may be exposed to financial losses, which may have a material adverse effect on its expected profitability and ability to realize synergies from such acquisitions. In such circumstances, the Group's business, results of operations and financial condition could be materially and adversely affected.

As at 30 September 2021, the Group (including Guangdong Nanyue) had three ongoing cases of litigation whose subject matters involved an amount of RMB30 million or above. As the above-mentioned proceedings are still ongoing, the Group is unable to estimate whether it will bear any responsibility and if so, the financial impact of such responsibility. Should any judgments or results of any such proceedings turn out to be unfavourable to the Group, the Group will have to incur the losses resulting therefrom.

The Group's business operations are subject to workplace safety and environmental pollution risks, and compliance with workplace safety and environmental laws and regulations may require additional expenditure.

A variety of general and industry specific PRC environmental laws and regulations apply to the Group's operations such as damage caused by air emissions, noise emissions, waste water discharges, waste pollution and solid and hazardous waste handling and disposal, and any non-compliance by the Group can lead to imposition of fines, penalties, administrative actions and other legal consequences. The Group's operations may involve hazardous materials and risky procedures which pose workplace safety risks. In addition, where expressways are constructed, the varying geographical features may not be conducive to any such construction activities, which may pose workplace safety risks to works in both construction and maintenance stages. Besides, the

construction of expressways by the Group may have a material adverse environmental impact on the surrounding land or sea areas (as the case may be) and thus subject the Group to more stringent governmental surveillance, inspections and regulations. The Group's operations may also be subject to breakdowns and failures of construction equipment or improper operating procedures, which may result in accidents causing serious injuries, or even death, to the Group's employees and/or the employees of its service providers.

If the Group fails to exercise sufficient caution on safety and environmental matters, it could have a material adverse effect upon the Group's business operations. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licences or permits to conduct its business. The occurrence of any safety and environmental incidents could potentially subject the Group to administrative actions by environmental protection authorities or civil lawsuits. If the Group were to incur significant fines or penalties or become involved in protracted litigation, then the Group's financial condition and results of operations may be materially and adversely affected. In addition, PRC laws and regulations are constantly evolving. There can be no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase the compliance costs of the Group. During the past three years, to the best knowledge of the Group, the local governments had not imposed material administrative penalties on the Group in relation to environmental law violations. Nevertheless, given the stringent workplace safety and environmental protection laws and regulations in the PRC, and rising environmental protection standards, the Group may have to make additional expenditures in order to further enhance its workplace safety standards and environmental pollution prevention measures, which may have a material adverse effect on the Group's financial position and business operations.

The Group may cease to enjoy preferential tax treatment and tax exemptions, the loss of which, or a reduction in which, could reduce the Group's profits.

The Group enjoys certain preferential tax treatment and tax exemptions pursuant to the relevant PRC rules, laws and regulations in relation to certain sectors of the Group's operations. For example, for the year ended 31 December 2020, pursuant to the Announcement of the MOF and the State Taxation Administration on Relevant Tax Policies Supporting the Prevention and Control of the Outbreak of COVID-19 (《財政部、稅務總局關於支援新型冠狀病毒感染的肺炎疫情防控有關稅收政策的公告》), some subsidiaries of the Group were entitled to value-added tax ("VAT") relief, along with cash subsidies from the relevant PRC government authorities with a view to supporting the growth of enterprises and stabilising employment. Moreover, some subsidiaries of the Group enjoyed certain national income tax concessions for micro and small enterprise for the year ended 31 December 2020. For more details, please see Note VI (Taxes) to the Group's 2020 Financial Statements. However, there is no assurance that the PRC government will not amend its current taxation rules and regulations in the future and the preferential tax treatment that the Group enjoys may be altered or revoked at any time. If the Group ceases to enjoy such preferential

tax treatment or tax exemptions, or if the scope of the preferential treatment or tax exemptions is scaled back, the Group's financial condition and results of operation may be materially and adversely affected.

The Group may be materially and adversely affected by the departure of its senior management team and other key personnel.

The Group depends on the services provided by its management and other qualified and experienced staff. As competition in the PRC for senior management and key personnel with experience in toll fee business, material trading business, transportation and service zone operation business as well as engineering and technology business is intense, and the pool of qualified candidates is very limited, the Group may not be able to retain the services of the Group's senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. If any key management team member leaves and the Group fails to find suitable substitutes, or if the Group cannot attract or retain qualified personnel, its business and future growth prospect may be negatively affected.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties.

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to litigation, financial losses and sanctions imposed by governmental authorities, as well as affecting its reputation. In addition, the Group's employees, representatives, agents, customers or other third parties may be subject to investigations by the PRC authorities, whose occurrence or outcome may be difficult to predict. Potential misconduct could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- engaging in improper activities such as receiving or offering bribes to counterparties;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;

- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of noncompliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective. There can be no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result, and could have a material adverse effect on the Group's businesses, financial condition and results of operations.

The Group derives a significant amount of revenue from its toll fee business, exposing the Group to business concentration risks.

A significant portion of the Group's revenue has historically been derived from its toll fee business, which mainly consists of the operation of expressways. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, revenue derived from the Group's toll fee business was RMB32,199.9 million, RMB36,086.8 million, RMB28,089.2 million, RMB18,103.4 million and RMB29,786.6 million, respectively, accounting for approximately 68.8 per cent., 73.9 per cent., 69.2 per cent., 69.2 per cent. and 76.1 per cent., respectively, of the Group's total revenue for the same periods. The Group expects that its revenue will continue to be concentrated on its toll fee business in the foreseeable future. Accordingly, the Group may be susceptible to factors materially and adversely affecting its toll income such as the construction and opening to traffic of competing expressways and alternative modes of transport, the applicable toll rate and the traffic flow of the expressways the Group currently operates, which may further be dependent upon the development of the relevant cities that such expressways connect, and, in general, the economic development of the relevant provinces. Many of the foregoing factors are in turn subject to government policies and systems which are beyond the Group's control. In addition, the occurrence of any force majeure events may have significant influence on the traffic flow of the expressways the Group operates, which would in turn affect the Group's toll income. As a result of such concentration on the toll fee business, any factor affecting the tolls may create a material adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group may not be able to complete its expressway construction projects on time, within budget, or at all.

The Group's expressway construction projects require substantial capital expenditures prior to and during the construction period. The progress and costs for a development project may be materially and adversely affected by many factors beyond the Group's control, including the following:

- delays in obtaining necessary licences, permits or approvals from government agencies and authorities;
- changes in market conditions;
- unforeseen engineering, design, environmental, structural or geographic problems;
- equipment, contractors and labour costs;
- labour disputes;
- construction accidents;
- natural catastrophes;
- adverse weather conditions;
- discovery of historic and cultural relics within the construction site; and
- changes in government policies or in applicable laws or regulations.

In particular, construction materials, including cement, sand and rocks, steel and asphalt are an indispensable part of any construction of expressways. The cost of such construction materials typically accounts for a significant portion of the total construction costs and it may be volatile. For example, from 30 September 2020 to 30 September 2021, the unit price of HRB400 Rebar experienced a year-on-year/period-on-period increase of approximately 40.48 per cent. in accordance with the information table for the main purchased materials of Guangdong province transportation and construction projects. In addition, the construction of expressways often necessitates numerous parcels of land, which would lead to a higher level of social costs relating to relocation of inhabitants previously thereon. Any of these factors may lead to increased costs, if not construction delays, and may even render changes to planned specifications necessary or may ultimately result in delays of the project. Any of such consequences may have a material adverse impact on the Group's reputation, business, prospects, financial condition and results of operations.

Reduction of traffic volume or the rate of growth in traffic volume could materially and adversely affect the Group's toll fee business.

Revenue from the Group's expressways and earnings are principally dependent upon the number and classes of motor vehicles using such roads and the applicable toll regime. The number and classes of vehicles using expressways and bridges is to a large extent dependent on factors outside the Group's control, including:

- toll rates, and any government imposed exemptions or discounts;

- fuel prices;
- vehicle prices and the cost of owning and operating vehicles;
- the mix between different vehicle classes using the expressways, bridges or tunnels;
- population growth, vehicle ownership growth and growth in the number of people of driving age;
- the occurrence of natural disasters, such as flooding, volcanic eruption, earthquakes and forest fires;
- meteorological conditions that can make driving difficult or dangerous, such as heavy snowfall, fog or rain;
- environmental legislation or regulation, including measures to restrict motor vehicle use;
- the availability, quality and proximity of the Group's expressways compared to alternative roads and other competing modes of transportation, including air travel, waterways and railways;
- the enforcement of truck weight limits by the police;
- changes in the government's toll exemption policies;
- maintenance work performed by a connected road;
- capacity constraints on the number of vehicles that can efficiently use the expressways, bridges or tunnels in any given period;
- general development of the provinces, cities and townships served by the Group's expressways;
- travel restrictions that may be imposed by the government; and
- general economic conditions in the PRC.

The volume of traffic on a given expressway is also influenced by the basis and extent of the road's connection with other parts of the local and national highway and expressway network. There can be no assurance that future changes in the highway and expressway system and network in the provinces in which the Group's projects are located will not materially and adversely affect the traffic volume on its toll highways and expressways. See “— *The Group's profitability may be*

affected by the existence and development of other competing means of transport, environmental regulations and fuel prices". Future growth in traffic volume is expected to depend on the continued economic growth and development policies of the PRC.

Any adverse changes in current traffic volumes on the Group's expressways or in the economies of the municipalities and counties served by its expressways may materially and adversely affect the Group's business, results of operations and financial condition.

The Group's profitability may be affected by the existence and development of other competing means of transport, environmental regulations and fuel prices.

Traffic volume is directly and indirectly affected by a number of factors, including but not limited to the existence, proximity, design and actual speed, riding quality, level of traffic flow, affordability and efficiency of other competing means of transport and alternative routes of similar quality, environmental regulations and fuel prices.

While the Group prefers to invest in expressway projects where there are no existing alternative routes or means of transport, there can be no assurance that alternative routes that avoid tolls or impose lower or no tolls will not be developed, or that alternative means of transport competing with the existing expressways will not be constructed or developed in the future. For instance, the increase in transport capacity of passenger railways in recent years might have impacted the expressways we have interests in. Furthermore, these expressways currently have competing roads and/or may have potential competing roads in the future. Although 19 of the Group's expressway projects in the PRC are undertaken by means of joint ventures with entities under the auspices of local government authorities, there can be no assurance that such authorities will not approve competing projects, or will not be over-ridden by higher authorities to do so. Any widening and expansion works of nearby highways, expressways and local roads, as well as openings of new roads, further expansion and improvement of the highway and expressway network, parallel roads, substitutive routes or alternative modes of transportation, could hinder traffic growth on these expressways.

Operation of expressways can cause damage to local vegetation, soil and water to varying degrees, produce waste gas, dust and noise pollution, damage the ecological environment and cause safety hazards. While the Group is not in one of the highly polluting or hazardous industries, environmental protection or safety precautionary measures and policies may cause an increase in the operating costs of expressways and strict traffic thereon. Additionally, an increase in fuel prices may reduce the traffic volume on the expressways. Accordingly, the existence and development of competing means of transport, environmental regulations and fuel prices may materially and adversely affect the profitability of the Group's toll fee business, and thus its results of operations and financial condition.

The Group is subject to extensive government approvals and compliance requirements for the construction projects it undertakes.

For the construction projects the Group undertakes, it is required to obtain various permits, certificates and other approvals from the relevant authorities, including but not limited to land use right certificates, construction land planning permits, construction project planning permits, construction permits, construction project, approvals for passing environmental impact assessments, environmental protection acceptance checks, approvals for passing fire control design assessments, approvals for passing fire control acceptance checks, registrations for passing acceptance inspections upon construction completion, as well as building ownership certificates. If the Group encounters difficulties in obtaining any required permits, certificates and approvals for the construction and development of its projects, the Group's results of operations may be materially and adversely affected. For example, under the PRC law, generally speaking, if the Group fails to obtain the requisite construction land planning permit for any expressway project, it may be subject to the risk that the relevant government authority may revoke the land use rights for the relevant parcel of land. If such risk materialises, the Group's business, financial condition and results of operations may be materially and adversely affected.

The operation and maintenance of expressways could be are subject to events outside the Group's control.

The operations of the expressways depend on reliable electricity and other supplies on them, and are susceptible to changes in its surroundings. Once expressways are in use, routine maintenance of the same is necessary with a view to ensuring an environment conducive to road traffic. Routine maintenance includes the clearing of carriageways, minor road pavement repairs, replacement of damaged road equipment, clearing of culverts and drains, grass cutting and landscape maintenance. Major repairs include substantial repair of damaged road pavement or rectification of major structural defects. The scale of such maintenance or repairs could often vary each separate occasion. If the area being the subject of any maintenance or repair works is large, this could lead to a longer time for carrying such maintenance works. Accordingly, a larger area of the expressways may need to be barricaded for maintenance purposes, which may cause a decrease in the road traffic thereon and thus a loss of toll receipts.

Besides, while costs relating to the maintenance and repair of expressways are typically stable and predictable (including periodic major and intermediate repairs that require higher capital expenditures), the condition and operations of the expressways may be affected by catastrophic events, including but not limited to serious adverse weather, natural disasters, epidemics and major road accidents. Such circumstances may lead to a significant drop in the Group's operating income derived from its toll fee business, alongside an increase in the costs of sales in connection therewith. While the Group had a team dedicated to emergency response, disaster recovery and crisis management, such team may not be able to effectively protect the business and operations from the aforesaid disruptions. In addition, the Group has in place back-up resources and maintain insurance coverage in respect of the expressways it operates. Nevertheless, there can be no

assurance that loss from such events are fully recoverable, if at all, under the respective insurance policies. Any service disruption may cause loss or damage to road users, who may seek to recover damages from the Group and harm its business, in which case, the Group's business, results of operations and financial condition may be materially and adversely affected.

There is no assurance that the Group's third-party contractors will always meet its quality standards and provide services in a timely manner.

The Group engages third-party contractors to provide various services its investment, operation and management, including certain road maintenance, repair and upgrade and the maintenance and upgrade of its information management systems. The Group generally selects its third-party contractors through tenders and bids. Tenderers and bidders are evaluated by taking into account a number of factors including their demonstrated competence, qualification, market reputation, business performance and tender price.

Performance by the third-party contractors of their contractual obligations, including their compliance with the Group's quality standards and the pre-agreed schedule for completion, will affect its maintenance, repair and upgrade projects. However, there is no assurance that the services rendered by any of these third-party contractors will be satisfactory or meet the Group's quality and safety requirements, or that their services will be rendered on time.

There can also be no assurance that the Group's monitoring of their works and performance will be sufficient to control their service quality or compliance with the relevant safety or environmental standards. Furthermore, the Group's employees may not always be able to consistently comply with its quality control measures, to accurately apply its quality standards or to detect all defects in the services rendered by these third-party contractors. In the event that the Group's third-party contractors fail to meet its quality, safety, environmental and other operational standards and those standards required by the relevant PRC laws and regulations, or if any of them is in breach of its contractual obligations due to its own financial difficulties or other reasons, the Group's operations may suffer and we may in turn become liable to third parties. The costs associated with rectifying any issues caused by the Group's third-party contractors may have a material adverse effect on its business, financial conditions, results of operations and prospects.

Besides, there is no assurance that the services rendered by such third-party contractors will be continuously available on commercially acceptable terms, or at all. In case their services are interrupted or terminated for whatever reason and the Group fails to engage appropriate replacements on commercially acceptable terms in a timely manner, or at all, its maintenance, repair and upgrade schedule may be delayed. The occurrence of any or all of the situations above may have a material adverse effect on the Group's business, financial conditions and results of operations and prospects.

If the works of any of such third-party contractors causes dissatisfaction to the users of the Group's expressways, the Group's reputation may suffer, which may materially and adversely affect its business, financial conditions, results of operations and prospects.

A breakdown in the Group's toll receipt collection system would have a material adverse effect on the Group's revenues and results of operations.

The Group has implemented a toll collection control system in respect of all of its expressways. The Group relies on computer systems to ascertain the level of toll receipts on a daily basis. Any malfunction of these computer systems or any inadequacy in the Group's controls could cause the information on toll receipts to become unreliable, inaccurate or permanently lost, which could have a material adverse effect on the Group's toll management, delay the Group's receipt of toll receipts and, consequently, the Group's revenues and results of operations.

The Group's integrated transportation business is dependent on its customers' business performance and their continuing outsourcing of logistics operations.

As a logistics service provider, the Group is engaged in providing services to manufacturers, retailers and other customers to serve their needs along their supply chains. The Group is therefore dependent on its customers' business performance and development in their markets and industries. If the sales of the Group's customers decline in a geographic market served by the Group, it will likely lead to a corresponding decrease in demand for the Group's integrated transportation service. In addition, as the Group serves as a third-party logistics provider for its customers, adverse changes in their outsourcing decisions could materially and adversely affect the Group's business, financial condition and results of operations. If the Group's customers change their supply chain strategy and decide to reduce their outsourcing of logistics operations and perform certain or all of the operations themselves, this will have a direct negative impact on the Group's integrated logistics business. Adverse developments in the business performance and outsourcing decisions of the Group's customers could therefore materially and adversely affect the Group's business, financial condition and results of operations.

Significant increases in transportation costs may materially and adversely affect the Group's business, financial condition and results of operations.

Significant increases in transportation costs may materially and adversely affect the Group's business, financial condition and results of operations. Transportation costs are significantly affected by a variety of factors, including fuel prices, vehicle taxes and duties, the supply of cargo space and other factors, many of which are beyond the Group's control. Fuel costs could fluctuate significantly and any increases in the same would lead to increases in the Groups operating expenses. The Group generally prices its integrated transportation services by reference to transportation costs, including fuel costs. The inability to pass on to the Group's customers any significant increases in transportation costs could therefore materially and adversely affect the Group's business, financial condition and results of operations.

Costs of compliance with existing or future environmental laws and regulations could significantly increase the Group's costs of operations.

The Group maintains a fleet of self-owned and leased vehicles, including passenger coaches, buses, delivery trucks, cargo vans and container trucks, for the Group's integrated transportation business. The Group's motor vehicles are subject to regular inspections to confirm they are in compliance with environmental laws and regulations governing, among other things, greenhouse gas emission. As climate change initiatives become more prevalent globally, the PRC central and local governments have increased their focus on reducing greenhouse gas emissions and enhancing environmental sustainability in the business sector. Customers may also demand higher environmental standards with respect to the Group's logistics facilities and motor vehicles. Any change in environmental laws and regulations, including those which require the Group to modify or retire its existing fleet or require the Group to modify its operations, could cause the Group to incur substantial additional costs, as a result of which the Group could suffer increased costs of operations, reduced profitability and a loss of business.

If the Group is unable to obtain, renew, or retain licences, permits or approvals or to comply with applicable laws and regulations, its operations could be materially and adversely affected.

The Group is required to obtain and maintain certain licences, permits or approvals from the relevant authorities in order to operate its road transportation business. Any failure by the Group to obtain approvals, registrations, licences, assurances, accreditations, permits and certificates necessary for its operations or to comply with the terms, conditions, and requirements thereunder, may result in enforcement actions against it, including suspension or termination of licences, approvals, assurances, accreditations, permits, registrations, and certificates, orders issued by the relevant regulatory authorities causing operations to cease, fines and other penalties, and may include corrective measures requiring capital expenditure or remedial actions. In the event that such enforcement action is taken, the Group's business operations could be materially and adversely disrupted.

Under the PRC law, an enterprise engaging in road freight transportation is required to obtain a road transportation operation permit from the relevant county-level road transportation administrative bureau. If an enterprise engaging in road freight transportation intends to establish a subsidiary or branch, it is required to make a filing with or report to the local road transportation administrative bureau where the subsidiary or branch is to be established. The Group's subsidiaries engaging in road freight transportation have obtained their road transportation operation permits. Due to potential uncertainties of the interpretation and implementation of the applicable laws and regulations, the Group may be required by regulatory authorities to obtain additional licences for its business, failure of which may have a material adverse effect on its business, financial condition and results of operations. New laws and regulations that are enforced from time to time may require additional licences and permits other than those the Group currently has. If the PRC government considers the Group to be operating without the proper approvals, licences or permits

or promulgates new laws and regulations that require additional approvals or licences, it has the authority, among other things, to levy fines, confiscate incomes, revoke business licences, or require the Group to discontinue relevant business or impose restrictions on the affected portion of business. Any of these actions by the PRC government may have a material adverse effect on the Group's results of operations.

Occurrence of accidents arising out of the Group's provision of road transportation services could adversely impact the Group's financial performance, interrupt its business operations and damage its reputation.

Road transportation could be dangerous. If accidents occur, the Group could be held liable to its employees or non-employees and/or passengers for injuries and other kinds of damage that may result, including those caused by or otherwise arising in connection with its operations. The Group could also face claims alleging that it was negligent or that it provided inadequate maintenance for the vehicles or supervision of its employees. Such incidents may raise concerns for the Group's customers regarding safety of its operations and overall management. Furthermore, although the Group maintains liability insurance, the insurance coverage may not be adequate to fully protect it from these kinds of claims and liabilities. A liability claim against the Group or any of its employees could materially and adversely affect its reputation. Even if it is unsuccessful, such a claim could create unfavourable publicity, cause the Group to incur substantial expenses and divert the time and attention of its management, all of which may have material adverse effects on the Group's business, financial condition, results of operations and prospects.

In addition, with respect to road freight transportation, some of the cargo the Group transports may include flammable, explosive or otherwise hazardous materials. The Group cannot guarantee that the measures it takes to address such dangers will be sufficient to control safety risks, or if it has sufficient resources to take extra measures as required under applicable laws and regulations or necessitated by market practice. The failure to take necessary actions in a timely manner could result in fines or penalties or contribute to the occurrence of accidents, causing significant damage to the Group's vehicles and other properties and damaging its reputation as an established provider of road transportation services, which would have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's failure to manage its inventory levels could cause itself to lose sales or face excessive inventory risks and holding costs.

The Group is also engaged in the materials trading industry through the Issuer, particularly in the trading of asphalt. The Group's inventory comprises predominantly raw materials and finished goods. The Group is required to maintain a certain level of inventory of raw materials as well as finished goods in order to operate its materials trading business efficiently and to successfully meet its customers' demands and expectations. In order to maintain the Group's inventory of raw materials at an appropriate level, the Group needs to adjust its procurement activities from time to time based on its procurement and production plans, taking into account the lead time required for

each type of raw materials and the actual or forecasted purchase orders that it receives. As at 31 December 2018, 2019 and 2020 and as at 30 September 2021, the Group's inventory amounted to RMB2,487.0 million, RMB7,699.8 million, RMB2,473.4 million, and RMB2,920.9 million, respectively. As forecasts are subject to uncertainties or variations, the Group's failure to effectively manage its inventory and/or production plans could result in under- or over-stocking of inventory. If the actual purchase orders are higher than the forecasted demands, the Group may not be able to maintain an adequate inventory level to fulfil customers' orders in a timely manner and may lose sales and market share to the Group's competitors. On the other hand, excessive inventory of raw materials or finished goods may also increase inventory risks as there will be risk of inventory obsolescence, decline in inventory values, and inventory write-downs or write-offs. Any of the above may materially and adversely affect the Group's business, financial position and results of operations.

There has been increased scrutiny of PRC public accountants, and there can be no assurance that there will not be further negative news about the Issuer's or the Guarantor's independent auditors.

The Issuer's prior independent auditors, GP, were previously investigated by National Association of Financial Market Institutional Investors ("NAFMII") in connection with its provision of audit services to certain PRC company. As a result of such investigations, a self-disciplinary action issued by NAFMII in May 2021 ordered the suspension of GP's debt financing related business for one year. In addition, GP has received several warning notices from China Securities Regulatory Commission due to issues with its practice quality and quality control.

As confirmed by GP, the abovementioned investigations and administrative actions do not (i) disqualify GP from participating in the offering of the Bonds as auditors of the Issuer, (ii) have any impact on GP's unqualified audit opinion for the Issuer's consolidated financial statements as at and for the years ended 31 December 2019; or (iii) have any impact on GP's ability to provide services to the Issuer and the Group. The companies involved in the sanctions and regulatory actions above were all unrelated to the Group and the audit work performed for the Group is not affected by the above incidents and the audit reports included elsewhere in this Offering Circular remain valid and effective. The auditors who participated in the audit of the Group's historical financial statements were not the subject of, or involved in, the above administrative, regulatory actions and litigations. GP has further confirmed that it has taken the required rectification measures for all the above matter cited. GP also confirmed that its ability to provide comfort letters and the qualification of the auditors participating in this offering are not affected by such administrative and regulatory actions.

However, there is no assurance that there will not be new investigations or administrative measures taken by relevant regulatory authorities or potential litigation proceedings initiated against GP in the future, nor can there be any assurance that further negative news about GP would not have a material and adverse effect on the Group. Prospective investors should consider these factors prior to making any investment decision.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC AND HONG KONG

The operations of the Group may be affected by inflation and deflation within the PRC.

Economic growth in the PRC has historically been accompanied by periods of high inflation. Increasing inflation rates were caused by many factors beyond the Group's control, such as rising production and labour costs, high lending levels, changes in national and foreign governmental policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Group's expectations, the Group may be unable to increase the price of its services and products in amounts that are sufficient to cover its increasing operating costs. Further inflationary pressures within the PRC may have a material adverse effect on the Group's business, financial condition or results of operations. Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and a slowing economy. Inflation rates within the PRC have been on a downward trend in recent years. A prolonged period of deflation may result in falling profits, closure of stations and shrinking employment and incomes by companies and individuals, any of which could materially and adversely affect the Group's business, financial condition or results of operations.

The legal system of the PRC is still developing and there are inherent uncertainties that may affect the protection afforded to the Group's business.

The Group's business and operations in the PRC are governed by the Chinese mainland's legal system that is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency. Some of the laws and regulations are still in the developmental stage and are therefore subject to policy changes. Many laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. The Group cannot predict the effect of future legal developments in the PRC, including the promulgation of new laws, changes in existing laws or their interpretation or enforcement, or the pre-emption of local regulations by national laws. Furthermore, due to the limited volume of published cases and the nonbinding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions. In addition, any litigation in the PRC may be protracted and result in substantial costs and the diversion of resources and management attention. The Group's operations in the PRC are subject to the Chinese mainland's laws and regulations governing the PRC companies. These laws and regulations contain provisions that are required to be included in the articles of association of the PRC companies and are intended to regulate the internal affairs of these companies.

It may be difficult to effect service of process upon, or to enforce against, the Group in connection with judgments obtained in courts that are not in the Chinese mainland.

Substantially all the Group's assets and its subsidiaries are located in the Chinese mainland. As a result, it may be difficult to effect service of process outside the Chinese mainland upon the Group, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty or an arrangement with the Chinese mainland or if judgments of the Chinese People's Courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, the Chinese mainland does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States and many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments from various jurisdictions is uncertain.

The PRC government's control of currency conversion and the fluctuation of the Renminbi may materially and adversely affect the Group's operations and financial results.

The Group receives its operating income mainly in Renminbi, which currently is not a freely convertible currency. A portion of these operating income must be converted into other currencies to allow the Group to make payments on obligations denominated in currencies other than the Renminbi.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's political and economic conditions. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Since then, the PRC government has made, and may in the future make, further adjustments to the exchange rate system. PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day. The PBOC surprised markets in August 2015 by thrice devaluing the Renminbi, lowering its daily mid-point trading price significantly against the U.S. dollar. The currency devaluation of the Renminbi was intended to bring it more in line with the market by taking market signals into account. Renminbi depreciated significantly against the U.S. dollar following this August 2015 announcement by the PBOC and hit record lows since 2008 against the U.S. dollar in 2016. Following the gradual appreciation of Renminbi in 2017, Renminbi experienced a depreciation in value against U.S. dollar following a fluctuation in 2018. See "*Exchange Rates*" for more details. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. The significant appreciation of the Renminbi against the U.S. dollar or other foreign currencies may result in the decrease in the value

of the Group's foreign currency denominated assets. Conversely, the significant depreciation of the Renminbi may materially and adversely affect the value of the Group's businesses and its proceeds from the Issue. In addition, there are limited instruments available for the Group to reduce its foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect the Group's businesses, financial conditions and results of operations.

The Group's operations and financial performance may be materially and adversely affected by labour shortages, increases in labour costs and changes to the PRC labour-related law and regulations.

The PRC Labour Contract Law became effective on 1 January 2008, and was amended on 28 December 2012, which amendments have taken effect on 1 July 2013. The current PRC Labour Contract Law has imposed greater liabilities on employers and significantly increased the cost of an employer's decision to reduce its workforce. Further it requires certain terminations to be based upon seniority instead of merit. In the event that the Group decides to significantly change or decrease the Group's workforce, the PRC Labour Contract Law could materially and adversely affect the Group's financial condition and results of operations. In addition, the PRC government has continued to introduce various new labour-related regulations after the promulgation of the PRC Labour Contract Law. Among other things, the paid annual leave provisions require that the paid annual leaves ranging from five to 15 days be available to nearly all employees and further require that employers compensate an employee for any annual leave days the employee is unable to take in the amount of three times of such employee's daily salary, subject to certain exceptions. On 28 October 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law, which was further amended on 29 December 2018. According to the PRC Social Insurance Law, employees will participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay for the social insurance premiums for such employees.

As a result of the implementation of these and any future rules and regulations designed to enhance the standard for labour protection, the Group's labour costs may continue to increase. In addition, as the interpretation and implementation of these new laws and regulations are still evolving, the Group cannot assure you that the Group's employment practices will at all times be deemed fully in compliance, which may cause the Group to face labour disputes or governmental investigation. If the Group is deemed in violation of such labour law and regulations, the Group could be subject to penalties, compensations to the employees and loss of reputation, and as a result the Group's business, financial condition and results of operations could be materially and adversely affected. Furthermore, to support the growth of the Group's business, the Group will need to increase the Group's workforce of experienced management, skilled labour and other employees to implement the Group's growth plans. In the event of labour shortage, the Group may have difficulties recruiting or retaining employees or may cause the Group to incur additional costs and result in delays or disruption to the Group's production.

The Group's business is prone to changes in Hong Kong's political, economic and social conditions, laws, regulations and policies.

A portion of the Group's assets and operations are located in Hong Kong. As a result, the Group's business prospects, financial condition and prospects of the industries in which it operates will depend, to some degree, upon the stability of the political, economic and regulatory conditions in Hong Kong. The adverse developments in the political, economic and regulatory environment including prolonged and/or widespread economic slowdown as well as large-scale political and social movements in Hong Kong would affect the Group's business and profitability. Moreover, such adverse developments as economic slowdown owing to the COVID-19 pandemic and civil unrest across the city are outside the control of the Group, and they may bring about a significant impact on Hong Kong, which could in turn materially and adversely affect the Group's business, results of operations and financial condition.

RISKS RELATING TO THE BONDS AND THE GUARANTEE

The Guarantee given by the Guarantor needs to be registered with SAFE before it can be considered enforceable under the PRC law, and there may be logistical hurdles for cross-border payment under the Guarantee if such registration is not completed within the prescribed timeframe.

The Guarantor, as a company incorporated in the PRC giving guarantee to its foreign incorporated subsidiary, is required to complete registration within the required period after the execution of the Deed of Guarantee pursuant to the Provisions on the Foreign Exchange Administration of Cross-Border Guarantee (跨境擔保外匯管理規定) promulgated by the SAFE on 12 May 2014 (the "**Foreign Exchange Cross-Border Guarantee Rules**"), the Operational Guidelines on Foreign Exchange Administration of Cross-border Guarantee (跨境擔保外匯管理操作指引) promulgated by SAFE on 12 May 2014, and other relevant regulations.

There is no assurance that the Guarantor will be able to complete the registration of the Guarantee with SAFE within the prescribed timeframe or at all. Under the Conditions, Bondholders may require the Issuer to redeem their Bonds in the event that the Guarantee is not registered within a specified timeframe. Bondholders who do not exercise such redemption option should note that before requisite registrations of the Guarantee given by the Guarantor are completed, it is uncertain whether the Guarantee given by the Guarantor can be enforced in practice. Although the failure to register does not render the Guarantee ineffective or invalid under the PRC law, SAFE may impose penalties on the Guarantor if the Guarantor fails to complete the SAFE Registration. Further, there may be hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE Registration in connection with the Guarantee in order to effect such remittance. Prior to the performance or discharge of its obligations under the Guarantee, the Guarantor is also required to complete a verification process with banks for each remittance under the Guarantee. The interpretation of the Foreign Exchange Cross-Border Guarantee Rules and the SAFE Guidelines

may involve significant uncertainty, and may materially and adversely affect the practical enforceability of the Guarantee given by the Guarantor in the PRC. In addition, the administration of the Foreign Exchange Cross-Border Guarantee Rules and SAFE Guidelines may be subject to a certain degree of executive and policy discretion by the SAFE.

The NDRC Circular and its interpretation may involve significant uncertainty, which may materially and adversely affect the Bonds and/or the investor of the Bonds.

On 14 September 2015, the NDRC promulgated the NDRC Circular. According to the NDRC Circular, if a Chinese mainland's enterprise or an offshore enterprise controlled by a Chinese mainland's enterprise wishes to issue bonds outside of the Chinese mainland with a maturity of more than one year, the enterprise must, prior to issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue (the "**Pre-Issue Registration**"). Such enterprise must also notify certain details of the bonds to the NDRC within 10 business days of the completion of the bond issuance (the "**Post-Issue Notification**"). The Guarantor has received a registration certificate from the NDRC in respect of the issuance of the Bonds on 7 December 2021, and the Guarantor intends to comply with the post-issuance notification requirements of the NDRC Circular.

It is still uncertain how the NDRC will interpret, implement and enforce the NDRC Circular. The Post-issuance Notification is generally regarded as a procedural process which involves the reporting of certain post-issuance information in respect of the Bonds by the Guarantor to the NDRC, rather than a substantive approval or consent process. There is a risk that such Post-issuance Notification cannot be completed in time or at all. The NDRC Circular does not set forth the legal consequences of non-compliance with the Pre-issuance Registration and Post-issuance Notification. Additional guidance has been issued by the NDRC (the "**NDRC Circular Guidelines**") in December 2015, which states that companies, investment banks, law firms and other intermediaries involved in debt securities issuance which do not comply with the registration requirement under the NDRC Circular will be subject to blacklist and sanctions. The NDRC Circular does not set forth as to how such blacklist will be implemented or the exact sanctions that will be enacted by the NDRC. There is no assurance that the Guarantor will not be subject to any penalties if it fails to (including for reasons outside of the Guarantor's control) complete the Post-issuance Notification within the required timeframe. In the worst-case scenario, such non-compliance with the Post-issuance Notification requirement under the NDRC Circular may result in it being unlawful for the Group to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 9 (*Events of Default*) of the Conditions.

In addition, the administration of the NDRC Circular may be subject to a certain degree of executive and policy discretion by the NDRC. There is also a risk that the registration approval with the NDRC may be revoked or amended in the future or that future changes in the PRC laws and regulations may have a negative impact on the Bonds in the PRC. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

The Bonds will be effectively subordinated to all of the Group's secured debt.

The Bonds are general senior unsecured obligations. In the event of bankruptcy, liquidation, reorganisation or other winding up, the Bonds will be effectively subordinated to all secured indebtedness of the Group to the extent of the value of the assets securing such indebtedness. In addition, the Trust Deed constituting the Bonds and the Conditions will, subject to some limitations, permit the Group to incur additional secured indebtedness in connection with bank and other financing arrangements.

In the event of bankruptcy, liquidation, reorganisation or other winding up, the assets that secure the Group's secured indebtedness will be available to pay obligations on the Bonds only after all secured indebtedness, together with accrued interest, has been repaid. If the Group is unable to repay its secured indebtedness, the lenders could foreclose on substantially all of its assets which serve as collateral. Under such circumstances, the secured lenders would be entitled to be repaid in full from the proceeds of the liquidation of those assets before those assets would be available for distribution to other creditors, including holders of the Bonds. Holders of the Bonds will participate in the proceeds of the liquidation of the Group's remaining assets rateably with holders of the Group's unsecured indebtedness that is deemed to be of the same class as the Bonds, and potentially with all of the Group's other general creditors.

The Bonds and the Guarantee are unsecured obligations.

As the Bonds and the Guarantee are unsecured obligations of each of the Issuer and the Guarantor, the repayment of the Bonds and the Guarantee may be compromised if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

Obligations of the Guarantor under the Bonds are structurally subordinated to the current and future liabilities and obligations of the Guarantor's subsidiaries.

The obligations of the Guarantor under the Bonds will be effectively subordinated to all existing and future obligations of its existing or future subsidiaries, and all claims of creditors of its existing or future subsidiaries and rights of holders of preferred shares of such subsidiaries (if any) will have priority as to the assets of such subsidiaries over the claims of the Guarantor and those

of the Guarantor's creditors, including the holders of the Bonds. As a result, all of the existing and future liabilities of the Guarantor's subsidiaries, including any claims of trade creditors and preferred stockholders, will be effectively senior to the Bonds. In addition, even if the Guarantor was a creditor of any subsidiary, its rights as a creditor would be subordinated to any security interest in the assets of such subsidiary and any indebtedness of the subsidiary senior to that held by the Guarantor.

If the members of the Group are unable to comply with the restrictions and covenants in its debt, there could be a default under the Bonds, which could cause repayment of the Issuer's debt to be accelerated.

If members of the Group are unable to comply with the restrictions and covenants in its present or future debt obligations and other financing agreements, the cross-acceleration provision of the Bonds could be triggered when (i) any other present or future indebtedness of the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above have occurred equals or exceeds U.S.\$100,000,000 or its equivalent. See "*Terms and Conditions of the Bonds — Events of Default — Cross-Acceleration*". As a result, the default by the Issuer, the Guarantor or any of their respective Subsidiaries under one debt agreement may cause the acceleration of repayment of, or result in a default under, the Bonds. If any of these events occur, there can be no assurance that the Issuer's and the Guarantor's assets and cash flows would be sufficient to repay all of the Issuer's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer.

Additional procedures may be required to bring matters or disputes governed by English law to the Hong Kong courts, and the Chinese People's Courts may not recognise and enforce all judgments of the Hong Kong courts.

The Conditions and the transaction documents are governed by English law, whereas parties to these documents submit to the exclusive jurisdiction of the Hong Kong courts. In order to hear matters or disputes governed by English law, Hong Kong courts may require certain additional procedures be taken.

Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (the "2006

Arrangement”, 關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) which was signed on 14 July 2006, and the applicable provisions of the Civil Procedure Law of the PRC, judgments of Hong Kong courts are likely to be recognised and enforced by the Chinese People’s Courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, the recognition and enforcement of a final judgment of a Hong Kong court under an exclusive jurisdiction clause may be rejected by a Chinese People’s Court if such court determines that the enforcement of such judgment is contrary to the basic principles of the PRC laws or violates state sovereignty, security or the social and public interest or other circumstances specified by the 2006 Arrangement. The new Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (the “**2019 Arrangement**”, 最高人民法院、香港特別行政區政府關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) was signed on 18 January 2019.

Following the promulgation of a judicial interpretation by the Supreme People’s Court and the completion of the relevant procedures in the HKSAR, both sides shall announce a date on which the 2019 Arrangement shall become effective, upon which the 2006 Arrangement shall be terminated. While it is expected that the Chinese People’s Courts will recognise and enforce a judgment given by a Hong Kong court on a matter governed by English law, there can be no assurance that the Chinese People’s Courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Bondholders’ ability to initiate a claim outside of Hong Kong will be limited.

The Bonds are not a suitable investment for all investors.

The Bonds may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investors’ overall portfolios. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor’s overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. If such a market were to develop, the Bonds could trade at prices that may be lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. Although application will be made to the SEHK for the Bonds to be admitted for listing on the SEHK, no assurance can be given as to the liquidity of, or trading market for, the Bonds. The Joint Lead Managers are not obliged to make a market in the Bonds, and if any Joint Lead Manager does so, it may discontinue such market making activity at any time at its sole discretion. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Further, the Bonds may be allocated to a limited number of investors, in which case liquidity may be limited. In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds. Such lack of liquidity may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance or the assets of the Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and instruments similar to the Bonds at that time. In addition, the Bonds are being offered pursuant to exemptions from registration under

the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

Investors in the Bonds may be subject to foreign exchange risks.

The Bonds are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of an investment in the Bonds due to any fluctuation in the exchange rate of U.S. dollars and the investor's reporting currency. The value of U.S. dollars is affected by many economic, political and other factors over which the Issuer or the Guarantor have no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the value of the Bonds and a decrease in effective yield of the Bonds below their stated coupon rates causing a loss when the return on the Bonds is translated into such currency.

The liquidity and price of the Bonds following the offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

International financial markets and world economic conditions may materially and adversely affect the market price of the Bonds.

The market price of the Bonds may be materially and adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. In December 2016, the U.S. Federal Reserve raised interest rates for the first time in a year and only the second time since the 2008 financial crisis. The U.S. Federal Reserve further raised interest rates in 2017 and 2018 but lowered them in 2019 and 2020, where the decrease in interest rates in 2020 was due to the impact of the COVID-19 pandemic on the American economy. Potential changes in this position may increase the uncertainties relating to the prices of U.S. dollar denominated bonds. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be materially and adversely affected.

The Issuer may be unable to redeem the Bonds upon the due date for redemption thereof.

Upon maturity, the Bonds should be redeemed at their principal amount, or following the occurrence of a Relevant Event (as defined in the Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a Non-Registration Event) of their principal amount, together in each case with accrued and unpaid interest up to (but not including) the date of redemption. See "*Terms and Conditions of the Bonds — Redemption and Purchase*". On the Maturity Date or if such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Date or in such event may also be limited by the terms of other debt instruments. The Issuer's failure to redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

The insolvency laws of the Hong Kong and the Chinese mainland may differ from those of other jurisdictions with which the Bondholders are familiar.

As the Issuer and the Guarantor are incorporated under the laws of the Hong Kong and the Chinese mainland, respectively, any insolvency proceeding relating to the Issuer or the Guarantor will involve insolvency laws of the Hong Kong or the Chinese mainland, respectively, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Bondholders are familiar. There is no assurance that investors in the Bonds will be able to receive the same level of protection under the insolvency laws of the Hong Kong or the Chinese mainland as those in their respective home jurisdictions.

Decisions may be made on behalf of all Bondholders that may be material and adverse to the interests of individual Bondholders.

The Conditions contain provisions for calling meetings of the Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting, did not sign the relevant written resolution or did not give the relevant consent and those Bondholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Bonds may be material and adverse to the interests of the individual holders of the Bonds.

Modifications and waivers to the Conditions and the Trust Deed may be made by the Trustee or less than all of the holders of the Bonds.

The Conditions and the Trust Deed provide that the Trustee may (but shall not be obliged to), without the consent of the Bondholders, agree to any modification to the Trust Deed, the Conditions and/or the Agency Agreement (other than in respect of a Reserved Matter (as defined in the Trust Deed)) which in the opinion of the Trustee will not be materially prejudicial to the general interests of the Bondholders as a class (and to any modification of the Conditions, the Trust Deed or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of applicable law) but the Trustee shall not have regard to any interest arising from circumstances particular to individual Bondholders (whatever their number).

The Trustee is not responsible nor shall have any liability for the legality, effectiveness, validity, enforceability or admissibility in evidence of the Trust Deed, the Agency Agreement or the Bonds or any related documents, save in relation to its own gross negligence, wilful default or fraud as further provided in the Trust Deed.

In addition, the Trustee may (but shall not be obliged to), without the consent of the holders of the Bonds, authorise or waive any proposed breach or breach of the Conditions, the Trust Deed or the Agency Agreement if, in the opinion of the Trustee, the interests of the holders of the Bonds will not be materially prejudiced thereby but the Trustee shall not have regard to any interest arising from circumstances particular to individual Bondholders (whatever their number). See “*Terms and Conditions of the Bonds — Meetings of Holders, Modification, Waiver, Authorisation and Entitlement of Trustee*”.

The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction before taking certain actions.

In certain circumstances (including without limitation the giving of notice of acceleration pursuant to Condition 9 (*Events of Default*) of the Conditions and the taking of any steps and/or action and/or institute any proceedings pursuant to Condition 13 (*Enforcement*) of the Conditions), the Trustee may (in its sole and absolute discretion) request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any steps and/or action and/or institute any proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such steps and/or action and/or institute any proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such steps and/or action and/or institute any proceedings can be take place and/or instituted. The Trustee may not be able to take steps and/or action and/or institute any proceedings, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and the Conditions constituting the Bonds and in such circumstances, or where there is uncertainty or dispute as to the

applicable laws or regulations, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the Bondholders to take such steps and/or actions and/or institute any proceedings directly.

Gains on the transfer of the Bonds and interest payable by the Issuer to overseas Bondholders may be subject to income tax under Chinese mainland's tax laws.

Under the Enterprise Income Tax Law of the PRC (the “**EIT Law**”) (which took effect on 1 January 2008 and was last amended on 24 February 2017 and 29 December 2018) and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to Chinese mainland enterprise income tax if such gains are regarded as income derived from sources within the Chinese mainland. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the Chinese mainland and whose actual administrative organisation is not in the Chinese mainland, which has established offices or premises in the Chinese mainland, or which has not established any offices or premises in the Chinese mainland but has obtained income derived from sources within the Chinese mainland. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by non-resident enterprise Bondholders would be treated as income derived from sources within the Chinese mainland and be subject to Chinese mainland's enterprise income tax. In addition, under the Individual Income Tax Law of the PRC (the “**IIT Law**”) as last amended on 31 August 2018, and its implementation rules, any individual who has no domicile and does not live within the territory of the Chinese mainland or who has no domicile but has lived within the territory of China for less than one year shall pay individual income tax for any income obtained within the Chinese mainland. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not Chinese mainland's citizens or residents will be subject to Chinese mainland's individual income tax. If such gains are subject to Chinese mainland's income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under Chinese mainland's tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the “**Arrangement**”) which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from Chinese mainland's income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the Chinese mainland and all the other relevant conditions are satisfied.

The Issuer may be treated as a Chinese mainland's resident enterprise for Chinese mainland's tax purposes which may subject the Issuer to Chinese mainland's income taxes on its worldwide income and interest payable by the Issuer or the Guarantor to foreign investors in respect of the Bonds or under the Guarantee may be subject to withholding taxes under Chinese mainland's tax law.

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under the laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management bodies" are within the Chinese mainland are treated as Chinese mainland's tax resident enterprises for the purposes of the EIT Law. If the relevant tax authorities of the Chinese mainland decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the Chinese mainland, the Issuer may be held to be a Chinese mainland's tax resident enterprise for the purposes of the EIT Law and income or gains paid with respect to the Bonds may be considered to be derived from sources within the Chinese mainland. If the Issuer is deemed to be a Chinese mainland's resident enterprise for EIT Law purposes, the Issuer would be subject to the Chinese mainland's enterprise income tax at the rate of 25 per cent. on its worldwide taxable income.

Under the EIT Law and its implementation rules, any income or gains realised by non-resident enterprises may be subject to Chinese mainland's enterprise income tax if such income or gains are regarded as derived from sources within the Chinese mainland. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the Chinese mainland and whose actual administrative organisation is not in the Chinese mainland, which has established offices or premises in the Chinese mainland, or which has not established any offices or premises in the Chinese mainland but has obtained income derived from sources within the Chinese mainland. In the event the Issuer is deemed to be a Chinese mainland's tax resident enterprise by the tax authorities of the Chinese mainland in the future or the Guarantor is required to discharge its obligations under the Guarantee, interest paid on the Bonds or Guarantee may be considered to be Chinese mainland sourced, in which case the Issuer or Guarantor, as the case may be, would be required to withhold income tax at a rate of 10 per cent. from payments of interest in respect of the Bonds to any non-resident enterprise holders, unless a lower rate is applicable. Pursuant to the IIT Laws and its implementation regulations, if the Issuer is considered to be a Chinese mainland tax resident enterprise or in the event that the Guarantor is required to perform its obligations under the Guarantee, the Issuer or Guarantor, as the case may be, may be obliged to withhold such individual income tax on payments of interests to non-resident individual holders of the Bonds.

On 23 March 2016, the MOF and the State Administration of Taxation issued the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (關於全面推開營業稅改徵增值稅試點的通知) (Caishui [2016] No. 36) (the "Circular 36"), which introduced a new VAT from 1 May 2016. According to Circular 36, the entities and individuals providing the services within the Chinese mainland shall be subject to VAT. The services are treated as being provided within the Chinese mainland where either the

service provider or the service recipient is located in the Chinese mainland. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as financial services subject to the value-added tax.

It is not clear from the interpretation of Circular 36 if the provision of loans to the Issuer could be considered services provided within the Chinese mainland, which could be regarded as the provision of financial services that could be subject to VAT. Furthermore, there is no assurance that the Issuer will not be treated as “resident enterprises” under the EIT Law. Chinese mainland’s tax authorities could take the view that the holders of the Bonds are providing loans within the Chinese mainland because the Issuer is treated as a Chinese mainland’s tax resident. In such case, the issuance of the Bonds could be regarded as the provision of financial services within the Chinese mainland that is subject to VAT.

If the Issuer is treated as a Chinese mainland’s tax resident and if tax authorities of the Chinese mainland take the view that the holders of the Bonds are providing loans within the Chinese mainland, or if the interest component of the amount payable by the Guarantor to the holders of the Bonds under the Guarantee is viewed as interest income arising within the territory of the Chinese mainland, the holders of the Bonds shall be subject to the value-added tax at the rate of 6 per cent. when receiving the interest payments under the Bonds. In addition, the holders of the Bonds shall be subject to the local levies at approximately 12 per cent. of the value-added tax payment and consequently, the combined rate of value-added tax and local levies would be around 6.72 per cent.

VAT is applicable where the entities or individuals provide services within the Chinese mainland. VAT is unlikely to apply to any transfer of Bonds between entities or individuals located outside the Chinese mainland and therefore unlikely to apply to gains realised upon such transfers, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the Chinese mainland. Circular 36 and other laws and regulations pertaining to VAT are relatively new, and the interpretation and enforcement of such laws and regulations involve uncertainties.

The Bonds will be initially evidenced by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the clearing systems.

The Bonds will initially be evidenced by a Global Certificate. Such Global Certificate will be registered in the name of a nominee for, and deposited with, a common depository for Euroclear and Clearstream (the “**Clearing Systems**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates. The Clearing Systems will maintain records of the beneficial interests in Bonds evidenced by the Global Certificate. While the Bonds are evidenced by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

Owners of book-entry interests will not be considered owners or Bondholders for purposes of the Trust Deed. A nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the Global Certificate. Accordingly, holders of a beneficial interest in Bonds evidenced by the Global Certificate must rely on the procedures of Euroclear or Clearstream and, if such holder is not a participant in Euroclear or Clearstream, on the procedures of the participant through which such holder owns its interest, to exercise any rights and obligations of a Bondholder under the Trust Deed.

Bondholders should be aware that a definitive Certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

In relation to any Bond which has a principal amount consisting of a minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that the Bonds may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum specified denomination will not receive a definitive Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more specified denominations. If definitive Certificates are issued, holders should be aware that a definitive Certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The rating expected to be assigned to the Bonds may be downgraded or withdrawn in the future.

The Bonds are expected to be assigned a rating of “A+” by Fitch upon its issuance. Additionally, the Guarantor has been assigned a corporate rating of “A+” with a stable outlook by Fitch and “A” with a stable outlook by S&P. A rating represents only the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Bonds, the Guarantee and the Trust Deed and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not recommendation to buy, sell or hold the Bonds and may be subject to revision, qualification, suspension, reduction or withdrawn at any time. There can be no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. Neither the Issuer nor the Guarantor is obliged to inform Bondholders of any such revision, downgrade or withdrawal. Each rating should be evaluated independently of any other rating of the Bonds or other securities of the Issuer or the Guarantor (if any). A revision, qualification, suspension or withdrawal at any time of any rating assigned to the Bonds may materially and adversely affect the market price of the Bonds.

The Bonds may be redeemed by the Issuer prior to maturity.

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued to (but not including) the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions), as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Conditions.

If the Issuer redeems the Bonds prior to the Maturity Date, investors may not receive the same economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer's ability to redeem the Bonds may reduce the market price of the Bonds.

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without the consent of the Bondholders, create and issue further securities having the same terms and conditions as the Bonds in all material respects (or in all material respects save for the first payment of interest on them and the timing for the SAFE Registration, delivery of the relevant certificates to the Trustee and giving the relevant notices to the Bondholders) or otherwise raise additional capital through such means and in such manner as it may consider necessary. See "*Terms and Conditions of the Bonds — Further Issues*". There can be no assurance that such future issuance or capital raising activity will not materially and adversely affect the market price of the Bonds.

Changes in market interest rates may materially and adversely affect the value of the Bonds.

The Bonds will carry a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may materially and adversely affect the value of the Bonds. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

EXCHANGE RATES

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On 11 December 2015, the China Foreign Exchange Trade System (“CFETS”), a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time, which announces the central parity rate for Renminbi against U.S. dollar through a weighted averaging of the quotes from the market makers after removing the highest quote and the lowest quote. In January and February 2016, Renminbi experienced further fluctuations in value against U.S. dollar. The International Monetary Fund announced on 30 September 2016 that Renminbi joins the currency basket of the Special Drawing Rights. Since October 2016, Renminbi experienced significant fluctuation in value against U.S. dollar but rebounded and appreciated significantly against U.S. dollar during 2017 and 2018. On 5 August 2019, PBOC sets the daily reference of Renminbi rate below RMB7.0 per U.S. dollar for the first time since May 2008 amidst an uncertain trade and global economic climate. The PRC government may from time to time adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods presented. These rates are provided solely for the convenience of the reader and are not necessarily the exchange rates (if any) used elsewhere in this Offering Circular or will be used in the preparation of periodic reports or any other information of the Group to be provided to you.

Period	Renminbi per U.S. Dollar Noon Buying Rate ⁽¹⁾			
	Period end	Average ⁽²⁾	High	Low
		<i>(RMB per U.S.\$1.00)</i>		
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.9042	7.1681	6.5208
2021				
June	6.4566	6.4250	6.4811	6.3796
July	6.4609	6.4763	6.5104	6.4679
August	6.4604	6.4768	6.5012	6.4604
September	6.4434	6.4563	6.4702	6.4320
October	6.4050	6.4172	6.4485	6.3820
November	6.3640	6.3889	6.4061	6.3640
December	6.3726	6.3693	6.3772	6.3435

Notes:

- (1) Exchange rates between Renminbi and U.S. dollar represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.
- (2) Annual averages are calculated from month-end rate. Monthly averages are calculated using the average of the daily rates during the relevant month.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions of the Bonds substantially in the form in which they (other than the text in italics) will be endorsed on the definitive Certificates (as defined below) and referred to in the Global Certificate (as defined below).

The 2.358 per cent. guaranteed bonds due 2027 (the “**Bonds**”, which expression, unless the context requires otherwise, includes any further securities issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) with an aggregate principal amount of U.S.\$500,000,000 are constituted by a trust deed dated 25 January 2022 (as amended and/or supplemented from time to time, the “**Trust Deed**”) made between Xin Yue Company Limited as issuer (the “**Issuer**”), Guangdong Provincial Communications Group Co., Ltd. (廣東省交通集團有限公司) as guarantor (the “**Guarantor**”) and Bank of Communications Trustee Limited as trustee (in such capacity, the “**Trustee**”, which expression shall include any successor trustee and all persons for the time being acting as trustee or trustees under the Trust Deed) for itself and the Bondholders. The Bonds have the benefit of a deed of guarantee (the “**Deed of Guarantee**”) dated 25 January 2022 executed by the Guarantor and the Trustee relating to the Bonds, such deed being executed in favour of the Trustee for itself and the Bondholders (as defined below).

The Bonds are the subject of an agency agreement dated 25 January 2022 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) made between the Issuer, the Guarantor, the Trustee, Bank of Communications Co., Ltd. Hong Kong Branch as principal paying agent (in such capacity, the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), as registrar (in such capacity, the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (in such capacity, the “**Transfer Agent**”, which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds) and any other agents appointed thereunder. In these terms and conditions (these “**Conditions**”), “**Paying Agents**” means the Principal Paying Agent together with any additional or successor paying agent appointed from time to time in connection with the issue of the Bonds, and “**Agents**” means the Paying Agents, the Registrar, any Transfer Agent and any other agent or agents and their successor(s) appointed from time to time under the Agency Agreement with respect to the Bonds.

Certain provisions of these Conditions are summaries of the Trust Deed, the Deed of Guarantee and the Agency Agreement and are subject to their detailed provisions. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and those provisions of the Agency Agreement applicable to them. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection upon prior written request and satisfactory proof of holding and identity during normal business hours (being 9:00 a.m. to 3:00 p.m. (Hong Kong time) Monday to Friday except

for public holidays) by the Bondholders at the principal place of business for the time being of the Trustee, being at 1/F., Far East Consortium Bldg., 121 Des Voeux Road Central, Hong Kong and at the specified office for the time being of the Principal Paying Agent.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1 FORM, AUTHORISED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each an “**Authorised Denomination**”). The Bonds are evidenced by registered certificates (the “**Certificates**”, and each a “**Certificate**”) and, save as provided in Condition 3(b), each Certificate shall evidence the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. The holder of any Bond shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer, duly completed) evidencing it or the alleged destruction, theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**”, or in respect of a Bond, “**holder**” means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first-named thereof).

*Upon issue, the Bonds will be initially evidenced by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). The Conditions are modified by certain provisions contained in the Global Certificate in respect of any of the Bonds that are evidenced by the Global Certificate. See “Summary of Provisions Relating to the Bonds in Global Form”.*

2 STATUS

(a) Status of the Bonds

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall,

save for such exceptions as may be provided by applicable laws and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(b) Status of the Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect (the “**Guarantee**”) are contained in the Deed of Guarantee (and any supplement thereto). The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

The Issuer will cause a register (the “**Register**”) to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names, addresses and details of the registered account (as defined in Condition 7(a)(ii)) of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 3(e) and 3(f), a Bond may be transferred (in whole or in part but in any case in an Authorised Denomination) by surrendering the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate (or in the form obtainable from the Registrar or any Transfer Agent) duly completed and signed and any other evidence as the Registrar or the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of only part of a holding of Bonds evidenced by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which shall be in an Authorised Denomination) and a further new Certificate in respect of the balance of the holding not transferred (which shall be in an Authorised Denomination) shall be issued to the transferor. In the case of a transfer of the Bonds to a person who is already a holder of the Bonds, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(c) Delivery of New Certificates

Each new Certificate to be issued upon a transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days (as defined below) of receipt by the Registrar or, as the case may be, the relevant Transfer Agent of a duly completed form of transfer, surrender of the existing Certificate(s) and provision of any other evidence required by the Registrar or the relevant Transfer Agent as provided in Condition 3(b). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Certificate and evidence shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests in writing otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In this Condition 3(c), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the Registrar and, if applicable, the relevant Transfer Agent.

Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds evidenced by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of the Bonds. The Bonds are not issuable in bearer form. See “Summary of Provisions Relating to the Bonds in Global Form”.

(d) Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment by the relevant holder (or the giving by the relevant holder of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent (as the case may be) or the Issuer may require) in respect of any tax, duty, assessment or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied that the Regulations (as defined in Condition 3(f)) have been complied with.

(e) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (but excluding) the due date for any payment of principal (or premium) in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)); or (iii) after a Tax Redemption Notice (as defined in Condition 6(b)) has been delivered by the Issuer pursuant to Condition 6(b); or (iv) after a Put Exercise Notice (as defined in Condition 6(c)) in respect of such Bond has been deposited by such holder pursuant to Condition 6(c).

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations (the “**Regulations**”) concerning transfers of the Bonds, the initial form of which is scheduled to the Agency Agreement. The Regulations may be changed from time to time by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available (free of charge to the Bondholders) by the Registrar for inspection by any Bondholder following written request and upon satisfactory proof of holding and identity to the satisfaction of the Registrar during normal business hours (being 9:00 a.m. to 3:00 p.m. (Hong Kong time) Monday to Friday except for public holidays).

4 COVENANTS

(a) Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and each of the Issuer and the Guarantor shall procure that neither Guangdong Nanyue nor the Principal Subsidiaries of the Issuer, the Guarantor or Guangdong Nanyue (other than any Listed Subsidiary of the Issuer, the Guarantor or Guangdong Nanyue or a Subsidiary of such Listed Subsidiary) will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution.

(b) Undertakings relating to NDRC Post-issue Filing

The Guarantor undertakes that it will, within 10 Registration Business Days after the Issue Date, file or cause to be filed with the NDRC the requisite information and documents in accordance with the Circular on Promoting the Reform of the Filing and Registration System

for Issuance of Foreign Debt by Corporates (Fa Gai Wai Zi [2015] No 2044) (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and effective on 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).

(c) Undertakings relating to SAFE Registration

The Guarantor shall register or cause to be registered with a relevant branch of SAFE the Deed of Guarantee within 15 Registration Business Days after the execution of such Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantee (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the “**SAFE Registration**”), and shall use its best endeavours to complete the SAFE Registration and obtain a registration certificate from the local branch of SAFE on or before the Registration Deadline.

(d) Notification of Completion of the NDRC Post-issue Filing and the SAFE Registration

The Guarantor shall, within 10 Registration Business Days after the later date of the submission of the NDRC Post-issue Filing and the receipt of the registration certificate from SAFE (or any other document evidencing the completion of the SAFE Registration) and in any case no later than the Registration Deadline,

- (i) provide the Trustee with a certificate (substantially in the form set out in the Trust Deed) in English signed by an Authorised Signatory of the Guarantor confirming the completion of the NDRC Post-issue Filing and SAFE Registration, together with copies of the relevant documents evidencing due filing with NDRC, completion of registration confirmed by the local branch of SAFE and the particulars of the registration, each certified in English as a true and complete copy of the original by an Authorised Signatory of the Guarantor (together, the “**Registration Documents**”), and
- (ii) give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the NDRC Post-issue Filing and the SAFE Registration.

The Trustee shall have no obligation or duty to monitor or ensure (or otherwise assist with) the filing or completion of the NDRC Post-issue Filing and the SAFE Registration before the relevant deadlines specified and may rely on the Registration Documents conclusively without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

(e) Undertakings relating to Compliance with Laws and Regulations

Each of the Issuer and the Guarantor undertakes that it will comply with all laws and regulations of the Chinese mainland to the extent applicable to the Bonds and the Guarantee.

(f) Financial Information

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer and the Guarantor will furnish the Trustee with:

- (i) copies of the Audited Financial Reports of the Issuer and the Guarantor within 150 days of the end of each Relevant Period, each prepared in accordance with PRC GAAP, audited by a nationally or internationally recognised firm of independent accountants, and if such statements shall be in the Chinese language, together with an English translation of the same (at the expense of the Issuer, failing whom the Guarantor) translated by (aa) an internationally or nationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory of the Issuer (in the case of the Issuer's Audited Financial Reports) or of the Guarantor (in the case of the Guarantor's Audited Financial Reports), certifying that such translation is complete and accurate (on each of which the Trustee may conclusively rely without liability to any Bondholder or any other person); and
- (ii) copies of the Unaudited Financial Reports of the Issuer and the Guarantor within 120 days of the end of each Relevant Period, each prepared on a basis consistent with the Audited Financial Reports, and if such statements shall be in the Chinese language, together with an English translation of the same (at the expense of the Issuer, failing whom the Guarantor) translated by (aa) an internationally or nationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory of the Issuer (in the case of the Issuer's Unaudited Financial Reports) or of the Guarantor (in the case of the Guarantor's Unaudited Financial Reports), certifying that such translation is complete and accurate (on each of which the Trustee may conclusively rely without liability to any Bondholder or any other person),

provided that, if at any time the capital stock of the Issuer or the Guarantor is listed for trading on a recognised stock exchange, the Issuer or the Guarantor, as the case may be, may deliver to the Trustee, as soon as they are available but in any event not more than 30 days after any financial reports of the Issuer or the Guarantor, as the case may be, are filed with the stock exchange on which the Issuer's or the Guarantor's, as the case may be, capital stock is at such time listed for trading, copies of any financial reports of the Issuer or the Guarantor, as the case may be, filed with such stock exchange in lieu of the financial reports referred to in this Condition 4(f) and if such financial reports shall be in the Chinese language, together with an English translation of the same (at the expense of the Issuer,

failing whom the Guarantor) translated by (x) an internationally or nationally recognised firm of accountants or (y) a professional translation service provider and checked by an internationally or nationally recognised firm of accountants.

The Trustee shall not be required to review the relevant Audited Financial Reports or the Unaudited Financial Reports or any other financial report furnished or delivered to it as contemplated in this Condition 4(f) and, if the same shall not be in the English language, shall not be required to request or obtain or arrange for an English translation of the same and not to ensure the accuracy of the translation, and the Trustee shall not be liable to any Bondholder or any other person for not doing so.

(g) Compliance Certificate

So long as any Bond remains outstanding (as defined in the Trust Deed), each of the Issuer and the Guarantor shall send a Compliance Certificate to the Trustee (i) at the same time as the Audited Financial Reports are provided pursuant to Condition 4(f) and (ii) within 14 days of any written request by the Trustee. The Trustee may rely on the certificate conclusively without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

(h) Ratings Maintenance

For so long as any Bond remains outstanding (as defined in the Trust Deed), save with the approval of an Extraordinary Resolution, the Issuer shall maintain a rating on the Bonds by at least one Rating Agency.

(i) Definitions

In these Conditions:

“**Audited Financial Reports**” means the annual audited consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in owner’s equity of the Issuer or the Guarantor, as the case may be, together with any statements, reports (including any directors’ and auditors’ reports if any) and notes attached to or intended to be read with any of them;

“**Authorised Signatory**” means any director or any other officer of the Issuer or the Guarantor, as the case may be, who has been duly authorised by the board of directors of the Issuer or the Guarantor, as the case may be, to sign any certificate or document required in connection with the Bonds, the Trust Deed and the Agency Agreement on behalf of, and so as to bind, the Issuer or the Guarantor, as the case may be, and which the Issuer or the Guarantor, as the case may be, has notified in writing to the Trustee and the Agents as provided in the Agency Agreement;

“**Chinese mainland**” means, for the purpose of these Conditions, the People’s Republic of China excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;

“**Compliance Certificate**” means a certificate substantially in the form set out in the Trust Deed in English of the Issuer or the Guarantor (as the case may be) signed by an Authorised Signatory confirming that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor (as the case may be), as at a date (the “**Certification Date**”) not more than five days before the date of the certificate:

- (i) no Event of Default (as defined in Condition 9) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event has occurred, giving details of it; and
- (ii) the Issuer (in the case of the Issuer’s Compliance Certificate) or the Guarantor (in the case of the Guarantor’s Compliance Certificate) had complied with all of its obligations under the Trust Deed and the Deed of Guarantee (in the case of the Guarantor) and the Bonds (in the case of the Issuer) or, if non-compliance has occurred, giving details of it;

“**Guangdong Nanyue**” means Guangdong Nanyue Traffic Investment Construction Co., Ltd. (廣東省南粵交通投資建設有限公司);

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Issue Date**” means 25 January 2022, or in respect of any Bond issued pursuant to Condition 15 subsequent to the date to the Trust Deed, the date on which such Bond is issued;

a “**Listed Subsidiary**” of any person means any Subsidiary of such person whose ordinary shares are listed or dealt in or traded on any internationally recognised stock exchange;

“**NDRC**” means the National Development and Reform Commission of the PRC or any relevant local branch thereof;

“**person**” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

“**Potential Event of Default**” means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default;

“**PRC**” means the People’s Republic of China;

“**PRC GAAP**” means the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and all applicable guidance, bulletins and other relevant accounting regulations issued thereafter, as amended from time to time;

“**Rating Agency**” means any of Moody’s Investors Service, Inc., S&P Global Ratings or Fitch Ratings, Inc. and their respective successors;

“**Registration Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing;

“**Registration Deadline**” means the day falling 120 Registration Business Days after the Issue Date;

“**Relevant Indebtedness**” means any present and future indebtedness outside the Chinese mainland which is in the form of, or represented or evidenced by, bonds, notes, debentures, debenture stocks, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market (which for the avoidance of doubt does not include bilateral loans, syndicated loans or club deal loans, any transferable loan facility or agreement);

“**Relevant Period**” means (i) in relation to the Audited Financial Reports, each period of 12 months ending on the last day of the financial year (being 31 December of that financial year) of the Issuer or the Guarantor, as the case may be; and (ii) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of the first half of the financial year (being 30 June of that financial year) of the Issuer or the Guarantor, as the case may be;

“**SAFE**” means the State Administration of Foreign Exchange of the PRC;

“**Subsidiary**” means, in respect of any person, (i) any corporation, association or other business entity of which that person owns or controls (directly or indirectly through another person) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such corporation, association or other business entity; or (ii) any corporation, association or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person;

“**Unaudited Financial Reports**” means the semi-annual unaudited consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in owner’s equity of the Issuer or the Guarantor, as the case may be, together with any statements, reports (including any directors’ and auditors’ review reports, if any) and notes attached to or intended to be read with any of them, if any; and

“**Voting Stock**” means, with respect to any person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such person.

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.358 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$11.79 per Calculation Amount (as defined below) on 25 January and 25 July in each year (each an “**Interest Payment Date**”), commencing on 25 July 2022.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate evidencing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holders, and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders in accordance with Condition 16 of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Interest in respect of any Bond shall be calculated per U.S.\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction specified below for the relevant period determined as provided below, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”. If interest is required to be calculated for a period of less than a complete Interest Period, the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

6 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 25 January 2027 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) which shall specify the date for redemption, names and addresses of all Paying Agents and the method by which payment shall be made to the Bondholders in accordance with Condition 16 (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at 100 per cent. of their principal amount (together with any interest accrued to (but not including) the date fixed for redemption) if the Issuer (or the Guarantor, as the case may be) satisfies the Trustee immediately prior to the giving of such notice that:

- (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the Chinese mainland or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 18 January 2022, and
- (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it,

provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee:

- (A) a certificate in English signed by an Authorised Signatory of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, and

(B) an opinion of independent tax or legal advisers of recognised standing, in form and substance satisfactory to the Trustee, to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment.

The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence (without further investigation or query and without liability to the Bondholders or any other person) of the satisfaction of the conditions precedent set out in Condition 6(b)(i) and Condition 6(b)(ii), in which event they shall be conclusive and binding on the Bondholders and the Trustee shall be protected and shall have no liability to any Bondholder or any person for so accepting and relying on such certificate or opinion.

Upon the expiry of any such notice period as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Bonds on the date and in such manner as specified in such notice in accordance with this Condition 6(b).

(c) Redemption for Relevant Events

Following the occurrence of a Relevant Event, the holder of any Bond will have the right (the “**Relevant Event Put Right**”), at such holder’s option, to require the Issuer to redeem all, but not some only, of such holder’s Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a Non-Registration Event) of their principal amount, together in each case with accrued interest to (but excluding) the relevant Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current and initially in the form set out in the Agency Agreement, obtainable from the specified office of any Paying Agent (a “**Put Exercise Notice**”), together with the Certificate evidencing the Bonds to be redeemed, by (i) not later than 30 days following a Relevant Event (the “**Initial Exercise Period**”), or, (ii) if later, within 30 days following the date upon which notice of the Relevant Event is given to Bondholders by the Issuer as specified below (the “**Substituted Exercise Period**”). A Put Exercise Notice, once delivered, shall be irrevocable.

The “**Put Settlement Date**” in respect of any Bond for which such option is exercised shall be the 14th business day (in the case of a redemption for a Change of Control) or the fifth business day (in the case of a redemption for a Non-Registration Event) after the expiry of (i) the Initial Exercise Period where the option is exercised during the Initial Exercise Period and the Substituted Exercise Period does not commence before expiry of the Initial Exercise Period or (ii) in all other circumstances, the Substituted Exercise Period.

Not later than 14 business days (in the case of a Change of Control) or five business days (in the case of a Non-Registration Event) following the day on which the Issuer becomes aware of or should have been aware of a Relevant Event, the Issuer shall procure that notice regarding such Relevant Event shall be delivered to the Trustee and the Principal Paying Agent in writing and to the Bondholders (in accordance with Condition 16) stating:

- (i) the applicable Put Settlement Date;
- (ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control or Non-Registration Event;
- (iii) the date by which a Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) the procedures that holders must follow and the requirements that holders must satisfy in order to exercise the Relevant Event Put Right; and
- (vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

The Trustee and the Agents shall have no obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with any Relevant Event and shall not be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur, and the Trustee and the Agents are entitled to assume that no such event has occurred until it have received written notice to the contrary from the Issuer and shall not be liable to Bondholders, the Issuer, the Guarantor or any other person for not doing so.

For the purpose of these Conditions:

- (A) In this Condition 6, “**business day**” means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks are generally open for business in Hong Kong and Beijing;
- (B) a “**Change of Control**” occurs when:
 - (i) one or more Government Persons acting together, cease to hold or own directly or indirectly 70 per cent. of the issued share capital of the Guarantor; or
 - (ii) The Guarantor ceases to directly or indirectly hold or own at least 70 per cent. of the issued share capital of the Issuer; or

(iii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to one or more Persons other than the Government Persons;

(C) “**Control**” of any Person means:

(i) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the relevant Person, or

(ii) the right to appoint and/or remove all members of the relevant Person’s board of directors or other governing body,

in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; and “**Controlled**” shall have meanings correlative to the foregoing;

(D) a “**Government Person**” means any of (a) the Central People’s Government of the PRC, (b) the government of Guangdong Province, (c) any agency, bureau, department, commission, legislature, minister, ministry, official or public or statutory person of, or of the Central People’s Government of the PRC or of the government of Guangdong Province or (d) any Person Controlled by any of the foregoing Person(s) set out in sub-clause (a) to (c) of this definition;

(E) a “**Non-Registration Event**” occurs when any of the Registration Conditions is not satisfied;

(F) a “**Person**” includes any company, corporation, firm, partnership, joint venture, fund, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

(G) “**Registration Conditions**” means the completion of the SAFE Registration on or prior to the Registration Deadline and the receipt by the Trustee of the Registration Documents within the timeframe set forth in Condition 4(c); and

(H) a “**Relevant Event**” will be deemed to occur if:

(i) there is a Non-Registration Event; or

(ii) there is a Change of Control.

So long as the Bonds are evidenced by the Global Certificate, a right of a Bondholder to redemption of the Bonds following the occurrence of a Relevant Event will be effected in accordance with the rules of the relevant clearing systems.

(d) Notice of Redemption

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in the Tax Redemption Notice or, as the case may be, on the applicable Put Settlement Date. If there is more than one notice of redemption given in respect of any Bond (which shall include a Tax Redemption Notice given by the Issuer or the Guarantor pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or Put Exercise Notice and shall not be liable to Bondholders, the Issuer, the Guarantor or any other person for not doing so.

(e) Purchase

The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Bondholders or for the purposes of Condition 9, Condition 12(a) and Condition 13.

(f) Cancellation

All Certificates evidencing Bonds which are redeemed or purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries shall be promptly surrendered to the Registrar for cancellation and, upon surrender thereof, all such Bonds and Certificates shall be cancelled forthwith. Any Certificates so surrendered for cancellation and the relevant Bonds may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds shall be discharged.

7 PAYMENTS

(a) Method of Payment:

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent if no further payment falls to be made in respect of the Bonds evidenced by such Certificates) in the manner provided in paragraph (ii) of this Condition 7(a).
- (ii) Interest on each Bond shall be paid to the Bondholders at their registered accounts shown on the Register at the close of business on the fifth business day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall

be made in U.S. dollars by wire transfer to such registered account. In these Conditions, the “**registered account**” of a Bondholder means the U.S. dollar account maintained by or on behalf of such holder with a bank, details of which appear in the Register. In this Condition 7(a)(ii), “**business day**” means a day, other than a Saturday, a Sunday or a public holiday, on which the Registrar is open for business in the place of its specified office.

- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

*Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or an Alternative Clearing System (as defined in the Trust Deed), each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 1 January and 25 December.*

- (b) **Payments subject to Fiscal Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Payment instructions (for value on the due date or, if that is not a day on which the bank where a registered account is maintained is open for receipt of such transfers, for value the next following such day) will be initiated on the due date for payment (or, if it is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

- (d) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or a day on which the bank where a registered account is maintained is open for receipt of such transfers, or if the Bondholder is late in surrendering its Certificate (if required to do so) or if a transfer made in accordance with Condition 7(a)(ii) reaches the registered account of the Bondholder after the due date for payment.
- (e) **Payment Business Days:** In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in New York City, Hong Kong, London and, in the case of surrender of a Certificate, the place in which the specified office of the relevant Paying Agent is located.

8 TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the Chinese mainland or, in each case, any political subdivision or any authority therein or thereof having power to tax, unless such set-off, counterclaim, withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Chinese mainland at a rate up to and including the aggregate rate applicable on 18 January 2022 (the “**Applicable Rate**”), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected withheld or assessed by or within the Chinese mainland at a rate in excess of the Applicable Rate, or if the Issuer or, as the case may be, the Guarantor is required to make any deduction or withholding by or within Hong Kong, the

Issuer or, as the case may be, the Guarantor shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or the Guarantee, as the case may be):

- (i) **Other connection:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Hong Kong or the Chinese mainland other than the mere holding of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority;
- (ii) **Presentation more than 30 days after the Relevant Date:** in respect of which the Certificate evidencing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the relevant Bondholder would have been entitled to such Additional Tax Amounts on presenting the Certificate evidencing such Bond for payment on the last day of such period of 30 days; or
- (iii) **Tax Declaration:** to a holder (or to a third party on behalf of a holder) who could lawfully avoid (but has not so avoided) such withholding or deduction by making a declaration of identity, non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such declaration or claim, such holder fails to do so within any applicable period prescribed by such relevant tax authority.

In these Conditions, “**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate evidencing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

Any reference in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Tax Amounts or other increased amounts which may be payable under this Condition 8 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

If the Issuer or, as the case may be, the Guarantor becomes subject at any time to any taxing jurisdiction other than Hong Kong or the Chinese mainland, references in Condition 6(b) and this Condition 8 to Hong Kong or the Chinese mainland shall be construed as references to Hong Kong, the Chinese mainland and/or such other jurisdiction (as the case may be).

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, assessments, government charges, withholding, deduction or other payment referred to in this Condition 8 or in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Bondholders or any other person to pay such tax, duty, charges, assessments, government charges, withholding, deduction or other payment or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, withholding or other payment including without limitation that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9 EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued and unpaid interest without further action or formality.

An “**Event of Default**” occurs if:

- (a) **Non-Payment:** there has been a failure by the Issuer and the Guarantor to pay when due and payable (i) the principal of or any premium on the Bonds (if any), or (ii) any interest on any of the Bonds and such failure continues for a period of 14 days; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Bonds, the Deed of Guarantee or the Trust Deed (other than those referred to in Condition 9(a) or where it gives rise to a right of redemption pursuant to Condition 6(c)) and such default (i) is in the opinion of the Trustee incapable of remedy or, (ii) if in the opinion of the Trustee capable of remedy, is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer; or

(c) **Cross-Acceleration:**

- (i) any other present or future indebtedness of the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or
- (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or
- (iii) the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,

provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred in aggregate equals or exceeds U.S.\$100,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries and not discharged or stayed within 45 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries on the whole or any material part of its properties, assets or revenues becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and not discharged within 45 days; or
- (f) **Insolvency:** the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, or stops, suspends or threatens to stop or suspend payment of all or any material part of its debts, or proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or any material part of its debts, or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such

debts; or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries; or

- (g) **Winding-up:** (i) an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries, or (ii) the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except in the cases of (i) and (ii) above (a) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation while solvent and on terms approved by the Trustee acting on an Extraordinary Resolution, (b) in the case of such Principal Subsidiary (other than the Issuer), whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Subsidiaries or a disposal of a Principal Subsidiary on an arm's length basis where the proceeds resulting from such disposal are fully invested in the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Subsidiaries, or (c) a solvent winding up or solvent dissolution of any Principal Subsidiary (other than the Issuer); or
- (h) **Government Intervention:** all or any material part of the undertaking, assets and revenues of the Issuer, the Guarantor, Guangdong Nanyue or any of their respective Principal Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government; or
- (i) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(g) (both inclusive); or
- (j) **Failure to take action:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done by the Issuer or the Guarantor in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with its obligations under the Bonds, the Deed of Guarantee and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Certificates, the Register, the Deed of Guarantee and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (k) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under any of the Bonds, the Deed of Guarantee or the Trust Deed; or
- (l) **Unenforceability of Guarantee:** any part of the Guarantee is unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Issuer or the Guarantor.

In these Conditions, “**Principal Subsidiary**” means any Subsidiary of a person:

- (a) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement are at least ten per cent. of the consolidated revenue as shown by the latest audited consolidated income statement of such person; or
- (b) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least ten per cent. of the consolidated total assets as shown by the latest audited consolidated balance sheet of such person including, for the avoidance of doubt, the investment of such person in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of such person and after adjustment for minority interests; or
- (c) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement are at least ten per cent. of the consolidated net profit as shown by the latest audited consolidated income statement of such person including, for the avoidance of doubt, such person and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited accounts (consolidated, if appropriate) of such person prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of (a), (b) or (c) above of this definition,

provided that, in relation to (a), (b) or (c) above of this definition:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts such person relate, the reference to the then latest consolidated audited accounts of such person for the purposes of the calculation above shall, until consolidated audited accounts of such person for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are prepared, be deemed to be a reference to the then latest consolidated audited accounts of such person adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

- (ii) if at any relevant time in relation to such person or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total assets, revenue or operating profit of such person and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by such person;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total assets, revenue or operating profit (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by such person; and
- (iv) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total assets, revenue or operating profit (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by such person.

10 PRESCRIPTION

Claims against the Issuer and/or the Guarantor for payment in respect of the Bonds or the Guarantee shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated or defaced or is alleged to have been lost, stolen or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority rules, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer or the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 MEETINGS OF HOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND ENTITLEMENT OF TRUSTEE

(a) Meetings of holders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed, the Deed of Guarantee or the Agency Agreement. Such a meeting may be convened by the Trustee, the Guarantor or the Issuer and shall be convened by the Trustee upon request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary

Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed), or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (each, a “**Reserved Matter**”), including consideration of proposals, *inter alia*, (i) to modify the Maturity Date or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Deed of Guarantee or (v) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any such meeting adjourned for lack of quorum not less than 25 per cent., in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed). Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting at which such resolution was passed or whether they voted contrary to the majority.

The Trust Deed provides that a resolution in writing signed by or on behalf of the Bondholders of not less than 90 per cent. in principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) (a “**Written Resolution**”) or a consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the Bondholders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) (an “**Electronic Consent**”) shall, in each case, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document, or several documents in the same form each signed by or on behalf of one or more Bondholders. A Written Resolution and/or Electronic Consent will be binding on all Bondholders whether or not they participated in such Written Resolution and/or Electronic Consent, as the case may be.

(b) Modification, Waiver and Authorisation

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to any modification (other than any modification relating to a Reserved Matter) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of these Conditions or any of the provisions of the Bonds, the Trust Deed, the Deed of Guarantee and/or the Agency Agreement which in the opinion of the Trustee is not materially prejudicial to the interests of the Bondholders, or may agree, without any such consent as aforesaid, to any modification hereof or thereof which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16.

(c) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers, authorities and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation shall not have regard to the interests of and be responsible for the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor (save as provided in Condition 8) or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 ENFORCEMENT

At any time after the Bonds become due and payable the Trustee may, at its absolute discretion and without further notice, but shall not be obliged to, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Agency Agreement, the Trust Deed, the Deed of Guarantee and/or the Bonds, but it need not take any such steps and/or actions and/or institute any such proceedings unless

- (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed), and
- (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Bondholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 INDEMNIFICATION OF THE TRUSTEE AND THE AGENTS

Under the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or these Conditions and/or in respect of the Bonds, the Trustee is entitled to be first indemnified and/or provided with security and/or pre-funded to its satisfaction and relieved from responsibility in certain circumstances, including without limitation, provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or these Conditions and in respect of the Bonds and to enforce payment or taking other actions and that the Trustee and the Agents to be paid or reimbursed for any fees, costs and expenses, liabilities and indemnity payments in priority to the claims of the Bondholders. In addition, the Trustee and each of the Agents is entitled (i) to enter into business transactions with the Issuer or the Guarantor and any entity (directly or indirectly) relating to the Issuer or the Guarantor without accounting for any profit, and to act as trustee for the holders of any other securities issued by or guaranteed by or relating to, the Issuer or the Guarantor and any entity (directly or indirectly) relating to the Issuer or the

Guarantor, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

In connection with the exercise of its functions, rights, powers, authorities and/or discretions (including but not limited to those referred to in Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer (save as provided in Condition 8), the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or as a result of such Bondholders being connected in any way with a particular territory or taxing jurisdiction.

The Trustee and each Agent may conclusively rely without liability to Bondholders on any report, information, confirmation or certificate from or any opinion or advice of any accountants, auditors, lawyers, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and each Agent may accept and shall be entitled to conclusively rely on any such report, information, confirmation, certificate, opinion or advice, in which case such report, information, confirmation, certificate, opinion or advice shall be binding on the Bondholders, and if the same is provided by the Issuer or the Guarantor, the Issuer and the Guarantor. Neither the Trustee nor the Agents shall be responsible or liable to the Issuer, the Guarantor, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, information, confirmation, certificate, opinion or advice.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions to exercise any discretion or power, take or refrain from any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from any such action, making any such decision or giving any such direction or certification, to seek directions or clarification of directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from such action, making such decision or giving such direction or certification as a result of seeking such direction or clarification of directions from the Bondholders or in the event that no direction or clarification is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer or Guarantor and any other person appointed by the Issuer or Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or Guarantor to the contrary, the Trustee and each

Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be responsible or liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or request of the requisite proportion of Bondholders. The Trustee shall be entitled to conclusively rely on any instruction, direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding (as defined in the Trust Deed) or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

The Trustee and the Agents shall have no obligation to monitor or take steps to ascertain whether an Event of Default or a Potential Event of Default or a Relevant Event has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

In acting under the Agency Agreement and in connection with the Bonds, the Agents act solely as agents of the Issuer, the Guarantor or, in the limited circumstances set out in the Trust Deed, the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders.

The initial Agents and their initial specified offices are listed below. The Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or principal paying agent and additional or successor paying agents and transfer agents; provided, however, that the Issuer and the Guarantor shall at all times maintain a principal paying agent and a registrar and a Transfer Agent.

Notice of any termination, appointment or change in any of the Agents or in their specified offices shall promptly be given by the Issuer (failing whom, the Guarantor) to the Bondholders in accordance with Condition 16.

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the Issue Date, the first payment of interest on them and the deadlines for making and completing the NDRC Post-issue Filing and the SAFE Registration and for making the subsequent notification to the Trustee and the Bondholders) and so that the same

shall be consolidated and form a single series with the outstanding Bonds. Any further securities shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

16 NOTICES

All notices to the Bondholders shall be mailed to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses in the Register. Any notice shall be deemed to have been given on the fourth day after being mailed. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed.

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream and/or an Alternative Clearing System, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and/or Clearstream and/or the Alternative Clearing System, as applicable, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

18 GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Trust Deed, the Deed of Guarantee, the Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed, the Deed of Guarantee and the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed, the Deed of Guarantee and the Agency Agreement (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor has, in the Trust Deed, the Agency Agreement and the Deed of Guarantee, irrevocably submitted to the exclusive jurisdiction of such courts and irrevocably waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) Agent for Service of Process

The Guarantor has irrevocably appointed the Issuer to receive service of process in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to the Issuer (whether or not it is forwarded to and received by the Guarantor). If for any reason the Issuer ceases to act as such or no longer has an address in Hong Kong, each of the Issuer and the Guarantor has irrevocably agreed to forthwith appoint a substitute process agent in Hong Kong and deliver to the Trustee a copy of the agent's acceptance of that appointment within 30 days of such cessation, failing which the Trustee shall be entitled to appoint (at the expense of the Issuer or the Guarantor) such an agent by written notice to the Issuer and/or the Guarantor. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of Immunity

Each of the Issuer and the Guarantor has waived any right to claim sovereign, crown, state or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) or any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions.

Terms defined in the Terms and Conditions of the Bonds set out in this Offering Circular have the same meaning in the paragraphs below.

The Bonds will be initially evidenced by a Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depositary on behalf of Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, promises to pay such principal, interest and premium (if any) on the Bonds to the registered holder of the Bonds on such date or dates as the same may become payable in accordance with the Conditions.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system selected by the Issuer and notified to the Trustee (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

The individual definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate. Such exchange will be effected in accordance with the provisions of the Trust Deed, the Agency Agreement and the then current Regulations (the initial form of which is scheduled to the Agency Agreement) and, in particular, shall be effected without charge to any holder of the Bonds or the Trustee, but against such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent or the Registrar may require in respect of any taxes, duties, assessments, or governmental charges which may be imposed in connection with such exchange.

The Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

In addition, the Global Certificate will contain provisions which modify the Conditions as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

PAYMENT

So long as the Bonds are evidenced by the Global Certificate, each payment made in respect of the Global Certificate will be made to, or to the order of, the person shown as the Holder (as defined in the Global Certificate) in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day immediately prior to the due date for such payments, where “**Clearing System Business Day**” means Monday to Friday, inclusive except 1 January and 25 December.

NOTICES

Notwithstanding Condition 16 (*Notices*) of the Conditions, so long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream and/or any Alternative Clearing System, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream and/or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Conditions.

MEETINGS

For the purposes of any meeting of Bondholders, the registered holder of the Bonds evidenced by the Global Certificate shall be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each U.S.\$1,000 in principal amount of Bonds for which the Global Certificate is issued.

BONDHOLDER’S REDEMPTION

The Bondholder’s redemption option in Condition 6(c) (*Redemption for Relevant Events*) of the Conditions may be exercised by the Holder (as defined in the Global Certificate) of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Conditions.

ISSUER’S REDEMPTION

The option of the Issuer provided for in Condition 6(b) (*Redemption for Taxation Reasons*) of the Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Conditions.

TRANSFERS

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

CANCELLATION

Cancellation of any Bond by the Issuer following its redemption or purchase by the Issuer or its Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the Register.

TRUSTEE'S POWERS

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

The Global Certificate shall not become valid for any purpose until it has been authenticated for and on behalf of the Registrar.

USE OF PROCEEDS

The net proceeds from the offering of the Bonds (representing the gross proceeds minus commissions, legal fees and other offering expenses) is expected to be approximately U.S.\$499 million and will be used for project construction, refinancing and working capital.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both current and non-current portions), total equity and total capitalisation of the Group and the Issuer Group, respectively, as at 30 September 2021 (i) on an actual basis and (ii) on an adjusted basis to give effect to the issue of the Bonds before deducting the commissions and other estimated expenses payable in connection with the offering of the Bonds.

The information below should be read in conjunction with the Historical Financial Statements and the notes to those statements included elsewhere in this Offering Circular.

THE GROUP

The following should be read in conjunction with the Group's Financial Statements and the notes to those statements included elsewhere in this Offering Circular.

	As at 30 September 2021			
	Actual		As adjusted	
	(RMB)	(U.S.\$)	(RMB)	(U.S.\$)
Short-term loan	1,333,575,647.28	206,967,695.20	1,333,575,647.28	206,967,695.20
Long-term loans due within one year	6,699,709,700.94	1,039,778,641.83	6,699,709,700.94	1,039,778,641.83
Bonds payable within one year . . .	391,310,000.00	60,730,359.75	391,310,000.00	60,730,359.75
Bank and other borrowings —				
current portion	8,424,595,348.22	1,307,476,696.78	8,424,595,348.22	1,307,476,696.78
Long-term loans.	238,312,908,958.39	36,985,583,536.39	238,312,908,958.39	36,985,583,536.39
Bonds payable.	35,927,195,373.97	5,575,813,293.29	35,927,195,373.97	5,575,813,293.29
Other non-current liabilities	8,392,060,000.00	1,302,427,289.94	8,392,060,000.00	1,302,427,289.94
Bonds to be issued ⁽¹⁾	—	—	3,221,700,000.00	500,000,000.00
Bank and other borrowings —				
non-current portion	282,632,164,332.36	43,863,824,119.62	285,853,864,332.36	44,363,824,119.62
Total indebtedness⁽²⁾	291,056,759,680.58	45,171,300,816.40	294,278,459,680.58	45,671,300,816.40
Total owners'/shareholders'				
equity	128,451,117,489.55	19,935,300,848.86	128,451,117,489.55	19,935,300,848.86
Total capitalisation⁽³⁾	419,507,877,170.13	65,106,601,665.26	422,729,577,170.13	65,606,601,665.26

Notes:

- (1) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the commissions and other estimated expenses payable by the Issuer in connection with the offering of the Bonds.
- (2) Total indebtedness equals the sum of short-term indebtedness and long-term indebtedness.
- (3) Total capitalisation equals the sum of total indebtedness and total owners'/shareholders' equity.

Except as otherwise disclosed above, there has been no material change in the consolidated capitalisation and indebtedness of the Group since 30 September 2021.

THE ISSUER GROUP

The following should be read in conjunction with the Issuer's Financial Statements and the notes to those statements included elsewhere in this Offering Circular.

	As at 30 September 2021			
	Actual		As adjusted	
	(RMB)	(U.S.\$)	(RMB)	(U.S.\$)
Short-term loan	1,469,004,891.72	227,985,984.37	1,469,004,891.72	227,985,984.37
Long-term loans due within one year	440,653,032.98	68,388,278.39	440,653,032.98	68,388,278.39
Bank and other borrowings —				
current portion	1,909,657,924.70	296,374,262.76	1,909,657,924.70	296,374,262.76
Long-term loans	6,747,979,079.93	1,047,269,932.01	6,747,979,079.93	1,047,269,932.01
Long-term payable	946,242,517.36	146,854,536.02	946,242,517.36	146,854,536.02
Bonds to be issued ⁽¹⁾	—	—	3,221,700,000.00	500,000,000.00
Bank and other borrowings —				
non-current portion	7,694,221,597.29	1,194,124,468.03	10,915,921,597.29	1,694,124,468.03
Total indebtedness⁽²⁾	9,603,879,521.99	1,490,498,730.79	12,825,579,521.99	1,990,498,730.79
Total owners'/shareholders'				
equity	8,599,538,014.67	1,334,627,372.92	8,599,538,014.67	1,334,627,372.92
Total capitalisation⁽³⁾	18,203,417,536.66	2,825,126,103.71	21,425,117,536.66	3,325,126,103.71

Notes:

- (1) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the commissions and other estimated expenses payable by the Issuer in connection with the offering of the Bonds.
- (2) Total indebtedness equals the sum of short-term indebtedness and long-term indebtedness.
- (3) Total capitalisation equals the sum of total indebtedness and total owners'/shareholders' equity.

Except as otherwise disclosed above, there has been no material change in the consolidated capitalisation and indebtedness of the Issuer Group since 30 September 2021.

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer is the Guarantor's primary platform for overseas investment and financing activities relating to highway and bridge projects and materials trading. As at the date of this Offering Circular, the Guarantor holds 100 per cent. of equity interest in the Issuer. For the years ended 31 December 2018, 2019 and 2020 and for the nine months ended 30 September 2020 and 2021, the consolidated operating revenue of the Issuer was RMB3,976.4 million, RMB6,243.0 million, RMB6,600.0 million, RMB5,579.0 million and RMB3,844.3 million, respectively. As at 31 December 2018, 2019 and 2020 and as at 30 September 2021, the consolidated total asset of the Issuer was RMB7,767.5 million, RMB12,934.3 million, RMB19,970.6 million and RMB20,741.9 million.

The Issuer was incorporated in Hong Kong on 25 November 1980 under the Hong Kong Companies Ordinance, with company number 0089804. The registered office of the Issuer is located at Unit 1-2, 18/F 118 Connaught Road West, Sai Ying Pun, Hong Kong.

COMPETITIVE STRENGTHS AND STRATEGIES

The Issuer believes that the following represent the Issuer and its subsidiaries' competitive strengths:

Strong financial and business support from the Guarantor

As at the date of this Offering Circular, the Issuer is directly and wholly owned by the Guarantor, which is a large expressway investment, construction and operation enterprise administered by and under the supervision of Guangdong SASAC. It is positioned as the Guarantor's primary platform for overseas investment and financing activities. During the course of business development, the Issuer has received significant financial and business support from the Guarantor.

Hong Kong's strategic location

The Issuer makes full use of the advantages of Hong Kong as an international financial centre, gives full play to its own resources and talents, and relies on the transportation industry chain of the Guarantor. The Issuer strives to spearhead the Group's plan in enticing international capital and going global for industrial development and to become the Group's window service platform, investment and financing platform, and information platform in Hong Kong.

Significant growth potential in the Issuer's Business

The expressway investment industry and asphalt industry where the Issuer engages in has broad prospects and significant growth potentials for business development.

As the Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”) continues to play a synergistic role, and the regional coordination between the eastern and western regions of Guangdong gradually deepens, it is estimated that the expressways in Guangdong Province will reach 15,000 kilometres by 2035, representing an increase of 43.02 per cent. compared to 10,488 kilometres as at 31 December 2020. The significant increase will bring new opportunities and prospects to the expressway investment industry.

BUSINESS ACTIVITIES

The Issuer is positioned as the Guarantor’s offshore investment and financing platform, including investment of highway and bridge projects and materials trading.

DIRECTORS OF THE ISSUER

The directors of the Issuer as at the date of this Offering Circular are LAN Hengshui (蘭恒水), SUN Chuwen (孫楚文), ZHONG Nan’en (鍾南恩), TONG Yanlin (童衍林), ZHENG Xutao (鄭旭濤) and Zhuo Weiheng (卓威衡). The directors of the Issuer do not hold any shares or options to acquire shares of the Issuer.

SHARE CAPITAL

As at the date of this Offering Circular, the issued share capital of the Issuer is HK\$28,000,000 divided into 28,000,000 ordinary shares of HK\$1.00 each, and all the shares have been issued as fully paid. The shares of the Issuer are not listed on any stock exchange and no listing or permission to deal in such shares is being or is proposed to be sought as at the date of this Offering Circular.

FINANCIAL INFORMATION

The Issuer prepares audited financial statements on an annual basis with a financial year-end of 31 December. The Issuer has prepared its consolidated financial statements as at and for the years ended 31 December 2019 in accordance with PRC GAAP, which have been audited by GP. The Issuer has prepared its consolidated financial statements as at and for the years ended 31 December 2020 in accordance with PRC GAAP, which have been audited by Zhongzhun. The Issuer has prepared its consolidated financial statements as at and for the nine months ended 30 September 2021 in accordance with PRC GAAP, which have been reviewed by BDO. See “*Summary Consolidated Financial Information and Other Data*” and the Issuer’s financial statements included in this Offering Circular.

LEGAL PROCEEDINGS

The Issuer is not involved in any litigation or arbitration proceedings, and it is not aware of any pending action against it.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a leading investment and financing platform as well as construction and operation company in the Guangdong Province within the transportation industry. The Group is also one of the largest toll road building and managing companies in the PRC in terms of asset size. As at 31 December 2020, the total asset size managed by the Group amounted to RMB681 billion.

The Group primarily conducts its business in Guangdong Province. Located south of China and within the Greater Bay Area, Guangdong Province is a manufacturing heartland and a leading foreign trade player in China. As one of the most open and economically vibrant regions in China, the Greater Bay Area plays a significant strategic role in the overall development of the country. According to the Development Plan promulgated by the State Council in 2019, a modern comprehensive transport system will be built in the Greater Bay Area to strengthen infrastructural development and enhance external and internal connectivity. The excellent location of Guangdong Province with great economic development potentials has supported and will continue to support the business growth of the Group.

The Group's generates its income from five business lines, namely (i) toll fee business, (ii) materials trading business, (iii) transportation and service zone operation business, (iv) engineering and technology business and (v) other businesses.

- *Toll fee business.* The Group manages and operates an expansive network of toll roads in Guangdong Province primarily through Guangdong Provincial Express Company Limited (廣東省高速公路有限公司), Guangdong Provincial Road and Bridge Construction Development Company Limited (廣東省路橋建設發展有限公司) and Guangdong Highway Construction. As at 31 December 2020, the Group operated and managed 98 toll expressways spanning approximately 7,721 km. In addition, the total investment in toll road projects that were opened to traffic and managed by the Group exceeded RMB690 billion. The Group manages and operates expressways that marked the milestones in the economic development of the Greater Bay Area, including the Guangzhou-Shenzhen Expressway (廣深高速), the Nansha Bridge (南沙大橋) and the Beijing-Hong Kong-Macao Expressway (京港澳高速). The toll fee business is the Group's primary source of income. For the years ending 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the Group generated the revenue of RMB32,199.9 million, RMB36,086.8 million, RMB28,089.2 million, RMB18,103.4 million and RMB29,786.6 million from its toll fee business, respectively, and this accounted for 68.8 per cent., 73.9 per cent., 69.2 per cent., 69.2 per cent. and 76.1 per cent. of the Group's total revenue, respectively in the corresponding periods.
- *Material trading business.* The Group conducts its materials trading business primarily through Guangzhou Xinyue Asphalt Co., Ltd. (廣州新粵瀝青有限公司) and Guangdong Nanyue Logistics Industrial Co., Ltd. (廣東南粵物流實業有限公司). The Group trades

various materials, including but not limited to asphalt, steel, cement and other goods. Majority of the materials procured by the Group are purchased for construction of expressway projects by other members of the Group or joint ventures or associated companies or business partners of the Group. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's materials trading business was RMB3,428.9 million, RMB3,705.2 million, RMB5,079.3 million, RMB2,786.8 million and RMB3,461.5 million, respectively, representing 7.3 per cent., 7.6 per cent., 12.5 per cent., 10.6 per cent. and 8.8 per cent., respectively, of the Group's total operating revenue for the same periods.

- *Transportation and service zone business.* The Group has formed comprehensive the transportation and service zone network with the development of passenger transportation and logistics business, energy supply business and service zone operation business. The transportation and service zone business is comprised of (i) transportation business and (ii) service zone business.
 - *Transportation business.* The Group conducts its transportation business primarily through Guangdong Yueyun, Weisheng Transportation Enterprise Company Limited (“威盛運輸企業有限公司”), the Motor Transport Company of Guangdong and Hong Kong (“粵港汽車運輸聯營有限公司”), and Kee Kwan Motor Road Co., Limited (“岐關車路有限公司”). The Group's transportation business primarily consists of passenger transportation services and logistics services. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's transportation business was RMB4,075.9 million, RMB4,096.0 million, RMB2,405.9 million, RMB2,011.4 million and RMB1,998.5 million, respectively, representing 8.7 per cent., 8.4 per cent., 5.9 per cent., 7.7 per cent. and 5.1 per cent., respectively, of the Group's total operating revenue for the same periods.
 - *Service zone operation business.* The Group operates its service zone operation business primarily through Guangdong Yueyun, which is the Group's subsidiary listed on The Hong Kong Stock Exchange. The Group's service zone operation business is primarily comprised of (i) the energy business, (ii) the retail business and (iii) the merchant solicitation business. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's service zone operation business was RMB1,615.7 million, RMB2,128.9 million, RMB3,003.5 million, RMB2,009.1 million and RMB2,676.4 million, respectively, representing 3.5 per cent., 4.4 per cent., 7.4 per cent., 7.7 per cent. and 6.8 per cent., respectively, of the Group's total operating revenue for the same periods.
- *Engineering and technology business.* As a leading expressway engineering construction entity in Guangdong Province, the Group has actively promoted the integration of technological innovations and transportation. The Group conducts its engineering and

technology business primarily through Guangdong Leatop Technology Investment Co., Ltd. (廣東利通科技投資有限公司), Guangdong Unitoll, Guangdong Hualu, Guangzhou Xinyue Asphalt Co., Ltd. (廣州新粵瀝青有限公司), Guangdong Lulutong Co., Ltd. (廣東路路通有限公司) and Guangdong Expressway Technology Investment Co., Ltd. (廣東高速科技投資有限公司). For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's engineering and technology business was RMB994.7 million, RMB1,282.2 million, RMB1,095.4 million, RMB669.0 million and RMB553.8 million, respectively, representing 2.1 per cent., 2.6 per cent., 2.7 per cent., 2.6 per cent. and 1.4 per cent., respectively, of the Group's total operating revenue for the same periods.

- *Other businesses.* The Group engages in other businesses. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's other businesses amounted to RMB589.8 million, RMB1,508.0 million, RMB939.9 million, RMB588.6 million and RMB665.0 million, respectively, representing 1.3 per cent., 3.1 per cent., 2.3 per cent., 2.2 per cent. and 1.7 per cent., respectively, of the Group's total operating revenue for the same periods.

The Group's total revenue for the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021 was RMB46,812.5 million, RMB48,807.1 million, RMB40,613.2 million, RMB26,168.3 million and RMB39,141.9 million, respectively; and the Group's gross profit (which equals to the revenue minus the operating cost from operation) for the same years was RMB17,630.6 million, RMB18,015.6 million, RMB12,265.9 million, RMB7,968.5 million and RMB13,503.5 million, respectively.

COMPETITIVE STRENGTHS

The Group believes that the following competitive strengths have contributed to its success in its principal business sectors and will continue to secure its leading market position and future prospects.

Guangdong's strategic location and strong economic performance

Guangdong Province is one of the most economically developed provinces in the country and also the leader of economic development in South China. Its economy has maintained strong financial performance and relatively high growth rates over the years. For the year ended 31 December 2020, Guangdong Province achieved a regional GDP of RMB11,076 billion, ranking first in the nation. The increase of its permanent population has driven the steady growth of car ownership. In 2020, Guangdong Province owned 33.48 million cars, with a growth rate of 7.5 per cent. as compared to 2019. With its rapid economic development, Guangdong's demand for transportation infrastructure and freight and passenger traffic keeps growing and the construction of expressway has achieved relatively rapid development. In 2020, Guangdong Province's infrastructure

investment in road transportation has increased by 15.4 per cent. As at 31 December 2020, the total mileage of expressways opened to traffic has exceeded 10,000 kilometres, ranking first among all the provinces and autonomous regions nationwide for seven years consecutively.

The development of expressways is of great significance to regional strategic position and economic development. As an important hub for the Belt and Road Initiative, the expansion of expressway network strengthens pragmatic cooperation between China and countries and regions along the Silk Road Economic Belt and the 21st Century Maritime Silk Road, promoting the connectivity, economic and trade cooperation, cultural exchanges, and port city alliances with Southeast Asia, South Asia, and South Pacific countries and regions. In addition, the development of expressways boosts the growth and in-depth integration of the Greater Bay Area, one of the most open and economically vibrant regions in China. Located in the centre of the Greater Bay Area, Guangdong Province's transportation network is essential in constructing a modern comprehensive transportation system in the Greater Bay Area that facilitates the close cooperation and coordination to harness the collective strengths of the region. It also radiates to the whole country and brings more synergies to the development of China's foreign trade and economic activities.

The most important investment and financing vehicle as well as construction and operation entity with dynamic innovation and research capabilities in the transportation field of Guangdong Province

Being the leading provincial investment, construction and operation platform of expressways in Guangdong, the Group undertakes most of the expressway construction projects in the overall transportation planning for expressway development in Guangdong Province. As at 31 December 2020, the expressways operated by the Group that were opened to traffic were of a total length of 7,721 kilometres, representing 74 per cent. of the total mileage of the expressways opened to traffic in Guangdong Province. Managing and operating the largest number of expressways with the highest quality in Guangdong, the Group is undoubtedly dominating the expressway industry in the province. The Group manages and operates expressways that marked the milestones in the economic development of the Greater Bay Area, including but not limited to the Guangzhou-Shenzhen Expressway (廣深高速), the Nansha Bridge (南沙大橋), the Beijing-Hong Kong-Macao Expressway (京港澳高速), Guangzhou-Lechang Expressway (廣樂高速) and Shenyang Haikou Expressway (沈海高速). Certain projects under construction to be constructed by the Group, such as the Shenzhen-Zhongshan Channel (深中通道) and the Shi Zi Yang Channel (獅子洋通道), will effectively release the pressure on Guangdong's current regional transportation and promote deeper integration of the Greater Bay Area. To achieve the goals set under the "14th Five-Year Plan", the Group will have a total of 35 projects under construction or to be constructed, with a total mileage of approximately 1,600 kilometres and an expected total investment of more than RMB375 billion.

Leveraging its leading market position and world-class investment, the Group continues to enhance its independent innovation capabilities in transportation technology, building intelligent construction systems such as the intelligent manufacturing of the steel-shell concrete immersed tubes, intelligent pouring of concrete, intelligent beam yard and the bridge and tower cranes. The Group's efforts in technological development have been witnessed by a number of awards and recognitions in the industry, including the recognition of Nansha Bridge as the world's first simultaneous construction of two over-thousand-metre class super-long-span suspension bridges, the "Luban Award for China's Construction Projects" won by the Guangzhou-Lechang Expressway, the "first prize of National BIM Competition Construction Group" won by the Shenzhen-Zhongshan Link, and the "Zhan Tianyou Civil Engineering Award" won by the Human Bridge. During the period of the "13th Five-Year Plan", the Group actively promoted research in transportation technologies and management innovation. As at 31 December 2020, a total of 15 scientific projects have passed the inspection and been accepted and 13 achievements have won provincial and ministerial scientific research achievement awards or scientific and technological progress awards.

Over the years, the Group has actively carried out research on visualisation platforms, built "smart construction sites", promoted the organic integration of project management system and information technologies such as Internet +, Internet of Things, BIM technology, big data, and 5G technology, etc., and integrated applications with functions such as data collection, measurement monitoring, mechanical operation, safety warning, quality inspection and video surveillance. The "microwave antenna and two-piece electronic tag", a device completely developed and owned by the Group, was confirmed by Guangdong provincial government as the designated equipment for the implementation of the provincial electronic toll collection ("ETC") program, achieving the localisation of key ETC equipment. The Beijing-Zhuhai South (Shaoguan Section) combined toll system, which is a national ETC demonstration project of the Ministry of Transport, was officially put into use in November 2001. As the world's first combined toll system to be put into operation, the operation of this system signifies that the Group's research and development capabilities in the field of road and bridge toll collection is at an advanced level in the world. As at 31 December 2020, the total number of Yuetong card (粤通卡) users has exceeded 20 million, accounting for about 9.6 per cent. of the China's total users. The number of Yuetong card users, the number of service outlets, and the amount of toll settlements are among the top in China.

Strong government background and all-rounded governmental support

As a subsidiary of Guangdong provincial government, the Company has benefited from direct supervision from Guangdong SASAC, first-hand industry guidance from Guangdong Provincial Department of Transportation and its close connection with Guangdong Provincial Development and Reform Commission and Guangdong Provincial Department of Finance. The assets of the Group account for approximately one fifth of the assets managed by Guangdong SASAC. The Guangdong SASAC participates in and closely monitors the Group's decision-making process for key projects, reviews the Group's investment management system and appoints and conducts appraisals on, the directors, supervisors and senior management of the Group. The Group believes

that this system ensures the full alignment of the Group’s business and future strategies with the policies of the Guangdong provincial government, thereby giving the Group access to additional business opportunities as well as improving the Group’s allocation of resources.

Over the years, the Group has received robust financial support from Guangdong provincial government, including:

- *Capital raising for toll road projects.* Since its incorporation, the Group has received capital injection from different levels of governments of over RMB140.0 billion for toll road construction projects, among which operating projects have received over RMB72.0 billion and projects whose loans are repaid by the government have received over RMB68.0 billion. Between 2016 and 2020, the Group’s projects whose loans were repaid by the government received over RMB50.0 billion capital injections in aggregate from different levels of governments. In addition, since the implementation of the “12th Five-Year Plan”, the commercial toll road projects constructed by the Group in East, West and North Guangdong have received provincial and city capital subsidies at the ratio of 32 per cent. in aggregate. During the “13th Five-Year Plan”, the Groups operating projects and projects whose loans were repaid by the government have together received government subsidies, special funds and capital injection of over RMB77.0 billion.
- *All-rounded preferential policies.* The Group has received governmental support through the government’s publication of preferential policies with the intent to expand the expressway network and promote the construction of transportation infrastructure, such as the Development Plan, the “Guangdong Expressway Network Development (2020-2035) (廣東省高速公路網規劃 (2020-2035年))”, and the “Opinions on Promoting the Collaborative Innovation of Transportation Technology in Guangdong Province (關於促進全省交通運輸科技協同創新的意見)”.

Revenue growth driven by concentrated main business and extended development of transportation industry

Positioning to “fully develop main toll fee business and extended business lines as well as support the establishment of a strong transportation country”, the Group strives to achieve the synergies among different business lines, and to increase profits and returns on investment. The Group’s main businesses include the toll fee business, materials trading business, transportation and service zone operation business, engineering and technology business and other businesses. With toll fee business as its core business lines, materials trading business and transportation business as the upstream and downstream industries that are closely connected to the expressway industry, the business lines operated by the Group has formed a complete industry supply chain. To support its core business lines, the Group vigorously promotes the overall development and operation of supporting resources such as the land along the expressway and the implementation of related service projects. For example, the Group has completed key supporting projects such as the plan design of the comprehensive land development, the formation of company for cooperation and the

acquisition of land for Guangzhou-Shenzhen Expressway Xintang Junction (廣深高速新塘立交). The Group has also started the development and construction of Nansha Lingshan Island (南沙靈山島) tip and has completed the construction of Guangdong Provincial Transportation Research Base. The rapid growth of the Group's toll fee business has effectively driven the development of its other businesses and led to the Group's overall strong financial performance. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the Group has achieved revenue of RMB46.81 billion, RMB48.81 billion, RMB40.61 billion, RMB26.17 billion and RMB39.14 billion, respectively.

Diversified financing channels and sound financial management

The Group has always attached great importance to the establishment and maintenance of its credit profile. Both the Guarantor and its subsidiaries, including Guangdong Provincial Expressway Company Limited (廣東省高速公路有限公司), Guangdong Provincial Highway Construction Company Limited (廣東省公路建設有限公司), Guangdong Provincial Road and Bridge Construction Development Company Limited (廣東省路橋建設發展有限公司) and Guangdong Provincial Expressway Development Co., Ltd. (廣東省高速公路發展股份有限公司), have obtained credit ratings of "AAA" by rating agencies in the PRC. With its indispensable strategic position and strong government support, as well as the support of the Group's outstanding asset quality and highly sustainable operating model, the Group has established diversified financing channels with continuing access to large amounts of low cost financing for the construction and development of transportation infrastructure in Guangdong. The Group has maintained long-term relationships with over 20 domestic and foreign banks such as China Development Bank, Industrial and Commercial Bank of China, Bank of China, Agricultural Bank of China, China Construction Bank, Postal Savings Bank of China, The Export-Import Bank of China and Bank of Communications, as well as many insurance institutions such as Ping'an Assets Management Co., Ltd. and Taikang Asset Management Co., Ltd. The Group's financing costs have been effectively reduced by the low-cost governmental special debt issuance and bank loans. As at 30 September 2021, Guangdong Nanyue which is managed by the Group received 11 governmental special debt issuances in the aggregate amount of RMB27.54 billion. For example, Nansha Bridge and Gaoen Expressway project received RMB1 billion special construction funds loan from the China Development Bank at the interest rate of only 1.2 per cent. per annum. In addition, Bank of China has provided the Guangzhou-Shenzhen-Zhuhai Expressway project operated a loan at an interest rate of LPR-125BP.

Through the Group's sound financial management system, the Group has maintained a relative healthy debt structure that is largely comprised of long-term borrowings. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2021, the Group's debt to asset ratio remained stable at 70.65 per cent., 70.56 per cent., 71.97 per cent. and 71.43 per cent., respectively and its cash ratio (being cash and cash equivalent over current liabilities) remained stable at 0.79, 0.63, 0.55 and 0.68, respectively. In accordance with relevant local laws and regulations and based on the Group's actual situations, the Group has developed a series of scientific and effective financial management measures and established a comprehensive and prudent financial management system to ensure that the Group's financial activities are properly

regulated and conducted in an orderly and standardised manner. The Group strictly controls annual budget management, closely monitors and analyses the implementation of budget plans. Large amount of capital expenditure must be authorised, approved and jointly signed in accordance with relevant regulations and should be included in the budget management to ensure proper arrangement could be made in advance and avoid unnecessary disruption to the operation. The Group has also established effective guidance mechanism to regularly monitor and provide guidance to subsidiaries' key financial work and economic matters. It also conducts random inspections on subsidiaries' internal control, implementation of financial management system, compliance of specific financial matters and the management of large-amount capital expenditure to identify relevant issues and follow up on their rectification. In addition to the Group's internal audit and inspection of its subsidiaries' financial activities and operation, the Group is also subject to special audits from the National Audit Office and Provincial Audit Office from time to time.

Highly professional management team appointed by the provincial government

The Group has a modern corporate governance structure, with a general meeting of shareholders, a board of directors and a board of supervisors. The Group's core management team is appointed by the Guangdong provincial committee and the Guangdong provincial government. The Group has an experienced management team with extensive knowledge in the businesses and industries in which the Group operates, in particular the transportation industry. The Group believes that the team's industry knowledge and technical expertise enable the Group to make prudent business decisions so as to compete effectively and increase its market share in the relevant sectors in Guangdong. Many members in the Group's management team have served important positions in government agencies or large state-owned enterprises. See *"Directors and Senior Management of the Guarantor"*.

STRATEGIES

The Group intends to achieve its overall business objectives by pursuing the following strategies:

Focus on the development of quasi-public business with the development of competitive business as a supplement

During the period of the "14th Five-Year Plan", the Group aims to be the pioneer in achieving the target set by Guangdong provincial government and gradually transform into a modern transportation service group. It will continue to actively develop its toll fee business in four perspectives. Firstly, with creating innovative industry value and operation model in mind, the Group will grasp the "new infrastructure construction" window and consolidate essential resources in the industry. Secondly, the Group plans to coordinate the development of the main business and other business lines to expand the supply chain for the transportation industry. Thirdly, while developing its transportation business, the Group also aims to promote environmental protection through the implementation of green production, carrying out resource intensive development and utilization, and the promotion of low-carbon transportation and the use of clean energy. Last but

not least, as the front line of the development of the Greater Bay Area, the Group will actively integrate into the Greater Bay Area, fully coordinate the businesses among Guangdong, Hong Kong and Macau to promote joint development of the industry.

Create a large state-owned capital investment group with integrated service value

The Group will adhere to its strategic orientation of “prominent main business” and create a large state-owned capital investment group with integrated service values through the following developments:

- With the focus on improving integrated technical service capabilities and the full utilisation of the segment’s supporting role, the Group aims to speed up the exploration of transformation path and innovation of operation model.
- The Group will conduct intensive passenger service operation and deliver high quality passenger services by developing an online platform through business cooperation with leading internet companies. As the Group’s cultivating business, the Group plans to develop its modern logistics business by focusing on building smart supply chain hubs and smart transportation capacity chain hubs. Based on its passenger service and logistics business, the Group aims to further explore the comprehensive operation and service capabilities along the expressways. The Group plans to adhere to the strategic direction of “troika” (energy, retail and commercial development) and improve its ability to provide expressway travel services by focusing on the integrated operation and management model of the service zone.
- The Group aims to develop existing land in the transportation field and revitalise existing properties and assets to maintain or increase the value of such properties and assets and provide full support to the Group’s sustainable development.
- For the Group’s subsidiaries that provide smart transportation solutions, which are concentrated in the midstream and downstream of the industry supply chain, the Group plans to provide listing guidance and planning to support the safe, convenience, efficient, green and economic operation of the transportation system.

History and Development

A brief summary of the Group’s history is set out below.

<u>Year</u>	<u>Key events</u>
2000	The Guarantor was incorporated in Guangdong Province as a state-owned enterprise with a registered capital of RMB16.8 billion.

Year	Key events
2001	In January 2001, the Shantou-Meizhou Expressway (Beidou-Qingtian Section) was completed and opened to traffic, achieving a zero breakthrough in the mountainous area of Northeast Guangdong.
2003	<p>Kaiyang Expressway (開陽高速公路) was completed and was rewarded as “Model Construction Project” by the government of Guangdong Province.</p> <p>All expressways connecting Guangdong’s central cities and mountainous cities were opened to traffic.</p>
2004	<p>Zhaoqing Yueyun Company (肇慶粵運公司) was incorporated by way of restructuring and division of Guangdong Province Vehicle Transportation Group (廣東省汽車運輸集團) and Zhaoqing Municipal Zhaotong Asset Management Company (肇慶市肇通資產經營公司).</p> <p>All expressways connecting prefecture-level cities in Guangdong Province were opened to traffic.</p>
2005	<p>Guangdong Yueyun became listed on The Hong Kong Stock Exchange.</p> <p>Expressways connecting Guangdong Province and all provinces adjacent to Guangdong by land were opened to traffic. The Group built expressways with a total mileage of over 1,200 kilometres, contributing significantly to the realisation of the “three-year three-giant-step” strategic goal of Guangdong province.</p> <p>The Guarantor transferred all the share capital in Guangdong Hangsheng Engineering Co., Ltd. (廣東省航盛工程有限公司) (“Guangdong Hangsheng”) and its subsidiaries (including its equity interests in Guangdong Hangsheng from a special capital increase of RMB25 million) to Guangdong Provincial Railway Construction Investment Group Co., Ltd. (廣東省鐵路建設投資集團有限公司) at nil consideration.</p> <p>The Guarantor reduced its paid-in capital by RMB668.88 million by transferring all the share capital of its wholly-owned subsidiary Guangdong Railway Group Co., Ltd. It also increased its paid-in capital by approximately RMB522.46 million through a transfer from undistributed profits realised by the Group and by approximately RMB3.15 billion through a transfer from capital reserve.</p>
2006	On 4 January 2006, the registered capital was increased to RMB19.80 billion.

Year	Key events
2007	The Guarantor transferred all the share capital in its wholly-owned subsidiaries Guangdong Haoyue Shipbuilding Industry Co., Ltd. (廣東浩粵船舶工業有限公司) and Guangdong New China Shipyard Co., Ltd. (廣東新中國船廠有限公司) to Guangdong Province Navigation Group Co., Ltd. (廣東省航運集團有限公司). Funds of RMB127.05 million and debts of RMB112.76 million were also transferred by the Guarantor.
2010	The Guarantor increased its paid-in capital by RMB7.0 billion through a transfer from capital reserve, after which the Guarantor had a registered capital of RMB26.8 billion. By the end of 2010, Guangdong Province has formed a highway network with the Pearl River Delta as the centre, connecting Hong Kong and Macao, and radiating towards mountainous areas and inland provinces in a coastal fan shape. A “one-day life circle” was formed across the province.
2014	As the main traffic artery connecting Hunan province and central provinces and cities to the Pearl River Delta, the Guangzhou — Lechang Expressway was completed and opened to traffic 3 months ahead of schedule. The total mileage of expressways in Guangdong Province has reached 6000.8 kilometres, which is the first to break the 6000 kilometres mark in the country.
2015	The total length of Guangdong expressways opened to traffic exceeded 7,000 kilometres, of which the mileage of expressways opened to traffic by the Group accounted for more than 66 per cent. All the expressways connecting counties and counties in Guangdong Province were opened to traffic.
2016	The length of expressways managed and operated by the Group reached 5,244 kilometres.
2017	The total length of expressways in Guangdong Province opened to traffic exceeded the 8,000 kilometres, of which the mileage of expressways opened to traffic by the Group, which was 6,168 kilometres, accounted for more than 77 per cent. In only four and a half months, the artificial island located in the west of the Shenzhen — Zhongshan Link was officially formed, breaking the records for the fastest island formation.
2018	In October 2018, the Zhuhai Link of the Hong Kong-Zhuhai-Macao Bridge (港珠澳大橋) was opened to traffic simultaneously with the main works of the Hong Kong-Zhuhai-Macao Bridge. The Zhuhai Link is the only “landing point” of the Hong Kong-Zhuhai-Macao Bridge in the Chinese mainland.

Year	Key events
	The length of expressways managed and operated by the Group reached 6,719 kilometres.
2019	<p>The Greater Bay Area has built four river-crossing passages including the Pearl River Huangpu Bridge (珠江黃埔大橋), Humen Bridge, Hong Kong-Zhuhai-Macao Bridge, and Nansha Bridge (formerly known as the “Humen Second Bridge (虎門二橋)”).</p> <p>The length of expressways managed and operated by the Group reached 7,104 kilometres.</p>
2020	<p>The total length of Guangdong expressways opened to traffic exceeded the 10,000 kilometres, and the mileage of expressways opened to traffic by the Group, which reached 7,721 kilometres, accounted for more than 74 per cent.</p> <p>The Guangdong Province has initially formed a radial road grid with Guangzhou as the centre, connecting the Greater Bay Area and the East, West and North Guangdong, and radiating the south-central and southwestern regions of East China.</p> <p>Guangdong Province’s expressways were officially merged into a national expressway network, with total amount of ETC issued ranking first nationwide.</p>

Awards and Qualifications

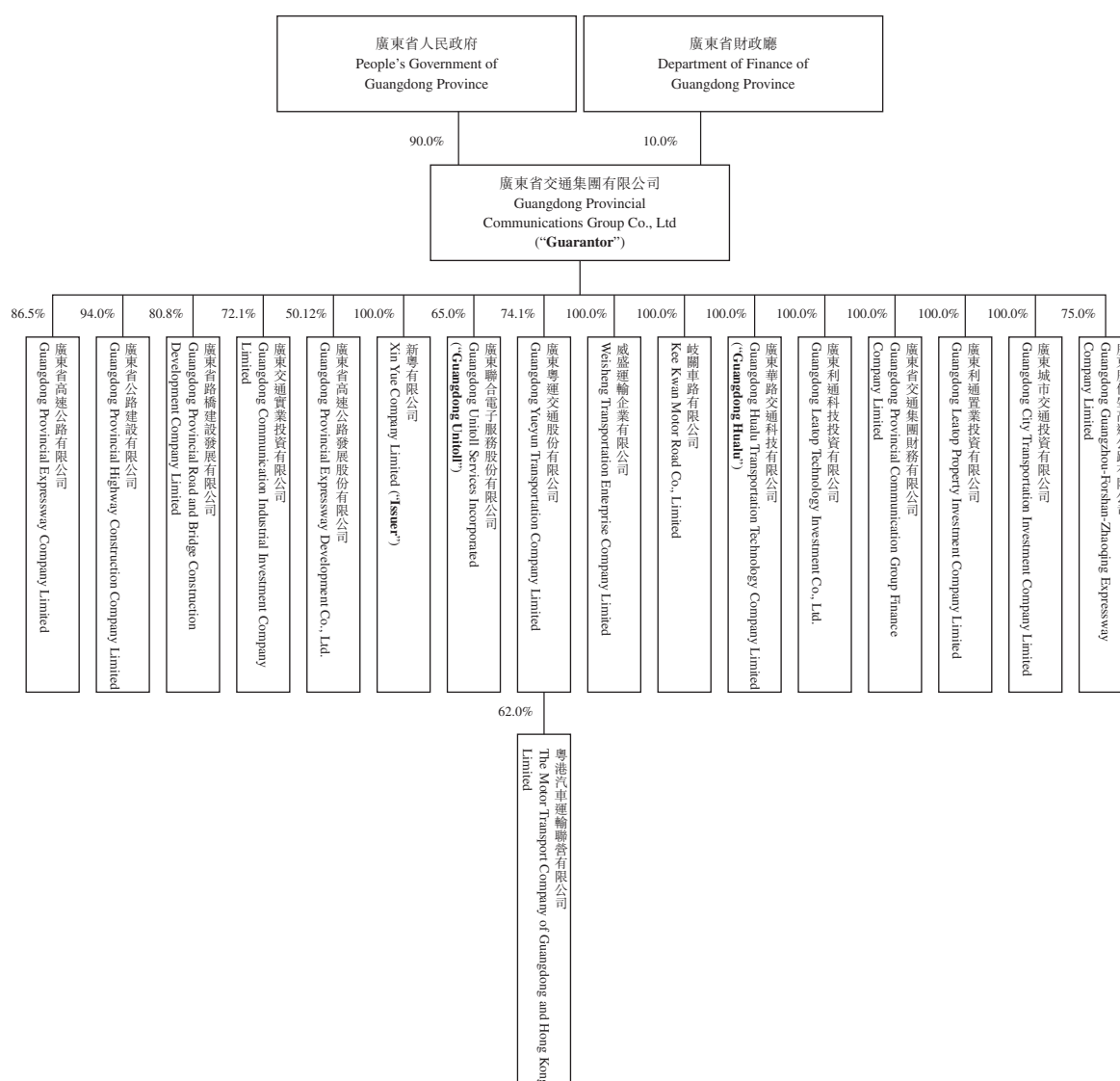
Since its incorporation, the Group has won more than 200 national and provincial awards, out of which the Group has won over 100 national awards such as Luban Award, China Zhan Tianyou Civil Engineering Award, National Science and Technology Progress Award, National Ministry of Transportation Science and Technology Progress Award, and National Ministry of Education Science and Technology Progress Award. During the period of the “12th Five-Year Plan”, the Group applied for and established 2 national-level technology centres, and won more than 40 national and provincial awards, all of which were directly used in construction and management. During the period of “13th Five-Year Plan”, the Group had 129 scientific and technological projects inspected and accepted, obtained more than 50 scientific and technological awards, 77 invention patents, and 151 utility model patents. The Group also compiled 14 technical guides and obtained major technological achievements in highway construction. The list below shows some recent notable awards won by the Group:

Year	Awards
2020	<p>No. 376 of top 500 Chinese enterprises for 2020</p> <p>The Gold Award of the Micro Innovation Competition hosted by the China Highway & Transportation Society (中國公路協會微創新大賽金獎)</p>

Year	Awards
	China Expressway Informatisation Award (Innovative Technology) (中國高速公路資訊化獎(創新技術類))
2021	2020-2021(first batch) Lichun Award Expressway Transportation Quality Engineering Award (2020-2021年度(第一批)李春獎公路交通優質工程獎)
	The Grand Prize of the Science and Technology Award of the China Highway & Transportation Society (中國公路學會科學技術獎特等獎)

Corporate Chart

As at 30 September 2021, the simplified corporate structure of the Group is as follows:



Description of the Group's Business

The Group generates its income from the following business lines: (i) toll fee business, (ii) materials trading business, (iii) transportation and service zone operation business, (iv) engineering and technology business and (v) other businesses.

The table below sets out the revenue and gross profit (which equals to the revenue minus the operating cost) for each of the Group's business lines for the years indicated.

Business lines	Years ended 31 December						For the nine months ended 30 September			
	2018		2019		2020		2020		2021	
	Revenue	Gross profit	Revenue	Gross profit	Revenue	Gross profit	Revenue	Gross profit	Revenue	Gross profit
	<i>(RMB million)</i>									
Toll fee business	32,199.9	15,911.4	36,086.8	16,075.1	28,089.2	10,977.5	18,103.4	7,270.4	29,786.6	12,557.6
Materials trading business	3,428.9	302.7	3,705.2	285.8	5,079.3	379.5	2,786.8	182.5	3,461.5	258.9
Transportation and service zone business	5,691.6	883.7	6,224.9	957.7	5,409.4	234.8	4,020.5	188.1	4,674.9	282.2
<i>Transportation business</i>	4,075.9	745.3	4,096.0	659.8	2,405.9	(314.7)	2,011.4	(215.4)	1,998.5	(171.2)
<i>Service zone operation business</i>	1,615.7	138.4	2,128.9	297.9	3,003.5	549.5	2,009.1	403.5	2,676.4	453.4
Engineering construction business ⁽¹⁾	3,907.6	219.3	—	—	—	—	—	—	—	—
Engineering and technology business	994.7	277.9	1,282.2	266.6	1,095.4	347.6	669.0	96.7	553.8	86.8
Other businesses	589.8	35.6	1,508.0	430.4	939.9	326.7	588.6	230.9	665.0	317.9
Total	46,812.5	17,630.6	48,807.1	18,015.6	40,613.2	12,265.9	26,168.3	7,968.5	39,141.9	13,503.5

Notes:

(1) In 2019, the Group ceased to operate engineering construction business.

Toll fee business

Overview

The Group manages and operates an expansive network of toll roads in Guangdong Province primarily through subsidiaries including Guangdong Provincial Express Company Limited, Guangdong Provincial Road and Bridge Construction Development Company Limited and Guangdong Highway Construction, etc. In addition, the Guarantor manages Guangdong Nanyue pursuant to authority from the Guangdong provincial government. Guangdong Nanyue is wholly

owned by the Guangdong provincial government and the financial statements of Guangdong Nanyue are not consolidated into the financial statements of the Guarantor. Guangdong Nanyue is principally involved in the investment, construction and operation of expressways whose loans are repaid by the government.

As at 31 December 2020, the Group operated and managed 98 toll expressways spanning approximately 7,721 km. In addition, the total investment in toll road projects that were opened to traffic and managed by the Group exceeded RMB690 billion. The Group manages and operates expressways that marked the milestones in the economic development of the Greater Bay Area, including the Guangzhou-Shenzhen Expressway (廣深高速), the Nansha Bridge (南沙大橋) and the Beijing-Hong Kong-Macao Expressway (京港澳高速), etc.

To achieve the goals set under the “14th Five-Year Plan”, the Group will have a total of 35 projects under construction or to be constructed, with a total mileage of approximately 1,600 kilometres and an expected total investment of more than RMB375 billion.

The management rights of the toll roads owned by the Group and its subsidiaries have all been granted approval (收費批覆) by the Guangdong provincial government. The Group is charging the toll within the period stipulated with the approval in accordance with the law.

The toll fee business is the Group’s primary source of income. For the years ending 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the Group generated a revenue of RMB32,199.9 million, RMB36,086.8 million, RMB28,089.2 million, RMB18,103.4 million and RMB29,786.6 million from its toll fee business, respectively, and this accounted for 68.8 per cent., 73.9 per cent., 69.2 per cent., 69.2 per cent. and 76.1 per cent. of the Group’s total revenue, respectively in the corresponding periods.

The Group is one of the largest state-owned operators of toll roads in Guangdong Province in terms of number of the toll roads it owns and operates. The Group manages and operates approximately 74 per cent. of the expressways in Guangdong Province.

Operating information of the toll fee business

Summary of existing toll road projects

The following table sets out key information regarding the Group’s major existing toll road projects in operation as at 31 December 2020.

No.	Name of Expressway/Bridge	Construction Length	Period of Concession
		<i>(km)</i>	
1.	Fokai Expressway (佛開高速).....	82.05	1997-2036
2.	Xinhui-Taishan Expressway (新台高速公路).....	58.50	2001-2028

No.	Name of Expressway/Bridge	Construction Length (km)	Period of Concession
3.	Kaiyang Expressway (開陽高速公路)	130.31	2003-2027
4.	Shenyang-Haikou Expressway, Yangjiang-Maoming Section (沈海高速陽江至茂名段).	81.67	2004-2027
5.	Shenyang-Haikou Expressway, Maoming-Zhanjiang Section Phase I (沈海高速茂名至湛江段一期).	108.30	1999-2033
6.	Main Line of Yuzhan National Highway, Gaoqiao (the Border of Guangdong and Guangxi) — Suixi Highway (渝湛國道主幹線高橋(粵桂界)至遂溪公路)	68.14	2005-2030
7.	Main Line of Jingzhu National Highway, North Section of Expressway in Guangdong (京珠國道主幹線粵境北 段高速公路)	111.94	2003-2026
8.	Guangzhou-Qingyuan Express (廣清高速).	69.04	1992-2030
9.	Shenshan West (深汕西)	148.59	1996-2021
10.	Main Line of Tongsan National Highway, Shantou-Fenshuiguan Expressway (同三國道主幹線汕 汾高速公路)	67.66	2001-2025
11.	Puning-Huilai Expressway, Puning-Jieyang Express (普 甯至惠來高速公路, 普甯至揭陽高速公路).	89.04	2001-2029
12.	Huizhou-Heyuan Expressway (惠河高速公路).	83.03	2001-2029
13.	Yuegan Expressway (粵贛高速).	138.89	2005-2028
14.	Yanjiang-Yunfu Expressway, Yangjiang-Yangchun Section (陽江至雲浮高速公路陽江至陽春段).	56.79	2010-2035
15.	Zhanjiang-Xuwen Expressway, Xuwen Port Branch Line (湛徐高速公路徐聞港支線).	119.23	2010-2035
16.	Guangzhou-Lechang Expressway (廣樂高速).	308.00	2014-2039
17.	Zhaoqing-Huadu Expressway (肇花高速)	65.96	2004-2039
18.	Baotou-Maoming Expressway (包茂高速公路)	126.08	2015-2040
19.	Chaohui Expressway (潮惠高速).	252.48	2015-2041
20.	Yunfu-Yangjiang Expressway, Luoding-Yangchun Section (雲浮至陽江高速公路羅定至陽春段).	85.08	2016-2041
21.	Xingning-Shanwei Expressway Phase I (興寧至汕尾高 速公路一期)	21.29	2020-2044
22.	Zhanjiang-Xuwen Expressway, Xuwen Port Branch Line (湛徐高速公路徐聞港支線).	16.50	2020-2045
23.	Gaoming-Enping Expressway (高明至恩平高速公路)	44.79	2019-2044
24.	Guangzhou-Shenzhen Expressway (廣深高速).	123.70	1997-2027
25.	Guangzhou-Macao Expressway, Guangzhou-Zhuhai Section (廣澳高速廣珠段).	58.14	1999-2030
26.	Jiangmen-Zhongshan Expressway (江門至中山高速 公路).	40.79	2005-2027

No.	Name of Expressway/Bridge	Construction Length (km)	Period of Concession
27.	Guangzhou City West Second Ring Expressway South Section (廣州市西二環高速公路南段).....	42.61	2007-2032
28.	Guangzhou City South Second Ring Expressway (廣州市南二環高速公路).....	50.91	2010-2035
29.	Boluo-Shenzhen Expressway (博深高速公路).....	65.37	2013-2038
30.	Jiangluo Expressway (江羅高速公路).....	143.53	2015-2040
31.	Guangzhou-Shaoguan Expressway (廣韶高速公路).....	202.21	1998-2026
32.	Shantou-Meizhou Expressway (汕梅高速公路).....	88.76	2001-2030
33.	Tianjin-Shantou Expressway (天汕高速公路).....	83.01	2003-2034
34.	Guangzhou-Yunfu Expressway (廣雲高速公路).....	38.31	2002-2027
35.	Heyuan-Longchuan Expressway (河源至龍川高速公路).....	42.45	2005-2033
36.	Meizhou-Heyuan Expressway (梅河高速公路).....	118.41	2005-2033
37.	Xingning-Shejiang Expressway (興畚高速公路).....	26.84	2008-2033
38.	Shantou-Jieyang Expressway (汕揭高速公路).....	57.71	2006-2039
39.	Guangwu Expressway, Hekou — Pingtai Section (Yunwu Expressway) (廣梧高速公路河口至平臺段(雲梧高速)).....	165.94	2010-2038
40.	Guangzhou-Hezhou Expressway (廣賀高速).....	119.95	2010-2035
41.	Meizhou-Dapu Expressway (梅大高速公路).....	85.11	2013-2039
42.	Er'guang Expressway (二廣高速公路).....	190.08	2013-2038
43.	Jiexi-Boluo Expressway (揭博高速公路).....	171.35	2015-2040
44.	Guangzhou-Foshan-Zhaoqing Expressway (廣佛肇高速公路).....	180.55	2016-2041
45.	Ninghua Expressway (寧華高速公路).....	86.93	2017-2042
46.	Huizhou-Qingyuan Expressway (惠清高速公路).....	130.33	2020-2045
47.	Meizhou-Dapu Expressway, East Meizhou Ring Line (梅大高速公路梅州東環支線).....	16.71	2020-2045
48.	Xingning-Shanwei Expressway, Wuhua-Luhe Section (興寧至汕尾高速公路五華至陸河段).....	49.47	2020-2045
49.	Chaoshan Ring Line Expressway Phase I and II (潮汕環線高速公路一期及二期).....	74.57	2020-2045
50.	Guangzhou-Foshan Expressway (廣佛高速).....	17.06	1989-2021
51.	West Coastal Expressway, Yangjiang Section (西部沿海高速公路陽江段).....	61.34	2002-2029
52.	West Coastal Expressway, Taishan Section (西部沿海高速公路臺山段).....	88.74	2002-2028
53.	West Coastal Expressway, Xinhui Section (西部沿海高速公路新會段).....	16.20	2002-2028
54.	West Coastal Expressway, Zhuhai Section (西部沿海高速公路珠海段).....	73.18	2005-2041
55.	Pingyuan-Xingning Expressway (平興高速公路).....	102.87	2015-2040

No.	Name of Expressway/Bridge	Construction Length (km)	Period of Concession
56.	Meizhou-Pingyuan Expressway (梅州至平遠高速公路) . . .	34.91	2019-2043
57.	Dapu-Chaozhou Expressway (大埔至潮州高速公路)	123.10	2020-2045
58.	Guangzhou-Huizhou Expressway (廣惠高速)	159.57	1999-2029
59.	Taiping Interchange (太平立交)	2.00	1997-2029
60.	Hehuiguan Expressway, Heyuan Zijin-Huizhou Huiyang Section (河惠莞高速公路河源紫金至惠州惠陽段)	79.09	2021-2046
61.	Huaiji-Yangjiang Expressway Hailing Island Bridge (懷集至陽江高速公路海陵島大橋)	9.23	2020-2045
62.	Guangsan Expressway (廣三高速公路)	31.22	1993-2026
63.	Huiyan Expressway, Huizhou Section (惠鹽高速公路惠州段)	31.19	1993-2023
64.	Shenhai Expressway, East Section of Shenzhen-Shantou Expressway (沈海高速深圳至汕頭高速公路東段)	142.88	1996-2028
65.	Huiyan Expressway, Shenzhen Section (惠鹽高速公路深圳段)	21.41	1991-2021
66.	Guangzhou-Zhaoqing Expressway (廣肇高速)	53.08	2001-2031
67.	Nansha Bridge (南沙大橋)	12.89	2019-2044
68.	Humen Bridge (虎門大橋)	15.76	1997-2029
69.	Jianghe Expressway, Phase I (江鶴高速公路一期)	19.88	1999-2028
70.	Guangzhou-Macao Expressway, North Section of Guangzhou-Zhuhai (廣澳高速廣珠北段)	27.21	2005-2032
71.	Guangzhou-Zhuhai West Expressway, Phase I (廣珠西線一期)	15.17	2003-2033
72.	Guangzhou-Zhuhai West Expressway, Phase II (廣珠西線二期)	47.94	2010-2035
73.	Guangzhou-Zhuhai West Expressway, Phase III (廣珠西線三期)	40.00	2013-2038
74.	Huangpu Bridge (黃埔大橋)	18.90	2008-2034
75.	Guangzhou City North Second Ring Expressway (廣州市北二環高速公路)	38.50	2002-2032
76.	Shantou Bay Bridge (汕頭海灣大橋)	6.49	1993-2028
77.	Panyu Bridge (番禺大橋)	4.88	1994-2027

Toll road projects under construction and under planning

The Group intends to continue to invest in and develop expressways projects throughout Guangdong Province. As at 30 September 2021, the Group had 20 toll road projects under construction with a total length of 626 km. As at 31 December 2020, the Group had invested a total amount of RMB67.67 billion into the projects under construction. All of the projects under construction are expected to be completed and commence operation by 2028. The table below sets out the details of the key projects under construction as at 30 September 2021.

No	Name of Expressway/bridge	Total length	Budget	Construction period
		(km)	(RMB100 million)	
1.	Shenyang-Haikou National Expressway, Reconstruction and Expansion Project of Shanwei Lufeng-Shenzhen Longgang Section (瀋陽至海口國家高速公路汕尾陸豐至深圳龍崗段改擴建工程)	146.6	291.7	2018-2024
2.	Shenyang-Haikou National Expressway, Reconstruction and Expansion Project of Maoming-Zhanjiang Section (瀋陽至海口國家高速公路茂名至湛江段改擴建工程)	108.6	122.7	2018-2023
3.	Shenzhen-Zhongshan River-crossing Channel (深圳至中山跨江通道)	24.0	446.9	2017-2024
4.	Huangmaohai Cross-sea Channel (黃茅海跨海通道)	31.2	129.8	2020-2024
5.	Wuhan-Shenzhen Expressway, Shixing Connected Section (武深高速公路始興聯絡段)	29.4	47.0	2020-2024
6.	Shenzhen-Cenxi Expressway, Reconstruction and Expansion Project of Zhongshan Xinlong-Jiangmen Longwan (深岑高速公路中山新隆至江門龍灣段改擴建)	40.1	107.0	2021-2024
7.	Zhanjiang Airport Expressway (湛江機場高速) .	24.8	35.3	2021-2024

The following table sets forth the key expressway construction projects under the planning of the Group as at 30 September 2021.

No	Name of Expressway/bridge	Total length	Budget	Construction period
		(km)	(RMB100 million)	
1.	Changchun-Shenzhen National Expressway, reconstruction and expansion project of Heyuan Reshui — Huizhou Pingnan Section (長春至深圳國家高速公路河源熱水至惠州平南段改擴建)	116.4	172.8	2021-2025
2.	Reconstruction and expansion project of Guangzhou-Shenzhen Expressway (廣深高速公路改擴建)	122.8	320.0	2023-2028
3.	Shi Zi Yang Channel (獅子洋通道)	35.0	415.8	2021-2027
4.	Qingyuan Qingxin — Foshan Nanhai Expressway (清遠清新至佛山南海高速公路) .	54.0	205.6	2021-2027

No	Name of Expressway/bridge	Total length	Budget	Construction period
		(km)	(RMB100 million)	
5.	Beijing-Hong Kong-Macao Expressway, reconstruction and expansion project of Qingyuan Fogang — Guangzhou Taihe Section in Guangdong (京港澳高速公路粵境清遠佛岡至廣州太和段改擴建工程)	71.8	132.0	2023-2027
6.	Guangzhou-Macao Expressway, reconstruction and expansion project of Nansha-Zhuhai Section (廣澳高速公路南沙至珠海段改擴建工程)	50.4	133.3	2023-2027
7.	Jinan-Guangzhou Expressway, reconstruction and expansion project of Guangzhou Luogang — Huizhou Lingkeng Section (濟廣高速廣州蘿崗至惠州凌坑段改擴建工程).	153.9	311.6	2024-2028

Toll rates

Toll rates for expressways in Guangdong Province are determined by the Guangdong provincial government. The Group generally has no input or influence on the pricing process. The unit toll rates are RMB0.45 per kilometre for expressways with four lanes and RMB0.60 per kilometre for expressways with six car lanes and above. Toll rates are generally charged on the basis of the classification of vehicles. The basic toll rates equal to the applicable unit toll rate times the relevant toll index. The toll indices are set out in the following table:

- Basic toll rates applicable to freight vehicles

Category	The number of axis	Length and maximum authorised total mass	Toll index
Category 1	2	Less than 6 metres and less than 4.5 tonnes	1
Category 2	2	No less than 6 metres and no less than 4.5 tonnes	2.1
Category 3	3	—	3.16
Category 4	4	—	3.75
Category 5	5	—	3.86
Category 6	6	—	4.09

- Basic toll rates applicable to passenger vehicles

Category	Type	Specification of passenger vehicles	Toll index
Category 1	Micro and small	≤9 seats	1
Category 2	Middle Passenger/car trailer combination	10-19 seats	1.5
Category 3	Large	≤39 seats	2
Category 4	Large	≥40 seats	3

Traffic flow and toll revenue

The table below sets out the Group's toll revenues derived from key existing expressway for the periods indicated.

No.	Expressway	For the nine months ended 30 September	
		2020	2021
		<i>RMB100 millions</i>	
1	Guangzhou-Lechang Expressway (廣樂高速)	16.34	26.01
2	Guangzhou-Shenzhen Expressway (廣深高速)	15.62	22.04
3	Nansha Bridge (南沙大橋)	12.49	19.21
4	Guangzhou-Huizhou Expressway (廣惠高速)	10.78	16.29
5	Chaohui Expressway (潮惠高速)	8.22	15.56
6	Guangzhou-Shaoguan Expressway (廣韶高速公路)	9.33	14.51
7	Fokai Expressway (佛開高速)	6.48	11.25
8	Guangzhou-Hezhou Expressway (廣賀高速)	6.93	10.88
9	Kaiyang Expressway (開陽高速公路)	4.22	10.01
10	Guangzhou-Qingyuan Express (廣清高速)	6.56	9.94
11	Huangpu Bridge (黃埔大橋)	6.21	9.93
12	Jiexi-Boluo Expressway (揭博高速公路)	5.91	9.08
13	Guangzhou City South Second Ring Expressway (廣州 市南二環高速公路)	5.81	8.92
14	Guangzhou — Macao Expressway, Guangzhou-Zhuhai Section (廣澳高速廣珠段)	5.19	8.88
15	Guangzhou City North Second Ring Expressway (廣州 市北二環高速公路)	6.11	8.61
16	Shenshan West (深汕西)	4.76	7.24
17	Humen Bridge (虎門大橋)	2.93	6.75
18	Yuegan Expressway (粵贛高速)	4.26	6.64
19	Boluo-Shenzhen Expressway (博深高速公路)	4.23	6.13
20	Shaoguan-Ganzhou Expressway (韶贛高速公路)	3.96	5.97

		For the nine months ended	
		30 September	
No.	Expressway	2020	2021
		<i>RMB100 millions</i>	
21	Jiangluo Expressway (江羅高速公路)	4.27	5.91
22	Er'guang Expressway (二廣高速公路)	3.31	5.53
23	Guangzhou-Zhuhai West Expressway, Phase II (廣珠西 線二期)	3.99	5.49
24	Huizhou-Heyuan Expressway (惠河高速公路)	3.75	5.43
25	Guangwu Expressway, Hekou — Pingtai Section (Yunwu Expressway) (廣梧高速公路河口至平臺段(雲 梧高速))	3.98	5.41
26	Zhaoqing-Huadu Expressway (肇花高速)	3.56	5.04
27	Guangzhou-Foshan-Zhaoqing Expressway (廣佛肇高速 公路)	2.64	4.90
28	Guangsan Expressway (廣三高速公路)	3.19	4.79
29	Guangzhou City West Second Ring Expressway South Section (廣州市西二環高速公路南段)	3.09	4.58
30	Jiangmen-Zhaoqing Expressway (江肇高速)	2.95	4.34
31	Xinfeng-Boluo Expressway (新博高速公路)	2.74	4.33
32	Guangzhou-Zhaoqing Expressway (廣肇高速)	2.97	4.18
33	Yunfu-Zhanjiang Expressway, Yanghua Section (雲湛高 速陽化段)	2.41	3.91
34	Shenyang-Haikou Expressway, Maoming-Zhanjiang Section Phase I (沈海高速茂名至湛江段一期)	2.47	3.89
35	Shantou-Meizhou Expressway (汕梅高速公路)	2.41	3.83
36	Shenyang-Haikou Expressway, Yangjiang-Maoming Section (沈海高速陽江至茂名段)	2.38	3.74
37	Jiangmen-Zhongshan Expressway (江門至中山高速公 路)	2.17	3.73
38	Guangzhou-Foshan Expressway (廣佛高速)	2.32	3.51
39	West Coastal Expressway, Zhuhai Section (西部沿海高 速公路珠海段)	2.38	3.29
40	Hehuiguan Expressway, Heyuan Zijin-Huizhou Huiyang Section (河惠莞高速公路河源紫金至惠州惠陽段)	—	3.17
41	Shenhai Expressway, East Section of Shenzhen-Shantou Expressway (沈海高速深圳至汕頭高速公路東段)	2.36	3.12
42	Huiyan Expressway, Huizhou Section (惠鹽高速公路惠 州段)	1.72	3.01
43	Guangzhou-Macao Expressway, North Section of Guangzhu (廣澳高速廣珠北段)	1.90	2.94
44	Shantou-Jieyang Expressway (汕揭高速公路)	1.86	2.82
45	Zhanjiang-Xuwen Expressway, Xuwen Port Branch Line (湛徐高速公路徐聞港支線)	1.66	2.82

No.	Expressway	For the nine months ended	
		30 September	
		2020	2021
		<i>RMB100 millions</i>	
46	Main Line of Tongsan National Highway, Shantou-Fenshuiguan Expressway (同三國道主幹線汕汾高速公路)	1.34	2.76
47	Guangzhou-Zhuhai West Expressway, Phase III (廣珠西線三期)	1.76	2.76
48	Yunfu-Zhanjiang Expressway, Xinyang Section (雲湛高速新陽段)	2.17	2.61
49	Renhua-Xinfeng Expressway (仁新高速公路)	1.69	2.61
50	Qingyuan-Yunfu Expressway (清雲高速公路)	1.07	2.18
51	Guangzhou-Yunfu Expressway (廣雲高速公路)	1.55	2.09
52	Guangzhou-Zhongshan-Jiangmen Expressway (廣中江高速公路)	0.88	2.02
53	Guangzhou-Zhuhai West Expressway, Phase I (廣珠西線一期)	1.40	1.98
54	Meizhou-Heyuan Expressway (梅河高速公路)	1.39	1.90
55	Puning-Huilai Expressway, Puning-Jieyang Express (普寧至惠來高速公路, 普寧至揭陽高速公路)	1.27	1.88
56	Huiyan Expressway, Shenzhen Section (惠鹽高速公路深圳段)	1.25	1.85
57	Ninghua Expressway (寧華高速公路)	0.94	1.80
58	Huizhou-Qingyuan Expressway (惠清高速公路)	—	1.77
59	Yunfu-Zhanjiang Expressway, Huazhan Section (雲湛高速化湛段)	1.09	1.76
60	Tianjin-Shantou Expressway (天汕高速公路)	1.18	1.72
61	Chaoshan Ring Line Expressway Phase I and II (潮汕環線高速公路一期及二期)	—	1.68
62	Main Line of Yuzhan National Highway, Gaoqiao (the Border of Guangdong and Guangxi) — Suixi Highway (渝湛國道主幹線高橋(粵桂界)至遂溪公路)	1.20	1.62
63	Longchuan-Lianping Expressway (龍連高速公路)	0.94	1.49
64	Yunfu-Yangjiang Expressway, Luoding-Yangchun Section (雲浮至陽江高速公路羅定至陽春段)	1.19	1.46
65	Shantou Bay Bridge (汕頭海灣大橋)	0.87	1.43
66	Baotou-Maoming Expressway (包茂高速公路)	0.95	1.41
67	West Coastal Expressway, Taishan Section (西部沿海高速公路臺山段)	1.04	1.33
68	Longchuan-Huaiji Expressway, Lianying Section (龍懷高速公路連英段)	0.88	1.30
69	Jianghe Expressway, Phase I (江鶴高速公路一期)	0.72	1.25
70	Chaozhou-Zhangzhou Expressway (潮漳高速公路)	1.19	1.24

No.	Expressway	For the nine months ended	
		30 September	
		2020	2021
		<i>RMB100 millions</i>	
71	Pingyuan-Xingning Expressway (平興高速公路).....	0.63	1.22
72	Panyu Bridge (番禺大橋)	0.89	1.21
73	Main Line of Jingzhu National Highway, North Section of Expressway in Guangdong (京珠國道主幹線粵境北段高速公路)	0.90	1.17
74	Xinhui-Taishan Expressway (新台高速公路).....	0.72	1.14
75	Dapu-Chaozhou Expressway (大埔至潮州高速公路)....	—	1.13
76	Heyuan-Longchuan Expressway (河源至龍川高速公路) .	0.81	1.06
77	Taiping Interchange (太平立交).....	0.40	0.94
78	Meizhou-Dabu Expressway (梅大高速公路)	0.58	0.92
79	Hehuiguan Expressway (河惠莞高速公路).....	0.36	0.86
80	Guangdong Province Jieyang-Huilai Expressway (廣東省揭陽至惠來高速公路)	0.68	0.84

The table below sets out the Group's traffic flow with respect to key existing expressway for the periods indicated.

No.	Expressway	For the nine months ended	
		30 September	
		2020	2021
		<i>100 million vehicles</i>	
1	Guangzhou-Lechang Expressway (廣樂高速).....	0.18	0.29
2	Guangzhou-Shenzhen Expressway (廣深高速).....	1.24	1.74
3	Nansha Bridge (南沙大橋)	0.22	0.31
4	Guangzhou-Huizhou Expressway (廣惠高速).....	0.39	0.62
5	Chaohui Expressway (潮惠高速).....	0.21	0.32
6	Guangzhou-Shaoguan Expressway (廣韶高速公路).....	0.24	0.34
7	Fokai Expressway (佛開高速).....	0.38	0.60
8	Guangzhou-Hezhou Expressway (廣賀高速)	0.18	0.27
9	Kaiyang Expressway (開陽高速公路)	0.13	0.27
10	Guangzhou-Qingyuan Express (廣清高速).....	0.42	0.62
11	Huangpu Bridge (黃埔大橋)	0.28	0.34
12	Jiexi-Boluo Expressway (揭博高速公路).....	0.09	0.16
13	Guangzhou City South Second Ring Expressway (廣州市南二環高速公路)	0.33	0.55
14	Guangzhou — Macao Expressway, Guangzhou-Zhuhai Section (廣澳高速廣珠段).....	0.30	0.50
15	Guangzhou City North Second Ring Expressway (廣州市北二環高速公路)	0.49	0.76
16	Shenshan West (深汕西)	0.27	0.37

No.	Expressway	For the nine months ended	
		30 September	
		2020	2021
		<i>100 million vehicles</i>	
17	Humen Bridge (虎門大橋).....	0.11	0.25
18	Yuegan Expressway (粵贛高速).....	0.15	0.21
19	Boluo-Shenzhen Expressway (博深高速公路).....	0.22	0.33
20	Shaoguan-Ganzhou Expressway (韶贛高速公路).....	0.06	0.10
21	Jiangluo Expressway (江羅高速公路).....	0.11	0.14
22	Er'guang Expressway (二廣高速公路).....	0.09	0.13
23	Guangzhou-Zhuhai West Expressway, Phase II (廣珠西 線二期).....	0.35	0.46
24	Huizhou-Heyuan Expressway (惠河高速公路).....	0.20	0.28
25	Guangwu Expressway, Hekou — Pingtai Section (Yunwu Expressway) (廣梧高速公路河口至平臺段(雲 梧高速)).....	0.14	0.20
26	Zhaoqing-Huadu Expressway (肇花高速).....	0.19	0.27
27	Guangzhou-Foshan-Zhaoqing Expressway (廣佛肇高速 公路).....	0.09	0.15
28	Guangsan Expressway (廣三高速公路).....	0.36	0.48
29	Guangzhou City West Second Ring Expressway South Section (廣州市西二環高速公路南段).....	0.23	0.35
30	Jiangmen-Zhaoqing Expressway (江肇高速).....	0.20	0.29
31	Xinfeng-Boluo Expressway (新博高速公路).....	0.06	0.09
32	Guangzhou-Zhaoqing Expressway (廣肇高速).....	0.18	0.27
33	Yunfu-Zhanjiang Expressway, Yanghua Section (雲湛高 速陽化段).....	0.08	0.13
34	Shenyang-Haikou Expressway, Maoming-Zhanjiang Section Phase I (沈海高速茂名至湛江段一期).....	0.09	0.16
35	Shantou-Meizhou Expressway (汕梅高速公路).....	0.08	0.11
36	Shenyang-Haikou Expressway, Yangjiang-Maoming Section (沈海高速陽江至茂名段).....	0.08	0.13
37	Jiangmen-Zhongshan Expressway (江門至中山高速公 路).....	0.30	0.48
38	Guangzhou-Foshan Expressway (廣佛高速).....	0.37	0.59
39	West Coastal Expressway, Zhuhai Section (西部沿海高 速公路珠海段).....	0.24	0.31
40	Hehuiguan Expressway, Heyuan Zijin-Huizhou Huiyang Section (河惠莞高速公路河源紫金至惠州惠陽段).....	—	0.09
41	Shenhai Expressway, East Section of Shenzhen-Shantou Expressway (沈海高速深圳至汕頭高速公路東段).....	0.11	0.17
42	Huiyan Expressway, Huizhou Section (惠鹽高速公路惠 州段).....	0.19	0.32

No.	Expressway	For the nine months ended	
		30 September	
		2020	2021
		<i>100 million vehicles</i>	
43	Guangzhou-Macao Expressway, North Section of Guangzhu (廣澳高速廣珠北段)	0.18	0.27
44	Shantou-Jieyang Expressway (汕揭高速公路)	0.17	0.28
45	Zhanjiang-Xuwen Expressway, Xuwen Port Branch Line (湛徐高速公路徐聞港支線)	0.05	0.10
46	Main Line of Tongsan National Highway, Shantou-Fenshuiguan Expressway (同三國道主幹線汕 汾高速公路)	0.15	0.26
47	Guangzhou-Zhuhai West Expressway, Phase III (廣珠西 線三期)	0.11	0.17
48	Yunfu-Zhanjiang Expressway, Xinyang Section (雲湛高 速新陽段)	0.07	0.10
49	Renhua-Xinfeng Expressway (仁新高速公路)	0.03	0.05
50	Qingyuan-Yunfu Expressway (清雲高速公路)	0.08	0.10
51	Guangzhou-Yunfu Expressway (廣雲高速公路)	0.09	0.12
52	Guangzhou-Zhongshan-Jiangmen Expressway (廣中江高 速公路)	0.12	0.29
53	Guangzhou-Zhuhai West Expressway, Phase I (廣珠西線 一期)	0.23	0.35
54	Meizhou-Heyuan Expressway (梅河高速公路)	0.06	0.10
55	Puning-Huilai Expressway, Puning-Jieyang Express (普 寧至惠來高速公路, 普寧至揭陽高速公路)	0.11	0.19
56	Huiyan Expressway, Shenzhen Section (惠鹽高速公路深 圳段)	0.21	0.37
57	Ninghua Expressway (寧華高速公路)	0.05	0.09
58	Huizhou-Qingyuan Expressway (惠清高速公路)	—	0.08
59	Yunfu-Zhanjiang Expressway, Huazhan Section (雲湛高 速化湛段)	0.07	0.11
60	Tianjin-Shantou Expressway (天汕高速公路)	0.09	0.17
61	Chaoshan Ring Line Expressway Phase I and II (潮汕環 線高速公路一期及二期)	—	0.15
62	Main Line of Yuzhan National Highway, Gaoqiao (the Border of Guangdong and Guangxi) — Suixi Highway (渝湛國道主幹線高橋(粵桂界)至遂溪公路)	0.05	0.08
63	Longchuan-Lianping Expressway (龍連高速公路)	0.03	0.05
64	Yunfu-Yangjiang Expressway, Luoding-Yangchun Section (雲浮至陽江高速公路羅定至陽春段)	0.08	0.12
65	Shantou Bay Bridge (汕頭海灣大橋)	0.05	0.08
66	Baotou-Maoming Expressway (包茂高速公路)	0.06	0.08

No.	Expressway	For the nine months ended	
		30 September	
		2020	2021
		<i>100 million vehicles</i>	
67	West Coastal Expressway, Taishan Section (西部沿海高速公路臺山段).....	0.04	0.06
68	Longchuan-Huaiji Expressway, Lianying Section (龍懷高速公路連英段).....	0.03	0.05
69	Jianghe Expressway, Phase I (江鶴高速公路一期).....	0.15	0.25
70	Chaozhou-Zhangzhou Expressway (潮漳高速公路).....	0.05	0.05
71	Pingyuan-Xingning Expressway (平興高速公路).....	0.03	0.06
72	Panyu Bridge (番禺大橋).....	0.18	0.25
73	Main Line of Jingzhu National Highway, North Section of Expressway in Guangdong (京珠國道主幹線粵境北段高速公路).....	0.07	0.10
74	Xinhui-Taishan Expressway (新台高速公路).....	0.06	0.10
75	Dapu-Chaozhou Expressway (大埔至潮州高速公路)....	—	0.05
76	Heyuan-Longchuan Expressway (河源至龍川高速公路) .	0.04	0.05
77	Taiping Interchange (太平立交).....	0.11	0.25
78	Meizhou-Dabu Expressway (梅大高速公路).....	0.02	0.05
79	Hehuiguan Expressway (河惠莞高速公路).....	0.01	0.03
80	Guangdong Province Jieyang-Huilai Expressway (廣東省揭陽至惠來高速公路).....	0.05	0.08

Toll collection

Two types of toll collection systems are utilised in the PRC, namely the open system and the closed system. An open system is a toll system in which a fixed toll for each vehicle category is collected at each toll station on the expressway. Vehicles travelling on the expressway must stop at each toll station and pay the fixed toll. After paying a toll, the vehicle is free to leave the expressway or continue to the next toll station. A closed system is a toll system in which a ticket is issued to each vehicle at the interchange toll station upon entering an expressway and a toll is collected upon exiting an expressway, which is calculated by reference to the distance travelled on such expressway. All the expressways operated by the Group collect tolls by means of a closed system. A number of the Group's toll stations utilise a manual toll collection system where toll collectors are stationed in the toll booths and collect tolls in cash, while the rest of the Group's toll stations have installed automatic toll collection systems.

The Group closely monitors the collection of tolls and endeavours to prevent any fraud or pilfering. The Group carries out a regular reconciliation of the cash receipts against the total number of tickets issued as well as periodic spot checks of each toll collector. In addition, each toll booth and toll station is installed with closed circuit television cameras and monitoring systems to monitor traffic and toll collection 24 hours a day, seven days a week.

Materials trading business

Overview

The Group conducts its materials trading business primarily through Guangzhou Xinyue Asphalt Co., Ltd. (廣州新粵瀝青有限公司) and Guangdong Nanyue Logistics Industrial Co., Ltd. (廣東南粵物流實業有限公司). The Group trades various materials, including but not limited to asphalt, steel, cement and other goods. Majority of the materials procured by the Group are purchased for construction of expressway projects by other members of the Group or joint ventures or associated companies or business partners of the Group. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's materials trading business was RMB3,428.9 million, RMB3,705.2 million, RMB5,079.3 million, RMB2,786.8 million and RMB3,461.5 million, respectively, representing 7.3 per cent., 7.6 per cent., 12.5 per cent., 10.6 per cent. and 8.8 per cent., respectively, of the Group's total operating revenue for the same periods.

Business Model

The Group primarily conducts its materials trading business through two business models:

Market Procurement

The Group procured materials through tender offers, invitation to bids (or negotiable bidding) and retail. The procurement for asphalt is mainly for expressways or major road or bridge construction projects and the procurement for steel is mainly for the construction of expressways, metro, highspeed railway and light rails.

Supply Management

The Group manages the complete supply chain for the materials, from procurement, storage, processing and delivery. The Group mainly procures asphalts produced by Shell, and would sometimes procures asphalts from other brands such as Essos as a supplement. The Group also actively explores the development of new products. It independently developed the "Nanyue" brand asphalts. The Group's material trading business generates revenues mainly from controlling the procurement prices, brand effect, technological innovation and cost control.

Transportation and service zone business

Overview

The Group has formed comprehensive the transportation and service zone network with the development of passenger transportation and logistics business, energy supply business and service zone operation business. The transportation and service zone business is comprised of (i) transportation business and (ii) service zone business.

Transportation business

The Group conducts its transportation business primarily through Guangdong Yueyun, Weisheng Transportation Enterprise Company Limited, the Motor Transport Company of Guangdong and Hong Kong, and Kee Kwan Motor Road Co., Limited. The Group's transportation business primarily consists of passenger transportation services and logistics services. The Group's passenger transportation services and modern logistics services has covered the Guangdong-Hong Kong-Macao region, forming a large-scale operating system and cultivating influential transportation brands in this region such as "Yueyun Express (粵運快車)", "GDHK (粵港)", "Weisheng (威盛)", "Qiguan (岐關)" and "Gongyun (拱運)".

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's transportation business was RMB4,075.9 million, RMB4,096.0 million, RMB2,405.9 million, RMB2,011.4 million and RMB1,998.5 million, respectively, representing 8.7 per cent., 8.4 per cent., 5.9 per cent., 7.7 per cent. and 5.1 per cent., respectively, of the Group's total operating revenue for the same periods.

Passenger transportation services

The Group primarily focuses on providing high-quality passenger transportation services in Guangdong Province, Hong Kong, Guangxi Province and Hunan Province. The Group's passenger transportation services strive to promote the integration of urban and rural passenger transportation, and port shuttle bus passenger transportation project. By the end of 2020, the Group had 87 passenger terminals. As at 30 September 2021, the Group had a fleet of 9,908 buses in operation. For the nine months ended 30 September 2021, the number of passenger boarding on passenger transportation services provided by the Group reached 163.89 million. The Group enjoys a dominant position as a passenger transportation services provider in Guangdong Province and distinguishes itself from its competitors in terms of market share.

The following table sets forth details of the Group's passenger transportation services as at the date or for the periods indicated:

	As at or for the year ended 31 December		
	2018	2019	2020
Number of passenger cars	10,659	11,251	10,200
Number of passenger transportation routes .	2,169	2,029	2,217
Number of passenger boardings (millions) ⁽¹⁾	357.64	68.67	31.39

Note:

(1) Excluding the passengers of buses and taxis.

Logistics services

The Group plans to promote logistics development to make its breakthrough. The Group will more proactively explore the logistics market, promote the implementation of various logistics projects, including front logistics warehouse in terminals, retail delivery for convenience stores, point-to-point logistics in service zones, diversion stations in entrances and exits of expressways, agricultural products trading logistics and cold chain logistics business.

The Group will also rely on its transportation network and strive to transform the passenger transportation terminals of rural passenger and county passenger into commercial service spots for retail while promoting cooperation with large scale logistics corporations and online shopping platform to enhance resource values.

Service zone operation business

Overview

The Group operates service zone operation business primarily through Guangdong Yueyun, which is the Group's subsidiary listed on The Hong Kong Stock Exchange. The Group's service zone operation business is primarily comprised of (i) the energy business, (ii) the retail business, and (iii) the merchant solicitation business.

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's service zone operation business was RMB1,615.7 million, RMB2,128.9 million, RMB3,003.5 million, RMB2,009.1 million and RMB2,676.4 million, respectively, representing 3.5 per cent., 4.4 per cent., 7.4 per cent., 7.7 per cent. and 6.8 per cent., respectively, of the Group's total operating revenue for the same periods.

The Group's service zone operation business includes the follow sub-business lines.

Energy business

The Group firmly implements the strategic route of self-established and self-operated gas stations, continuously optimises our self-owned brand of “Yueyun Energy”, strengthens network construction, establishes membership system and procures the sales growth of oil products and non-oil commodities. As at 30 June 2021, Guangdong Yueyun has 207 gas stations (including 15 stations of joint ventures and associates) with operating rights. Among them, there are 136 gas stations under contracted operation; there are 54 self-operated gas stations (two gas stations under construction). For the six months ended 30 June 2021, the revenue generated from the gas stations amounted to RMB1.382 billion, representing a year-on-year increase of 40 per cent.

Guangdong Yueyun further expands the network scale of “Yueyun Energy” and increases the coverage of gas stations. During the first half of the year 2021, Guangdong Yueyun put into operation a total of 6 gas stations in Qishan, Pingtang and Zhenlong and accelerated the approval and construction of newly-established or renovated oil stations in Shangsha, Shengtang, Shayong and Lufeng.

Retail business

Guangdong Yueyun strengthens the operating efficiency of retail business and enhance the market competitiveness. During the first half of the year 2021, Guangdong Yueyun has continued to expand the store network of Loyee convenience stores and opened 23 new stores. As at 30 June 2021, Guangdong Yueyun has a total of 622 Loyee convenience stores (including 385 self-operated stores), 122 stores at YueYen passenger terminals, and 115 franchise stores. Guangdong Yueyun also adopted multiple-batch and small-lot supplies to accelerate the commodity turnover and reduce inventory. Measures such as intra-regional deployment of supply and sales were adopted to reduce the loss of under-consumption affected by the COVID-19 pandemic.

Merchant solicitation business

Guangdong Yueyun gives full play to the resource advantages of the Guarantor to further expand its service zone network and promote the development and upgrade of its service zones and achieve upgrade of commercial values. As at 30 June 2021, Guangdong Yueyun has 358 service zones (including parking areas) with operating rights and there are 352 service zones (including parking areas) in operation (including 2 service zones of joint ventures).

Engineering and technology business

Overview

As a leading expressway engineering construction entity in Guangdong Province, the Group has actively promoted the integration of technological innovations and transportation. With fulfilling travel needs in mind and to improve the operation quality of expressway network, the Group has

established smart transportation services including the smart toll collection system and the software information services. For example, the Group has promoted the contactless toll collection system including but not limited to the mobile payment for parking, ETC cloud payment and ETC free-flow tolling, and the construction of expressway lanes, and built the integrated general business monitoring platform for roads and transportation. The Group actively builds the smart transportation product chain and promote the development of related businesses through strengthening the application of advanced technologies. It vigorously promotes pilot projects for new technologies, such as the Nansha Bridge (南沙大橋) and Guangzhou-Lechang Expressway (廣樂高速)'s 5G technology and vehicle-road collaboration technology pilot project and the construction of Nansha smart transportation research centre and the advanced equipment manufacturing centre for smart transportation in Zhuhai. To ensure smooth and healthy operation of the expressways, the Group has developed various systems and platforms to closely monitor the expressway operation and to prepare for any emergency. Focusing on its positioning as the integrated smart transportation service provider and further exploring the overall impact of resource integration, the Group strives to build its industry data center and a new ecology of the Group's smart transportation sector.

The Group conducts its engineering and technology business primarily through Guangdong Leatop Technology Investment Co., Ltd. (廣東利通科技投資有限公司), Guangdong Unitoll, Guangdong Hualu, Guangzhou Xinyue Asphalt Co., Ltd. (廣州新粵瀝青有限公司), Guangdong Lulutong Co., Ltd. (廣東路路通有限公司) and Guangdong Expressway Technology Investment Co., Ltd. (廣東高速科技投資有限公司). For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's engineering and technology business was RMB994.7 million, RMB1,282.2 million, RMB1,095.4 million, RMB669.0 million and RMB553.8 million, respectively, representing 2.1 per cent., 2.6 per cent., 2.7 per cent., 2.6 per cent. and 1.4 per cent., respectively, of the Group's total operating revenue for the same periods.

Business Model

The revenue generated from this sector is primarily derived from the collection of service fees and license fees from its development, provision and maintenance of smart transportation and software information services as well as the provision and maintenance of relevant supporting hardware. Oriented by clients' needs and with smart transportation and enterprise informatization, the Group provides its clients with a full-range integrated solutions through market competition.

Over the years, the Group has gradually adjusted and optimized its smart transportation product lines, developing its full-range comprehensive solutions offering functions including toll collection, monitoring and platform, etc.

Smart Toll Collection System

With the expansion and increased complexity of the expressway network and to satisfy people's non-cash payment needs, the Group has been continuously searching and developing more efficient and effective ways to calculate and collect tolls for expressways. The "microwave antenna and two-piece electronic tag", a device completely developed and owned by the Group, was confirmed by Guangdong provincial government as the designated equipment for the implementation of the provincial ETC program, achieving the localisation of key ETC equipment. Guangdong Unitoll, a subsidiary controlled by the Group, primarily engages in the development, operation and management of the Yuetong card system, which is the ETC system in Guangdong Province. As at 30 September 2021, the total number of Yuetong card users has exceeded 21.94 million, the number of Yuetong card service outlets have exceeded 18,000 and the ETC equipment has been installed on over 21.73 million cards registered in Guangdong Province. The number of Yuetong card users, the number of service outlets, and the amount of toll settlements are among the top in China.

To make toll collection more convenient and efficient, the Group has developed systems that provide a variety of toll payment methods, including contactless payment systems like ETC cloud payment, ETC free-flow tolling and mobile payments. To more accurately track vehicles' travel routes on the expressways and better manage the traffic at the toll stations, the Group has also designed the fast ETC lane system which provides better recognition of Yuetong card and shorter transit time, and the 5.8GHz free-flow marking system which significantly improves the accuracy of toll calculation through more effective tracking of vehicles' travel route within the expressway network.

Smart Transportation System

The Group strives to provide the public with safe, high-quality, convenient and efficient transportation services. To strengthen the Group's management and utilisation of transportation information resources, enhance the ability to respond to emergencies and improve the service quality of infrastructure and road condition, the Group has developed a series of monitoring and management platforms. The integrated general business monitoring platform for roads and transportation is Guangdong's centralised integrated monitoring and management platform developed by the Group. The platform adopts the conceptual design of "three-dimensional" monitoring (i.e. organisations, businesses and industries). Through the construction of a united data centre where data can be exchanged and shared across businesses, industries and organisation, and the adoption of advanced technologies like Internet of Things, big data, and Internet+, the platform achieves a three-dimensional comprehensive and integrated monitoring system. Utilising the cloud technology, the Group has also developed the expressway integrated monitoring cloud management system, which enables real time road condition update, expands data storage space and improves data security.

To achieve real time tracking of toll fee collection, timely detection and notification of abnormal issues, orderly management of different toll collection system and accurate identification of vehicles escaping toll payments, the Group has designed and put in operation platforms including the digital operation monitoring platform, smart expressway cloud toll collection platform, expressway network toll collection management platform and the ETC smart butler.

Smart Management System

As the most important expressway operating entity in Guangdong Province, it is crucial for the Group to ensure that the expressways and relevant machinery and equipment are in good condition for normal operation. Thus, the Group has designed and developed systems that centralise and digitalise the machinery and electronic equipment operation and maintenance, providing one-stop services from real time status update, default or error reporting, scheduling maintenance, system upgrade to inventory management. The Group has also adopted advanced technologies such as big data, visual recognition and artificial intelligence, developing systems and platforms that assist the operators of expressways with identifying, tracking and reporting suspicious vehicles escaping toll payments.

With the increasing demand for more complex and broader expressways network, the number of expressways being constructed or to be constructed has increased significantly. As a result, construction of an integrated platform for expressway construction management becomes essential. The Group has developed the integrated expressway construction project management system, which unifies operation and maintenance data, provides real time construction progress updates and allows multiple projects to be managed at the same time. The platform has been implemented in a number of expressway construction projects.

Other businesses

Overview

The Group engages in other businesses. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, operating revenue generated from the Group's other businesses amounted to RMB589.8 million, RMB1,508.0 million, RMB939.9 million, RMB588.6 million and RMB665.0 million, respectively, representing 1.3 per cent., 3.1 per cent., 2.3 per cent., 2.2 per cent. and 1.7 per cent., respectively, of the Group's total operating revenue for the same periods.

Employees

The Group is subject to various PRC laws and regulations in respect of labour, insurance, accidents, health and safety, including the Labour Law of the PRC (中華人民共和國勞動法), Labour Dispute Mediation and Arbitration Law of the PRC (中華人民共和國勞動爭議調解仲裁法), the Labour Contract Law of the PRC (中華人民共和國勞動合同法), the Social Insurance Law

of the PRC (中華人民共和國社會保險法), the Interim Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), the Regulations on Work-related Injury Insurances (工傷保險條例), the Regulations on Unemployment Insurance (失業保險條例), the Trial Procedures for Childbirth Insurance of Enterprise Employees (企業職工生育保險試行辦法), Safe Production Law of the PRC (中華人民共和國安全生產法) and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time.

The Group is committed to recruiting, training and retaining skilled and experienced employees throughout its operations. The Group intends to achieve this by offering competitive remuneration packages as well as by focusing on training and career development. During the year 2020, the Group had over 60,000 employees on average. The Group has not experienced strikes or other disruptions due to labour disputes. The Group continues to maintain good relationships with its employees.

Insurance

The Group maintains insurance policies including (i) property all risk insurance; (ii) machinery damage and loss; (iii) work-related accidents; and (iv) third party liability insurance. As at 30 September 2021, the Group had not experienced significant loss or damage to its properties.

Environmental Matters

The Group is subject to certain environmental protection laws and regulations, including those relating to air pollution, noise emissions and water and waste discharge. Each of its expressway construction projects is required under the PRC law to undergo environmental impact assessments. The Group must submit the relevant environmental impact study or report to the environmental authorities, along with other required documents, for evaluation and approval by the authorised environmental protection administrations. The approval from the relevant government authorities will specify the standards applicable to the implementation of the construction project with respect to areas such as air pollution, noise emissions and water and waste discharge. Such measures are required to be incorporated into the design, construction and operation of the particular project. Upon the completion of each project, the relevant government authorities will also inspect the site to ensure that the applicable environmental standards have been complied with before the expressways can be delivered to the purchaser.

None of the Group have received material fines or penalties associated with the breach of environmental laws or regulations in the past three years. In addition, the Group has confirmed that it has not violated the PRC laws in relation to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants in all material respects during the past three years.

Occupational Health and Safety

The PRC government imposes a number of regulatory requirements on transportation infrastructure companies with regard to employee safety. The Group regards occupational health and safety as one of its important social responsibilities, and has implemented safety measures to ensure compliance with applicable regulatory requirements. The Group has established a safety supervision department on each of its projects. These safety supervision departments conduct periodic inspections of operating facilities to ensure that its transportation infrastructure projects are in compliance with existing laws and regulations. The Group believes that safe practices are the only means to ensure employee safety. Thus, its safety supervision departments conduct regular training sessions for employees on accident prevention and management.

Legal Proceedings

The Group is involved in legal or other disputes from time to time during the ordinary course of its business. Except as disclosed in this Offering Circular, each of these proceedings (including such proceedings which are pending) is, in the Group's view, not material in terms of their impact on the business, financial condition or results of operations of the Group.

DIRECTORS AND SENIOR MANAGEMENT OF THE ISSUER

BOARD OF DIRECTORS

As at the date of this Offering Circular, the board of directors of the Issuer (the “**Issuer’s Board**”) comprised six directors, including the chairman, the deputy chairman and four other directors. The articles of association of the Issuer do not provide for a fixed term of office of directors, and pursuant to such articles of association, any given term of office of directors is renewable upon re-election and re-appointment. The Issuer’s Board determines major matters of the Issuer and is primarily responsible for, among other things, (i) managing the business and affairs of the Issuer; (ii) devising the Issuer’s policies on profit distribution and loss compensation; (iii) deciding on the Issuer’s business strategies, business plans and investment plans; and (iv) appointing and dismissing the general manager, the deputy general manager and other members of the senior management.

Certain information on the Issuer’s directors as at the date of this Offering Circular is set forth in the table below:

<u>Name</u>	<u>Position</u>
Mr. LAN Hengshui (蘭恒水).....	Chairman of the Board
Mr. SUN Chuwen (孫楚文).....	Director and general manager
Mr. ZHONG Nan’en (鍾南恩).....	Deputy chairman of the Board
Mr. TONG Yanlin (童衍林).....	Director and deputy general manager
Mr. ZHENG Xutao (鄭旭濤).....	Director and deputy general manager
Mr. ZHUO Weiheng (卓威衡).....	Director and chief accountant

Mr. LAN Hengshui (蘭恒水) joined the Issuer in 2020 as the chairman of the Issuer’s Board. Prior to joining the Issuer, Mr. LAN was an assistant general manager, the chief and the deputy chief of the infrastructure management department and the supervisor of maintenance management centre of the Guarantor from 2009 to 2020. He was previously employed in various positions and capacities, including as the deputy general manager of Guangshenzhu Expressway Co., Ltd (廣深珠高速公路有限公司) (“**Guangshenzhu Express**”) from 2006 to 2009, and the general manager of Guangdong Jiangzhong Expressway Co., Ltd. (廣東江中高速公路有限公司) from 2002 to 2006. Prior to then, Mr. LAN had extensive experience working in the expressway construction field, including being the manager of engineering department of construction planning office and the head of technical department for Guangzhou-Zhuhai West Expressway from 2001 to 2002. In addition, he is also a senior engineer at professor level. Mr. LAN graduated from Chongqing Jiaotong College in 1988 with a bachelor’s degree in engineering.

Mr. SUN Chuwen (孫楚文) joined the Issuer in 2010 and has been a director of the Issuer since 2012. He is also currently the general manager of the Issuer. During his time with the Issuer so far, he was also a deputy general manager of the Issuer from 2010 to 2015, concurrently serving as the chairman of the labour union (onshore), respectively, from 2011 to 2013. Previously, he had

experience working in the public service sector, including being a researcher, the deputy director and various other positions of the Price Bureau of Guangdong Province from 1996 to 2010. In 2007, Mr. SUN obtained a master's degree in economics from Jinan University.

Mr. ZHONG Nan'en (鍾南恩) joined the Issuer in 2013 and has been a director of the Issuer since 2015 and later appointed as the deputy chairman of the Issuer's Board since 2019 and as the chairman of the labour union (onshore) of the Issuer. During his time with the Issuer so far, Mr. ZHONG was also a deputy general manager from 2013 to 2019 and the chairman of the labour union (onshore) of the Issuer from 2014 to 2016. He was previously employed in various positions and capacities, including as a deputy general manager of Guangdong Guanyue Road and Bridge Co., Ltd. (廣東冠粵路橋有限公司) from 2006 to 2013. Prior to then, he had extensive experience working in the expressway construction field. In addition, he is also a senior political engineer and a senior economist, as well as a holder of First-level Legal Counsels of State-owned Enterprises qualifications (國有企業一級法律顧問職業崗位資格). In 2002, Mr. ZHONG obtained a master's degree in administration management from Guangdong Province Academy of Social Sciences. In 2009, Mr. ZHONG obtained a master's degree in engineering from Wuhan University.

Mr. TONG Yanlin (童衍林) joined the Issuer in 2004 and has been a director of the Issuer since 2015. He is also currently a deputy general manager of the Issuer. During his time with the Issuer, Mr. TONG was also the chairman of the labour union (onshore) from 2016 to 2021, the manager and a deputy general manager of the administrative division from 2004 to 2013 and the deputy director of the general affairs department of the Guarantor from 2001 to 2003. Prior to then, Mr. TONG worked in Guangdong Shipping Industry Association Company (廣東省船舶工業聯合公司). In addition, he is also a political engineer. In 2002, Mr. TONG obtained a master's degree in economic management from Guangdong Province Academy of Social Sciences. In 2009, Mr. TONG obtained a master's degree in business administration for senior management officials from South China University of Technology.

Mr. ZHENG Xutao (鄭旭濤) joined the Issuer in 2019 and has been a director of the Issuer since then. He currently also serves as a deputy general manager of the Issuer. He was previously employed in various positions and capacities, including as a deputy director, business supervisor, deputy business supervisor and first level employee of the investment management department of the Guarantor from 2007 to 2019, as well as the senior supervisor of the investment development department of Guangdong Nanyue Logistics Company Limited (廣東南粵物流股份有限公司) (now known as Guangdong Yueyun) from 2005 to 2007. In addition, he is also an economist. In 2005, Mr. ZHENG obtained a doctoral degree of science in theoretical physics from Shanghai Jiaotong University. In 2011, Mr. ZHENG also obtained a master degree of business management in finance from The Chinese University of Hong Kong.

Mr. ZHUO Weiheng (卓威衡) joined the Issuer in 2020 and has been a director of the Issuer since then. He currently also serves as the chief accountant of the Issuer. Prior to joining the Issuer, he was the deputy chief accountant, the chief of the finance management department and the chief of the finance and audit department of Guangdong Highway Construction from 2008 to 2020, and the

supervisor of the finance and audit department thereof from 2000 to 2001. Previously, he was employed in various positions and capacities, including as the manager of the accounting department of Guangshenzhu Expressway from 2006 to 2008 and as the chief accountant and the manager of the finance department of Guangzhou-Zhuhai West Expressway Co., Ltd. (廣珠西線高速公路有限公司) from 2001 to 2006. In addition, he is also a senior accountant. In 2002, Mr. ZHUO obtained a bachelor's degree of management in accounting from Jinan University.

SENIOR MANAGEMENT

As at the date of this Offering Circular, the senior management of the Issuer comprised four members, including the general manager, two deputy general managers and the chief accountant.

Certain information on the Issuer's senior management as at the date of this Offering Circular is set forth in the table below:

<u>Name</u>	<u>Position</u>
Mr. SUN Chuwen (孫楚文).....	Director and general manager
Mr. TONG Yanlin (童衍林).....	Director and deputy general manager
Mr. ZHENG Xutao (鄭旭濤).....	Director and deputy general manager
Mr. ZHUO Weiheng (卓威衡).....	Director and chief accountant

Mr. SUN Chuwen (孫楚文) was appointed as the general manager of the Issuer in 2015. For Mr. SUN's biographical details, please see “— *Board of directors*” above.

Mr. TONG Yanlin (童衍林) was appointed as a deputy general manager of the Issuer in 2013. For Mr. TONG's biographical details, please see “— *Board of directors*” above.

Mr. ZHENG Xutao (鄭旭濤) was appointed as a deputy general manager of the Issuer in 2019. For Mr. ZHENG's biographical details, please see “— *Board of directors*” above.

Mr. ZHUO Weiheng (卓威衡) was appointed as the chief accountant of the Issuer in 2020. For Mr. ZHUO's biographical details, please see “— *Board of directors*” above.

DIRECTORS AND SENIOR MANAGEMENT OF THE GUARANTOR

BOARD OF DIRECTORS

As at the date of this Offering Circular, the board of directors of the Guarantor (the “**Guarantor’s Board**”) comprised five directors, including the chairman, and four other directors. The term of each of the Guarantor’s directors lasts for three years, renewable upon approval and re-appointment. The Guarantor’s Board determines major matters of the Guarantor and is primarily responsible to its shareholders for, among other things, (i) formulating annual operation strategies, mid- to long-term plans, annual financial budgets, annual business plans, annual investment plans, profit distribution plans, equity and asset management and major financing and restructuring proposals; (ii) determining the management structure; and (iii) deciding on the remuneration packages of the senior management.

Certain information on the Guarantor’s directors as at the date of this Offering Circular is set forth in the table below:

<u>Name</u>	<u>Position</u>
Mr. DENG Xiaohua (鄧小華).....	Party committee secretary and chairman of the Board
Mr. LIU Xiaohua (劉曉華).....	Deputy party committee secretary, director and general manager
Mr. HONG Jun (洪軍).....	Deputy party committee secretary, director, and chairman of the labour union
Mr. LI Zhi (李智).....	Director
Mr. XU Hongfeng (徐紅楓)	Director

Mr. DENG Xiaohua (鄧小華) joined the Guarantor in August 2005 and serves as the party committee secretary of the Guarantor. He has currently been the chairman of the Guarantor’s Board since September 2016. During his time at Guangdong Highway Construction prior to joining the Guarantor, he held positions as a director, the general manager, a deputy general manager, an assistant general manager, and the chief engineer. He was the director, the general manager, the deputy general manager, the deputy party committee secretary and the chief of infrastructure management department of the Guarantor. Previously, he was an engineer of Guangdong-Shenzhen Expressway Co., Ltd. (廣深高速公路有限公司). In addition, he is a senior engineer at professor level. In April 1989, Mr. DENG obtained a master’s degree in engineering from Tongji University. He graduated from Tongji University in July 1986 with a bachelor’s degree in engineering.

Mr. LIU Xiaohua (劉曉華) joined the Guarantor in November 2016 and serves as a deputy party committee secretary of the Guarantor. He has been a director of the Guarantor since November 2016 and currently also serves as the general manager. Prior to joining the Guarantor, he held positions as the deputy director and party committee member of the Department of Transport of Guangdong Province (廣東省交通運輸廳), as the director of the Port Management Bureau (港航管理局) thereof and as the chief of the Water Transportation Bureau (水運處) thereunder. Mr. LIU

was previously the director and the deputy director of the Road Transportation Bureau of the Department of Transport of Guangdong Province (廣東省交通廳公路運輸管理處), as he concurrently served as the deputy mayor of Ganzhou City of Jiangxi Province from 2005 to 2007. In addition, he is an economist. In June 1988, Mr. LIU obtained a post-graduate degree from Southwest Jiaotong University. He graduated from Changsha Railway College in September 1986 with a bachelor's degree in engineering.

Mr. HONG Jun (洪軍) joined the Guarantor in February 2011 and serves as a deputy party committee secretary. He has been a director of the Guarantor since February 2011 and currently also serves as the chairman of the labour union of the Guarantor. Prior to joining the Guarantor, he served on the Guangdong Provincial Party Committee as a member of the cadres of the Publicity Department at the deputy section level, the deputy director, a division rank official and the director of each of Digital and Dispatching Centre (電調中心), and Remote Centre (遠程中心), of the Organisation Department of the Guangdong Provincial Party Committee. In addition, Mr. HONG is also a senior political engineer. In December 1991, he obtained a master's degree in economics from Sun Yat-sen University. He graduated from Party School of the Hunan Provincial Committee of Communist Party of China in September 1989.

Mr. LI Zhi (李智) joined the Guarantor in 2017 and has been a director of the Guarantor since March 2017.

Mr. XU Hongfeng (徐紅楓) joined the Guarantor in 2019 and has been a director of the Guarantor since August 2019.

SENIOR MANAGEMENT

As at the date of this Offering Circular, the senior management of the Guarantor comprised eight members, including the general manager, four deputy general managers, the board secretary, the chief legal counsel and the chief engineer. The general manager of the Guarantor is accountable to the Guarantor's Board and is primarily responsible for, among other things, (i) presiding over management and operations; (ii) implementing decisions of the Guarantor's Board, annual business plans and investment proposals; (iii) instilling corporate governance; (iv) devising detailed internal rules and policies; (v) making proposals in relation to the appointment or dismissal of members of the senior management; and (vi) deciding on the recruitment and benefits of the Guarantor's employees.

Certain information on the Guarantor's senior management as at the date of this Offering Circular is set forth in the table below:

<u>Name</u>	<u>Position</u>
Mr. LIU Xiaohua (劉曉華).....	Deputy party committee secretary, director and general manager
Mr. HUO Yanbin (霍燕濱).....	Party committee member and deputy general manager

Name	Position
Mr. CAO Xiaofeng (曹曉峰).....	Party committee member and deputy general manager
Mr. TONG Degong (童德功).....	Party committee member and deputy general manager
Mr. ZHI Yufeng (職雨風).....	Party committee member and deputy general manager
Mr. LU Changhe (魯昌河)	Chief engineer
Mr. YUAN Dengping (袁登平)	Board secretary
Mr. CHEN Min (陳敏)	Chief legal counsel

Mr. LIU Xiaohua (劉曉華) was appointed as the general manager of the Guarantor in 2016. For Mr. LIU’s biographical details, please see “— *Board of directors*” above.

Mr. HUO Yanbin (霍燕濱) serves as a party committee member of the Guarantor. He was also appointed as a deputy general manager of the Guarantor in July 2019. Prior to joining the Guarantor, he was a director, the general manager, a deputy general manager and the board secretary of Guangdong Provincial Expressway Development Co., Ltd. (廣東省高速公路發展股份有限公司). Mr. HUO also served as a party committee member and a deputy general manager of Guangdong Provincial Railway Construction Investment Group Co., Ltd. (廣東省鐵路建設投資集團有限公司). In addition, he is also a senior economist. He graduated from South China Normal University in July 1988 with a bachelor’s degree in science. Mr. HUO obtained a master’s degree in economics from Shaanxi College of Finance and Economics in July 1993, as well as a doctorate degree in economics from Nankai University in July 2002.

Mr. CAO Xiaofeng (曹曉峰) serves as a party committee member of the Guarantor. He was also appointed as a deputy general manager of the Guarantor in February 2014. Prior to joining the Guarantor, he was the party committee secretary, the chairman and the deputy chairman of the board of directors, the general manager and the executive deputy general manager of Guangdong Provincial Expressway Development Co., Ltd. (廣東省高速公路發展股份有限公司). Mr. CAO also served as the party committee secretary, the chairman of the board of directors and the general manager of Guangdong Communication Industrial Investment Company Limited (廣東交通實業投資有限公司). In addition, he is also a senior engineer at professor level and a senior economist. He graduated from Xi’an Highway College in July 1988 with a bachelor’s degree in engineering. In June 2001, he obtained a master’s degree in Business Administration from Jinan University.

Mr. TONG Degong (童德功) serves as a party committee member of the Guarantor. He was also appointed as a deputy general manager of the Guarantor in 2018. Previously, he became a chairman and a secretary of the party committee of Guangdong Highway Construction in 2014. In 2005, he became the chairman of the board of directors of the Issuer. In 2002, Mr. TONG became the chief and deputy chief of the infrastructure management department of the Guarantor. In addition, Mr. TONG is also a senior engineer. He graduated from Tongji University in July 1985 with a bachelor’s degree in engineering. In April 1988, he obtained a master’s degree in engineering from Tongji University.

Mr. ZHI Yufeng (職雨風) serves as a party committee member of the Guarantor. He was also appointed as a deputy general manager of the Guarantor in January 2020. Prior to joining the Guarantor, he served as the party committee secretary, the deputy party committee secretary, the chairman and the deputy chairman of the board of directors and the general manager of Guangdong Nanyue. Previously, he also served as the deputy director of Guangdong Road Transportation Authority (廣東省道路運輸管理局). In addition, he is also a senior engineer at professor level. Mr. ZHI graduated from Tongji University in July 1993 with a bachelor's degree in engineering. He obtained a master's degree in engineering from Chang'an University in July 2000 as well as a doctorate degree in engineering from the School of Transportation of South China University of Technology in December 2005.

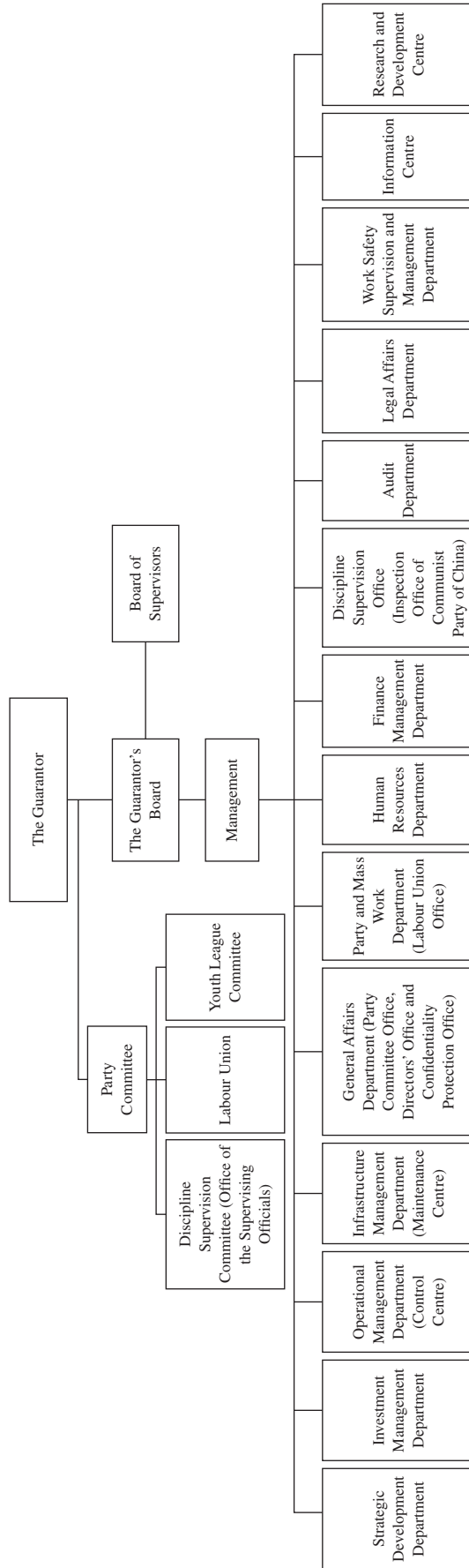
Mr. LU Changhe (魯昌河) was appointed as the chief engineer of the Guarantor in March 2019. Prior to joining the Guarantor, Mr. LU served as the chairman of Guangdong Hualu in 2007. He also served as the chief engineer of Guangdong Provincial Highway Planning and Design Institute (廣東省公路勘察規劃設計院) in 2000. In 1988, Mr. LU obtained a master's degree in engineering from the Academy of Railway Sciences. In 2004, Mr. LU obtained a master's degree in business management from Sun Yat-sen University.

Mr. YUAN Dengping (袁登平) was appointed as the board secretary of the Guarantor in May 2017. Mr. YUAN served as the head of the general affairs department of the Guarantor in 2014. Prior to joining the Guarantor, he also served as the director of general affairs department of Guangdong Expressway Co., Ltd (廣東省高速公路有限公司) in 2000. In July 1991, Mr. YUAN obtained a master's philosophy in logics from South China Normal University.

Mr. CHEN Min (陳敏) was appointed as the chief legal counsel of the Guarantor in September 2021. Prior to joining the Guarantor, Mr. CHEN served as the deputy general manager of Guangdong Nanyue Logistics Company Limited (廣東南粵物流股份有限公司) (now known as Guangdong Yueyun) in 2009. He also served as the director and the general manager of Guangdong Jingtong Highway Engineering Construction Group Co., Ltd. (廣東晶通公路工程建設集團有限公司) in 2007. In 1985, Mr. CHEN obtained a bachelor's degree in engineering from Changsha Institute of Communications.

CORPORATE GOVERNANCE

The Guarantor has established and implemented an effective corporate governance structure. It has set up 14 departments and offices at its headquarters as shown in the organisation chart below:



REGULATIONS OF THE CHINESE MAINLAND

This section summarises the principal laws and regulations of the Chinese mainland, which are relevant to the issue of the Bonds by the Issuer and to the Group's business and operations. As this is a summary, it does not contain a detailed analysis of the laws and regulations of the Chinese mainland.

THE LEGAL SYSTEM OF THE CHINESE MAINLAND

The legal system of the Chinese mainland is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. In general, Chinese People's Court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The NPC and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

THE JUDICIAL SYSTEM OF THE CHINESE MAINLAND

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher-level courts supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the Chinese mainland. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the first judgments or orders given by the Supreme People's Court are final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012 and 27 June 2017, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the Chinese mainland must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the Chinese mainland. If a foreign country's judicial system limits the litigation rights of the Chinese mainland's citizens and enterprises, the Chinese People's Courts may apply the same limitations to the citizens and enterprises of that foreign country within the Chinese mainland. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the Chinese mainland, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by any party to the action, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the Chinese mainland and does not own any property in the Chinese mainland may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by a Chinese People's Court in accordance with the Chinese mainland's enforcement procedures if the Chinese mainland has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principle of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the Chinese mainland, its sovereignty or security, or for reasons of social and public interests.

NDRC REGISTRATION

On 14 September 2015, the NDRC issued the NDRC Circular, which became effective on the same day. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, the NDRC Circular abolishes the case-by-case quota review and approval system for the issuance of foreign debts by Chinese mainland's enterprises. It sets forth the following measures to promote the administrative reform of the issuance of foreign debts by Chinese mainland's enterprises or overseas enterprises and branches controlled by Chinese mainland's enterprises:

- steadily promote the administrative reform of the filing and registration system for the issuance of foreign debts by enterprises;
- increase the size of foreign debts issued by enterprises, and support the transformation and upgrading of key sectors and industries;
- simplify the filing and registration of the issuance of foreign debts by enterprises; and
- strengthen the supervision during and after the process to prevent risks.

For the purposes of the NDRC Circular, “foreign debts” means RMB-denominated or foreign currency-denominated debt instruments with a maturity over one year which are issued offshore by the Chinese mainland’s enterprises and their controlled offshore enterprises or branches and for which the principal and interest are repaid as agreed, including offshore bonds and long-term and medium-term international commercial loans. According to this definition, offshore bonds issued by both the Chinese mainland’s enterprises and their controlled offshore enterprises or branches shall be regulated by the NDRC Circular.

Pursuant to the NDRC Circular, an enterprise shall: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) shall report the information on the issuance of the bonds to the NDRC within 10 working days after the completion of each issuance. The materials to be submitted by an enterprise shall include an application report and an issuance plan, setting out details such as the currency, size, interest rate, term, use of proceeds and the repatriation of funds. The NDRC shall decide whether to accept an application within five working days of receipt and shall issue an Enterprise Foreign Debt Pre-issuance Registration Certificate within seven working days of accepting the application.

To issue foreign debts, an enterprise shall meet the following basic conditions:

- have a good credit history with no default in its issued bonds or other debts;
- have sound corporate governance and risk prevention and control mechanisms for foreign debts; and
- have a good credit standing and relatively strong capability to repay its debts.

Pursuant to the NDRC Circular, the NDRC shall control the overall size of foreign debts that can be raised by Chinese mainland’s enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, the NDRC shall reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the State, and effectively support the development of the real economy. According to the NDRC Circular, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority shall be given to supporting the investment in major construction projects and key sectors, such as the Belt and Road strategy, the coordinated development of Beijing, Tianjin, and Hebei province, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. As the NDRC Circular is relatively new, certain detailed aspects of its interpretation and application remain subject to further clarification. The Company undertakes that it will comply with the requirements of the NDRC Circular in respect of the Bonds.

MAJOR LAWS AND REGULATIONS

Regulation on Fiscal Debts of Local Governments

In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by PBOC and CBIRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Circular 19 and Circular 2881 were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. In accordance with Circular 2881, the level of indebtedness of local governments will impact a financing platform's issuance of enterprise bonds.

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims at regulating the financing system of local governments. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the amended Budget Law of the PRC (2014 amended version) (中華人民共和國預算法(2014修正)), which took effect on 1 January 2015, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

On 11 May 2015, Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments issued jointly by the MOF, PBOC and the CBIRC (財政部人民銀行銀監會關於妥善解決地方政府融資平臺公司在建專案後續融資問題意見) (“**Circular 40**”) was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started

construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations by competent investment authorities before the date when the Circular 43 was promulgated.

The key tasks of local governments and banking financial institutions are as follows:

- *Support stock financing needs for projects under construction.* Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. For the loans to the projects under construction of financing platform companies, if the loan contracts with legal effect have been signed before 31 December 2014 and the loans have been granted but the contracts have not yet expired, banking financial institutions shall, under the premise of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall not blindly call in loans in advance, delay or suspend the granting of loans.
- *Regulate increment financing for projects under construction.* Local governments at all levels shall pay close attention to the incremental financing needs which are expected to be given fiscal support for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capital such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt a government and social capital cooperation mode, they shall prioritise such mode to make up the needs. And if they are in compliance with the relevant state provisions without any other funding sources for construction, but temporarily the government and social capital cooperation mode is not suitable, the incremental financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by laws and relevant regulations.
- *Administer in an effective and proper manner follow-up financing for projects under construction.* Banking financial institutions shall carefully check the destinations of the loans, and focus on supporting certain types of projects under construction of financing platform companies, such as farmland water conservancy facilities, affordable housing projects and urban railway systems.
- *Improve supporting measures.* Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding amounts of government bonds issuance and where the treasury balances exceed the treasury payment for one and a half months, the local financial departments are allowed to, within the limit of the amount of government bonds issuance, make more efforts to effectively use the stock of fiscal funds in the previous years and use

the surplus amount of the treasury for capital flow before government bond issuance, so as to address the time difference between the financing for projects under construction and government bonds issuance.

Regulation on the Issuance of Foreign Bonds

According to Regulation on Foreign Exchange Administration of the PRC (中華人民共和國外匯管理條例) and Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (境內機構境外直接投資外匯管理規定), corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau (外匯管理機構). On 13 February 2015, the SAFE issued the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (Annex: Operating Guidelines for Foreign Exchange Business in Direct Investment) (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知 (附: 直接投資外匯業務操作指引)) (the “**2015 SAFE Circular**”), which provided that foreign exchange registration under overseas direct investment shall be directly examined and handled by banks, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the required documents. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profit gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

On 12 May 2014, the SAFE released the Regulation on the Administration of Foreign Exchange for Cross-Border Guarantee and its operation guideline (collectively, the “**Cross-Border Guarantee Regulation**”), which became effective on 1 June 2014. According to the Cross-Border Guarantee Regulation, a “cross-border guarantee” is a written and legally binding guarantee provided by the guarantor to the creditor to fulfill the relevant payment obligations under the guarantee contract, which may involve cross-border payments or cross-border asset transfers. Depending on the place of registration of the relevant party to the guarantee, a cross-border guarantee can be classified as overseas lending secured by a domestic guarantor, domestic lending secured by an overseas guarantor, and other forms of cross-border guarantee. Overseas lending secured by a domestic guarantor refers to a cross-border guarantee in which the guarantor is registered in the Chinese mainland, and both the debtor and the creditor are registered outside of the Chinese mainland. Domestic lending secured by an overseas guarantee refers to a cross-border guarantee in which the guarantor is registered outside of the Chinese mainland, and both the debtor and the creditor are registered within the Chinese mainland. Other forms of cross-border guarantee shall include cross-border guarantees other than overseas lending secured by a domestic guarantor, and domestic lending secured by an overseas guarantor. Overseas lending secured by a

domestic guarantor, and domestic lending secured by an overseas guarantor, shall be registered with the SAFE or its local counterpart. The domestic guarantor may perform its guarantee obligations, and the domestic creditor may collect funds, upon completion of such registration. Other forms of cross-border guarantee are not required to be registered or filed with the SAFE or its local counterpart except as otherwise required by the SAFE or its local counterpart. Funds involved in overseas lending secured by a domestic guarantor transaction shall not be used for any purpose or transaction outside the normal business scope of the debtor, or for arbitrage transactions under a false trade background, or any other speculative transactions. On 26 January 2017, the SAFE issued a Circular on Further Advancing the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知). According to this Circular, the debtors are allowed to repatriate funds raised in overseas lending secured by a domestic guarantor to the Chinese mainland directly or indirectly by way of domestic borrowing, equity or securities investment, or any other means. For domestic lending secured by overseas guarantee, an overseas institution or individual may only provide a guarantee for loans or credit facilities granted by domestic financial institutions to domestic non-financial institutions.

On 11 May 2018, the NDRC and the MOF promulgated Circular 706. Pursuant to Circular 706, an enterprise that intends to incur medium- and long-term debt in offshore markets shall have established a sound and stable corporate governance structure, management decision-making mechanism and financial management system. Such enterprise shall have existing operations, implement market-based financing in compliance with laws and regulations, and fully demonstrate the necessity, feasibility, economy, and financial sustainability of offering debt in offshore markets, and such enterprise shall form a debt and interest repayment scheme based on its own credit and indebtedness situations and implement repayment security measures. Moreover, such enterprise is not permitted to request or accept any offer by its local government or a government department to provide guarantee or assume debt repayment obligations for its debt issued in offshore markets. Such enterprise may not count public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government offices and public institutions, municipal roads, non-toll bridges, non-managed water conservancy facilities, non-chargeable network facilities or any other public assets or the rights to use land reserves, as assets owned by the enterprises for reporting purposes either.

Furthermore, such enterprise is required to standardise its information disclosure. Pursuant to Circular 23, state-owned financial institutions should carefully evaluate the sources and ability of repayment by issuers that are local government financing vehicles, seeking to issue offshore bonds, before they provide financial support to such issuers, especially when the proceeds will be used for infrastructure construction. Where the repayment source made by an issuer involves government investment funds, the state-owned financial institution shall carry out a due diligence investigation and carefully verify the legality, authenticity and validity of such repayment source. By the same token, in bond issuance documents such as bond offering circulars, such enterprise shall not make any statement or disclosure that implicitly or explicitly indicates government endorsement by describing the local or national government's creditworthiness, such as financial information

regarding revenue, expenditures and government debt, nor issue any misleading public statement which implies such issuer having a connection or an association with the government's creditworthiness or otherwise. Moreover, such enterprise shall specify in the relevant bond offering circulars that the local government, as a shareholder, bears only limited liability to the extent of its equity contribution in the issuer, and the debt owed by such enterprise shall be repaid by such enterprise, in the case of a local state-owned enterprise, as an independent legal person.

Expressway and Toll Road Regulations

The PRC Expressway Law (中華人民共和國公路法) was adopted on 3 July 1997, and was subsequently amended in 1999, 2004, 2009, 2016 and 2017. Planning, construction, maintenance, management, use and administration of roads within the borders of the PRC, including expressway bridges, expressway tunnels and expressway crossings, shall comply with the requirements of the PRC Expressway Law.

In addition, the construction, management and operation of toll roads (including bridges and tunnels), the location of toll booths and the transfer of interests and benefits of toll roads are subject to the Regulation of the PRC on Toll Road Administration (中華人民共和國收費公路管理條例) adopted in 2004. A draft amendment to the regulation had sought for public comments by December 2018 and January 2019. As at the date of this Offering Circular, no amendment to the regulation has been put into effect.

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法(2017修正)) promulgated by the SCNPC on 27 December 2017 which became effective on 28 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例(2019修訂)) promulgated by State Council on 2 March 2019 which became effective on the same day, Measures for the Construction Bidding and Tendering of Construction Projects (工程建設項目施工招標投標辦法) jointly promulgated by NDRC, MOC, MOR, MOT, Ministry of Information Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China in 8 March 2003 and modified on 11 March 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建築工程設計招標投標管理辦法) issued by MOC on 24 January 2017 and became effective on 1 May 2017, Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 and amended on 28 September 2018.

In accordance with the Bidding and Tendering Law of the People's Republic of China, certain types of projects shall go through bidding processes during phases, including project survey, design, construction, supervision and procurement of the essential equipment and materials relating

to the project construction. Such projects include projects relating to social public interest and public security, including large infrastructure and utilities; projects invested by state funds or financed by the government in whole or in part; projects using loans or aid funds of international organisations or foreign government, etc.

The process of bidding and tendering consists of five stages including bid invitation, tendering, bid opening, bid evaluation and bid award. The principle of openness, fairness and equal competition shall be followed in the bidding and tendering for construction project contracting, and the contractor shall be chosen after evaluation. After the contractor is determined, the tenderee shall issue the notification to the successful bidder. The notification is legally binding on both the tenderee and the bid winner.

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1 per cent. of the contract amount of the project. For projects using the state funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person directly in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (I) (最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋(一)) issued by the Supreme People's Court on 29 December 2020 and became effective on 1 January 2021, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 7 October 2017 and further amended on 23 April 2019, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by MOC on 22 November 2007 and 1 April 2021, which became effective on the same date, Interim Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理辦法) issued jointly by MOC and MOF on 27 December 2016 and amended on 20 June 2017 which became effective on 1 July 2017, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by MOHURD on 4 April 2000 and 19 October 2009 which became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC on 30 June 2000 which became effective on the same date, Measures for

Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 31 March 2004 which became effective on 1 October 2004, and its Implement which is promulgated on 27 January 2010 and became effective on 1 May 2010.

According to the Regulation on Quality Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the quality of the construction projects. The competent administrative department of construction at or above county level is the competent authority for quality supervision and management of construction projects.

Work Safety Management

Major laws and regulations on work safety during the project contracting process include Work Safety Law of the People's Republic of China (中華人民共和國安全生產法) promulgated by the SCNPC on 29 June 2002 which became effective on 1 November 2002, and last amended on 1 June 2021 which amendment became effective on 1 June 2021, Regulation on Work Safety Management of Construction Projects (建設工程安全生產管理條例) promulgated by State Council on 24 November 2003 which became effective on 1 February 2004, Regulation on Work Safety Licences (安全生產許可證條例) by State Council on 13 January 2004 and became effective on the same date, and amended on 18 July 2013 and 29 July 2014 which amendment became effective on the same date. Interim Regulation of Penalty and Fine on Regulation on Work Safety Accident Report and Investigation (生產安全事故罰款處罰規定(試行)(2015修正)) promulgated by State Council on 12 July 2007 which became effective on the same date, and amended on 1 September 2011 and 2 April 2015 which amendment became effective on 1 May 2015, and Administrative Provisions on Work Safety Licences of Construction Enterprises (建築施工企業安全生產許可證管理規定) issued by MOC on 5 July 2004 and became effective on the same date and amended on 22 January 2015.

In accordance with the Work Safety Law of the People's Republic of China, Regulation on Work Safety Licences and other related regulations, the state implements the work safety license system to construction enterprises. Any enterprise failing to obtain the work safety license shall not carry out production activity. In accordance with the Regulation on Work Safety Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the work safety of construction projects. For general contracting projects, the general contractor shall assume full responsibility for the work safety of the construction site, and the subcontractor shall be jointly liable for the work safety of the subcontracted portions of work.

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影

響評價法) promulgated by SCNPC on 28 October 2002 which became effective on 1 September 2003 and modified on 2 July 2016 and 29 December 2018, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998 which became effective on the same date and modified on 16 July 2017, and Interim Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設項目竣工環境保護驗收暫行辦法) promulgated by Ministry of Environmental Protection of the PRC on 20 November 2017 which amendment became effective on the same date.

In accordance with the provisions of the Administrative Regulations on Environmental Protection of Construction Projects and Interim Measures for Environmental Protection Acceptance of Construction Projects upon Completion, the PRC government implements the system of environmental impact assessment on construction projects. After the completion of a construction project for which an environment impact report or environment impact statement is formulated, the construction developer shall conduct acceptance inspection of the complementary environmental protection facilities pursuant to the standards and procedures stipulated by the environmental protection administrative authorities of the State Council, and formulate the acceptance inspection report.

Environmental Protection

The Environmental Protection Law (環境保護法), promulgated on 26 December 1989 by the SCNPC, which became effective on 26 December 1989, as amended on 24 April 2014, establishes the legal framework for environmental protection in the PRC. The environmental protection department of the State Council supervises environmental protection work in the PRC, and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

Air Pollution

The Air Pollution Prevention Law (大氣污染防治法), promulgated on 5 September 1987 by the SCNPC, which became effective on 1 June 1988 and modified on 29 August 1995, 29 April 2000, 29 August 2015 and 26 October 2018, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law (水污染防治法), promulgated on 11 May 1984 by the SCNPC, which became effective on 1 November 1984, and amended on 15 May 1996, 28 February 2008 and 27 June 2017, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution

The Noise Pollution Prevention Law (環境噪聲污染防治法), promulgated by the SCNPC on 29 October 1996, which became effective on 1 March 1997 and modified on 29 December 2018, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Construction Projects

The Environmental Impact Appraisal Law (環境影響評價法), promulgated by the SCNPC on 28 October 2002, which became effective on 1 September 2003 and modified on 2 July 2016 and 29 December 2018, the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 29 November 1998, which became effective on 29 November 1998 and modified on 16 July 2017, and the Interim Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設項目竣工環境保護驗收暫行辦法) promulgated by Ministry of Environmental Protection of the PRC on 20 November 2017 which amendment became effective on the same date, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau, prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

Labour

Employment Contracts

The Labour Contract Law (勞動合同法), promulgated by the SCNPC on 29 June 2007, which became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the Labour Contract Law and continuing as of the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law, but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the SCNPC on 28 October 2010, which became effective on 1 July 2011 and was amended on 29 December 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999 and was amended on 24 March 2019, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例(2019修訂)), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002 and 24 March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

REGULATIONS REGARDING OVERSEAS INVESTMENT, FINANCING AND ACQUISITION ACTIVITIES

NDRC Supervision

According to the Administrative Measures for the Outbound Investment by Enterprises (企業境外投資管理辦法) promulgated by the NDRC on 26 December 2017, which became effective on 1 March 2018, projects subject to approval are sensitive projects to be carried out by investors either directly or through overseas enterprises controlled by them. The approval authority is the NDRC.

Projects subject to filing are non-sensitive projects directly carried out by investors, namely the non-sensitive projects involving the direct investment of assets and equities or the provision of financing or guarantees.

Specifically, for a project requiring filing, the authority in charge of filing is (i) the NDRC, if the investor is a centrally administered enterprise (a centrally administered financial enterprise or an enterprise directly subordinate to the administration by the State Council or its subordinate organ); (ii) the NDRC, if the investor is a local enterprise and the amount of Chinese investment is U.S.\$0.3 billion or above; and (iii) the provincial development and reform authority at the place where the investor is registered, if the investor is a local enterprise and the amount of Chinese investment is less than U.S.\$0.3 billion.

These Measures apply mutatis mutandis to investments in Hong Kong, Macao or Taiwan made by investors directly or through enterprises under their control.

MOFCOM Supervision

MOFCOM issued the new version of the Overseas Investment Administration Rules (境外投資管理辦法) on 6 September 2014, effective from 6 October 2014 (the “**New Overseas Investment Rules**”). Under the New Overseas Investment Rules, a domestic enterprise intending to carry out any overseas investment shall report to the competent department of commerce for verification or filing and the competent department of commerce shall, with regard to an enterprise so verified or filed, issue thereto an Enterprise Overseas Investment Certificate (企業境外投資證書). If two or more enterprises make a joint investment to establish an overseas enterprise, the larger (or largest) shareholder shall be responsible for the verification or filing procedure after obtaining written consent of other investing parties.

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. “**Sensitive countries and regions**” mean those countries without a diplomatic relationship with the PRC, or subject to the United Nations Security Council sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. “**Sensitive industries**” mean those industries involving products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days after accepting such application, decide whether or not the verification is granted. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days after accepting such local enterprise’s application and submission of all application documents to MOFCOM, while MOFCOM shall decide whether or not the verification is granted within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

Other than those overseas investments subject to MOFCOM verification as described above, all other overseas investments are subject to a filing procedure. The investing enterprise shall complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business licence, for filing at MOFCOM (for a central enterprise (中央企業)) or the provincial department of commerce (for a local enterprise) respectively.

MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within three working days of receipt of such filing form.

The investing enterprise must carry out the investment within two years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such certificate will automatically become invalid and a new filing or verification application has to be made by the investing enterprise. In addition, if any item specified in such certificate is changed, the investing enterprise shall make the change of registration at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the legal process of the investment is completed offshore. The investing enterprise shall complete and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form (境外中資企業再投資報告表) from the Overseas Investment Management System and stamp and submit such form to MOFCOM or the provincial department of commerce.

Foreign Exchange Administration

According to Regulation on Foreign Exchange Administration of the PRC (中華人民共和國外匯管理條例) and Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (境內機構境外直接投資外匯管理規定), corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau (外匯管理機構). The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate (外匯登記證) for overseas direct investment or an integrated circuit card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and

other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profit gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

SAFE promulgated the 2015 SAFE Circular on 13 February 2015 which took effect on 1 June 2015. The 2015 SAFE Circular aims to deepen the reform of foreign exchange administration of capital accounts, promote and facilitate the capital operation of enterprises in making cross-border investments, regulate the direct investment-related foreign exchange administration business and improve the administration efficiency. The 2015 SAFE Circular set forth the following reformation: (i) cancel two administrative examination and approval items: verification and approval of foreign exchange registration under domestic direct investment, and verification and approval of foreign exchange registration under overseas direct investment; after the implementation thereof, a bank that has obtained the financial institution identification code assigned by the relevant Foreign Exchange Bureau and has activated the capital account information system with the Foreign Exchange Bureau at its domicile may handle Foreign Exchange Registration of Direct Investment for foreign-invested enterprises in the PRC and the domestic investors of enterprises invested overseas directly through the capital account information system of the Foreign Exchange Bureau; (ii) cancel the confirmation and registration of foreign investors' non-monetary contribution and the confirmation and registration of foreign investors' contribution to purchasing the equity held by the Chinese party under domestic direct investment; (iii) the confirmation and registration of foreign investors' monetary contribution is adjusted to book-entry registration of domestic direct investment monetary contribution; (iv) cancel foreign exchange filing of overseas re-investment. New overseas enterprises established or controlled by overseas enterprises established or controlled by domestic investors through re-investment are not required to complete foreign exchange filing formalities; and (v) the annual inspection of direct investment-related foreign exchange is canceled and registration of existing equity shall be adopted instead.

State-owned Assets Supervision

The Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises (中央企業境外國有產權管理暫行辦法) and the Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises (中央企業境外國有資產監督管理暫行辦法) also apply to overseas investment projects. Where overseas enterprises wholly owned or controlled by central enterprises or their subsidiaries at all levels conduct economic activities such as transferring or acquiring properties, making non-monetary contribution, changing the state-owned shareholding in non-listed companies, consolidation, division, dissolution or liquidation, they shall appoint a professional agency with the corresponding qualifications, professional experiences and good reputation to evaluate or assess the subject matters, and the evaluation items or valuation results shall be submitted to SASAC for record-filing or approval (as the case may be).

Pursuant to the Interim Measures for Administration of Overseas State-owned Property Right of Central Enterprises, the central enterprise shall, in a unified way, apply for property right registration with the SASAC, where any of the following events take place in connection with a central enterprise or its subsidiaries at all levels:

- (1) where an overseas enterprise is established by way of investment, division or consolidation, or the property right of an overseas enterprise is obtained for the first time by way of acquisition or equity investment;
- (2) where any change occurs to an overseas enterprise's basic information including its name, registration place, registered capital and the main business scope, or the overseas enterprise's property right information changes due to any changes in the capital contributors, amount of capital contributions and proportions of capital contributions;
- (3) where an overseas enterprise no longer keeps state-owned property right due to dissolution, bankruptcy, or property right transfer and capital reduction; or
- (4) other circumstances in which property right registration needs to be made.

EIT Law

Prior to 1 January 2008, under the then applicable PRC law and regulations, entities established in the Chinese mainland were generally subject to a 33 per cent. EIT. However, entities that satisfied certain conditions enjoyed preferential tax treatment. In accordance with the tax laws and regulations effective until 31 December 2007, foreign invested manufacturing enterprises scheduled to operate for a period no less than ten years were exempted from paying state income tax for two years starting from its first profit making year and were allowed a 50 per cent. reduction in its tax rate in the third, fourth and fifth years (“**two-year exemption and three-year reduction by half**”).

On 16 March 2007, the NPC enacted the EIT law, which, together with its related implementation rules issued by the State Council on 6 December 2007, became effective on 1 January 2008. The new EIT law imposes a single uniform income tax rate of 25 per cent. on all Chinese enterprises, including foreign invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatments available under the previous tax laws and regulations. On 26 December 2007, the State Council issued a “Notice on the Implementation of the Transitional Preferential Tax Policies”, or Circular [2007] No. 39. The EIT law was amended by SCNPC on 24 February 2017 and 29 December 2018.

Further, as at 1 January 2008, the enterprises that previously enjoyed “two-year exemption and three- year reduction by half” of EIT and other preferential treatments in the form of tax deductions and exemptions within specified periods may, after the implementation of the new EIT

law, continue to enjoy the relevant preferential treatments until the expiration of the time period. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make profits, its preferential time period shall be calculated from 2008.

After the implementation of the new EIT law, the preferential tax treatment for encouraged enterprises located in western China and certain industry-oriented tax incentives are still available.

Value-added Tax

According to the Tentative Regulations on the Value-added Tax of the PRC which was promulgated by the State Council on 13 December 1993 and amended on 10 November 2008, 26 February 2016 and 19 November 2017, and the Detailed Implementation Rules of the Tentative Regulations on the Value-added Tax of the PRC promulgated by the PRC Ministry of Finance which came into effect on 1 January 2009 and was last amended on 28 October 2011, organisations or individuals who sell commodities, provide processing, repairing or replacement services, or import commodities within the PRC's territories are subject to value-added tax, and shall pay the value-added tax accordingly. The rate of the value-added tax shall be 17 per cent. 11 per cent. or six per cent., depending on the commodities being sold. For taxpayers exporting commodities, the tax rate shall be zero per cent.

With the reform of Value-added Tax since 2012, the Ministry of Finance and the State Administration of Taxation promulgated a series of regulations and commenced pilot from the transport industry and part of the modern service industries which gradually expands to the scope of the pilot reform region and the applicable industry scope. On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular of Full Implementation of Business Tax to VAT Reform Caishui [2016] No. 36 (“**Circular 36**”), which confirms that business tax is completely replaced by VAT from 1 May 2016. For more details, see “*Taxation — Chinese Mainland*”.

The Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to Value-add Tax Rates (財政部、國家稅務總局關於調整增值稅稅率的通知), which was promulgated by the MOF and the SAT on 4 April 2018 and became effective on 1 May 2018, reduced the applicable Value-added tax rates for general value-added taxpayers to 16%, 10% and 6%, respectively. The Announcement on Policies for Deepening the VAT Reform (關於深化增值稅改革有關政策的公告), which was promulgated by the MOF, the SAT and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, further reduced the applicable value-added tax rates for general value-added taxpayers with respect to value-added taxable sales or imported goods to 13% and 9%, respectively.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

CHINESE MAINLAND

The following summary accurately describes the principal Chinese mainland's tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of the Chinese mainland for the Chinese mainland's tax purposes. These beneficial owners are referred to as non-resident Bondholders in this "Taxation — Chinese Mainland" section. In considering whether to invest in the Bonds, investors should consult their individual tax advisers with regard to the application of the Chinese mainland's tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to the Chinese mainland's taxes from the taxable year beginning on or after 1 January 2018.

Income Tax

Pursuant to the EIT Law, the IIT Law and the implementation rules in relation to both the EIT Law and the IIT Law, the Chinese mainland's income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to the Chinese mainland-sourced income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management body" are within the territory of the Chinese mainland are treated as the Chinese mainland's tax resident enterprises for the purpose of the EIT Law and must pay the Chinese mainland's enterprise income tax at the rate of 25 per cent. in respect of their taxable income. If relevant Chinese mainland's tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the territory of the Chinese mainland, the Issuer may be treated as a Chinese mainland's tax resident enterprise for the purpose of the EIT Law, and the Issuer may be subject to the Chinese mainland's enterprise income tax at the rate of 25 per cent. on its taxable income.

As at the date of this Offering Circular, the Issuer has not been notified or informed by the Chinese mainland's tax authorities that it is considered as a Chinese mainland's tax resident enterprise for the purpose of the EIT Law. However, there can be no assurance that the Issuer will not be treated as a Chinese mainland's tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the Chinese mainland or whose income has no connection to its establishment inside the Chinese mainland must pay enterprise income tax on income sourced within the Chinese mainland, and such income tax must be withheld at source by the Chinese mainland's payer. Accordingly, if the Issuer is treated as a Chinese mainland's tax resident enterprise by the Chinese mainland's tax authorities, the Issuer may be required to withhold income tax from the payments of interest in respect of the Bonds to any non-Chinese mainland Noteholder, and gain from the disposition of the Bonds may be subject to the Chinese mainland's tax, if the income or gain is treated as Chinese mainland-source. The tax rate is generally 10 per cent. for non-resident enterprise Noteholders and 20 per cent. in the case of non-resident individuals, subject to the provisions of an applicable tax treaty.

In addition, as the Guarantor is currently regarded as a Chinese mainland's tax resident enterprise, if the Issuer is not able to make payments under the Bonds and the Guarantor fulfils the payment obligations under the Guarantee, the Guarantor must withhold the Chinese mainland's income tax on payments with respect to the interest accrued on the Bonds to non-resident enterprise holders generally at the rate of 10 per cent. (and possibly at a rate of 20 per cent. in the case of payments to non-resident individual holders), subject to the provisions of any applicable tax treaty.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to Chinese mainland's enterprise income tax if such gains are regarded as income derived from sources within the Chinese mainland. Under the EIT Law, a “**non-resident enterprise**” means an enterprise established under the laws of a jurisdiction other than the Chinese mainland and whose actual administrative organisation is not in the Chinese mainland, which has established offices or premises in the Chinese mainland, or which has not established any offices or premises in the Chinese mainland but has obtained income derived from sources within the Chinese mainland. There remains uncertainty as to whether gains realised on the transfer of the Bonds by non-resident enterprise Bondholders would be treated as income derived from sources within the Chinese mainland and be subject to Chinese mainland's enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the Chinese mainland or who has no domicile but has lived within the territory of the Chinese mainland for less than one year shall pay individual income tax on any income obtained within the Chinese mainland. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not Chinese mainland's citizens or residents will be subject to the Chinese mainland's individual income tax. If such gains are subject to the Chinese mainland's income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained

from the transfer of the Bonds minus all costs and expenses that are permitted under the Chinese mainland's tax laws to be deducted from the income. According to the Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from the Chinese mainland's income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the Chinese mainland and all the other relevant conditions are satisfied.

VAT

On 23 March 2016, the MOF and the State Administration of Taxation issued Circular 36, which introduced a new VAT from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide services within the Chinese mainland. The operating revenues generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to VAT if the seller or purchaser of the services is within the Chinese mainland. In the event that foreign entities or individuals do not have a business establishment in the Chinese mainland, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6 per cent. Accordingly, the interest and other interest like earnings received by a non-Chinese mainland resident Bondholder from the Issuer will be subject to the Chinese mainland's VAT at the rate of 6 per cent. The Issuer will be obliged to withhold VAT of 6 per cent. and certain surcharges on payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside the Chinese mainland between non-Chinese mainland resident Bondholders will be subject to the Chinese mainland's VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside the Chinese mainland and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the Chinese mainland. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties. However, despite the withholding of the Chinese mainland's tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in "Terms and Conditions".

Stamp Duty

No Chinese mainland's stamp duty will be imposed on non-Chinese mainland Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds to the extent that the registered holders of the Bonds is maintained outside of the Chinese mainland and the issuance and the sale of the Bonds is made outside of the Chinese mainland.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”) as it is currently applied by the Inland Revenue Department, interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation (other than a financial institution) carrying on a trade, profession or business in Hong Kong; or
- (iii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person (other than a corporation) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business; or
- (iv) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

SUBSCRIPTION AND SALE

The Issuer and Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 18 January 2022 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for the aggregate principal amount of the Bonds set forth opposite its name below.

	Principal Amount of the Bonds be subscribed
	<i>(U.S.\$)</i>
Joint Lead Managers	
Bank of China Limited	30,000,000
GF Securities (Hong Kong) Brokerage Limited	30,000,000
China International Capital Corporation Hong Kong Securities Limited	30,000,000
ABCI Capital Limited	30,000,000
Guotai Junan Securities (Hong Kong) Limited	26,000,000
China CITIC Bank International Limited	26,000,000
CLSA Limited	26,000,000
Standard Chartered Bank	26,000,000
Haitong International Securities Company Limited	26,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	25,000,000
ICBC International Securities Limited	25,000,000
Luso International Banking Limited	25,000,000
CMB Wing Lung Bank Limited	25,000,000
Oversea-Chinese Banking Corporation Limited	25,000,000
BOCOM International Securities Limited	25,000,000
China Construction Bank (Asia) Corporation Limited	25,000,000
Agricultural Bank of China Limited Hong Kong Branch	25,000,000
China Everbright Bank Co., Ltd., Hong Kong Branch	25,000,000
Emirates NBD Bank PJSC	25,000,000
Total	500,000,000

The Subscription Agreement provides that the Joint Lead Managers and their respective subsidiaries, affiliates or any person who controls any of them or any of their respective directors, officers, employees or agents will be indemnified against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer and the Guarantor.

The Joint Lead Managers and certain of their respective subsidiaries or affiliates have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer, the Guarantor and/or their respective subsidiaries, from time to time, for which they have received customary fees and expenses. The Joint Lead Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective subsidiaries in the ordinary course of business.

In connection with the offering of the Bonds, each of the Joint Lead Managers and/or their respective affiliate(s) may act as an investor for its own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or the Guarantor and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Each of the Joint Lead Managers or their respective affiliates may purchase the Bonds for its own account or for the accounts of its customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

In connection with the issue of the Bonds, each of the Joint Lead Managers appointed (excluding China CITIC Bank International Limited who shall not act as a Stabilisation Manager) acting in its capacity as a Stabilisation Manager and/or their respective affiliate(s) or any person acting on its behalf may, to the extent permitted by applicable laws and regulations, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, such Stabilisation Manager and/or its respective affiliate(s) or any person acting on its behalf shall act as principal and not as agent of the Issuer and the Guarantor. However, there is no assurance that any Stabilisation Manager or its respective affiliate(s) or any person acting on its behalf will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may be ended at any time, but must end no later than the earlier of 30 days after the Issue Date of the Bonds and 60 days after the date of the allotment of the Bonds. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilisation Manager.

If a jurisdiction requires that the offering be made by a licenced broker or dealer and a Joint Lead Manager or any affiliate of such Joint Lead Manager is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds are subject to restrictions and may not be made except pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Bonds, in all cases at their own expense.

UNITED STATES

The Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each of the Joint Lead Managers has represented, warranted and agreed that:

- (a) it and its affiliates has not offered or sold, and agrees that it and its affiliates will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S; and
- (b) none of it, its affiliates, or any persons acting on its or their behalf have engaged or will engage in any “directed selling efforts” (as defined in Regulation S) with respect to the Bonds.

UNITED KINGDOM

Each of the Joint Lead Managers has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21 (1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

HONG KONG

Each of the Joint Lead Managers has represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**CWUMPO**”) or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

CHINESE MAINLAND

Each of the Joint Lead Managers has represented and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the Chinese mainland, except as permitted by the securities laws of the Chinese mainland.

SINGAPORE

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase, and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the “SFA” is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “Financial Instruments and Exchange Act”). Accordingly, each of the Joint Lead Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws, regulations and ministerial guidelines of Japan.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to the Group. Since this summary is not meant to be exhaustive, there is no assurance regarding the completeness of this summary. The Guarantor has not prepared a complete reconciliation of the consolidated financial information and related disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisors for an understanding the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

GOVERNMENT GRANT

Prior to 1 January 2017, under PRC GAAP, an assets-related government grant was only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. From 1 January 2017, the treatment of an assets-related government grant under the PRC GAAP has changed and is the same as that under IFRS.

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation are transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit or loss.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including investment property valued under the cost model, long-term equity investments, fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill may be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Prior to 1 January 2021, under PRC GAAP, an enterprise shall measure available-for-sale financial assets at their fair values. If the available-for-sale financial assets do not have a quoted market price in an active market, and their fair value cannot be reliably measured, cost model shall be applied. After 1 January 2021, the treatment of available-for-sale financial assets under PRC GAAP is identical with that under IFRS.

Under IFRS, available-for-sale financial assets are measured at fair value.

GENERAL INFORMATION

- 1. Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 242252268 and the International Securities Identification Number for the Bonds is XS2422522685. The Legal Entity Identifier of the Issuer is 875500KSMQKW1JYCSJ53.
- 2. Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue, execution, delivery and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds and the entry into the transaction documents in connection with the Bonds were authorised by a resolution of the board of directors of the Issuer dated 26 November 2021. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of its obligations under the Guarantee, the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by a resolution of the board of directors of the Guarantor dated 30 July 2021.
- 3. No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in or affecting the general affairs, financial condition, results of operations or prospects of the Issuer, the Guarantor or the Group since 30 September 2021.
- 4. Litigation:** Except as disclosed in this Offering Circular, none of the Issuer, the Guarantor or any member of the Group is involved in any litigation or arbitration proceedings (including such proceedings which are pending) which could have a material and adverse effect on their business, results of operations and financial condition.
- 5. Available Documents:** Copies of the Historical Financial Statements, the Trust Deed, the Agency Agreement and the Deed of Guarantee will be available for inspection upon prior written request and satisfactory proof of holding and identity from the Issue Date at the principal place of business for the time being of the Trustee currently at 1/F., Far East Consortium Bldg., 121 Des Voeux Road Central, Hong Kong during normal business hours (being 9.00 a.m. to 3.00 p.m. (Hong Kong time) Monday to Friday, public holidays excepted), so long as any Bond is outstanding.
- 6. Financial Statements:** The Group's Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by BDO. The Group's Interim Financial Statements, which are included elsewhere in this Offering Circular, have been reviewed by BDO. The Issuer Group's 2019 Financial Statements, which are included elsewhere in this Offering Circular, have been audited by GP. The Issuer Group's 2020 Financial Statements, which are included elsewhere in this Offering Circular, have been audited by Zhongzhun. The Issuer Group's Interim Financial Statements, which are included elsewhere in this Offering Circular, have been reviewed by BDO.

7. **Listing of Bonds:** Application will be made to the SEHK for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 26 January 2022.

INDEX TO FINANCIAL STATEMENTS

The Issuer Group’s Reviewed Consolidated Interim Financial Statements as at and for the nine months ended 30 September 2021

Review Report	F-5
Consolidated Balance Sheet and Company Balance Sheet	F-7
Consolidated Income Statement and Company Income Statement	F-11
Consolidated Cash Flow Statement and Company Cash Flow Statement	F-13
Consolidated Statement of Changes in Owners’ Equity and Statement of Changes in Owners’ Equity of the Company	F-15
Notes to the Interim Financial Statements	F-19

The Issuer Group’s Audited Consolidated Financial Statements as at and for the year ended 31 December 2020

Auditor’s Report	F-99
Consolidated Balance Sheet	F-102
Balance Sheet of the Holding Company	F-103
Consolidated Income Statement	F-104
Income Statement of the Holding Company	F-105
Consolidated Cash Flow Statement	F-106
Cash Flow Statement of the Holding Company	F-107
Consolidated Statement of Changes in Equity	F-108
Consolidated Statement of Changes in Equity of the Holding Company	F-110
Notes to the 2020 Consolidated Financial Statements	F-112

The Issuer Group’s Audited Consolidated Financial Statements as at and for the year ended 31 December 2019

Auditor’s Report	F-213
Consolidated Balance Sheet	F-216
Consolidated Income Statement	F-220
Consolidated Cash Flow Statement	F-222
Consolidated Statement of Changes in Equity	F-224
Notes to the 2019 Consolidated Financial Statements	F-226

The Group’s Reviewed Consolidated Interim Financial Statements as at and for the nine months ended 30 September 2021

Review Report	F-321
Consolidated Balance Sheet	F-323
Consolidated Income Statement.	F-325
Cash Flow Statement.	F-326
Consolidated of Changes in Owners’ Equity	F-327
Notes to the Interim Financial Statements.	F-329

The Group’s Audited Consolidated Financial Statements as at and for the year ended 31 December 2020

Auditor’s Report	F-440
Consolidated Statement of Financial Position	F-444
Consolidated Statement of Comprehensive Income	F-446
Consolidated Statement Cash Flow Statement	F-447
Consolidated Statement of Changes in Equity	F-448
Notes to the Financial Statements	F-450

The Group’s Audited Consolidated Financial Statements as at and for the year ended 31 December 2019

Auditor’s Report	F-647
Consolidated Statement of Financial Position	F-651
Consolidated Statement of Comprehensive Income	F-653
Consolidated Statement of Cash Flow	F-654
Consolidated Statement of Changes in Equity	F-655
Notes to the Consolidated Financial Statements	F-657

Xin Yue Company Limited
Review Report and Financial Statements
For the Nine Months Ended 30
September 2021

Xin Yue Company Limited

Review Report and Financial Statements

(For the nine months ended 30 September 2021)

	Contents	Page
1	Review Report	1-2
2	Financial Statements	
	Consolidated Balance Sheet and Company Balance Sheet	1-4
	Consolidated Income Statement and Company Income Statement	5-6
	Consolidated Cash Flow Statement and Company Cash Flow Statement	7-8
	Consolidated Statement of Changes in Owners' Equity and Statement of Changes in Owners' Equity of the Company	9-12
	Notes to Interim Financial statements	1-79



立信会计师事务所(特殊普通合伙)
BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

REVIEW REPORT

Xin Kuai Shi Bao Zi [2021] No. ZC20138

TO XIN YUE COMPANY LIMITED:

We have reviewed the accompanying interim financial statements of Xin Yue Company Limited (the "Company"), which comprises the consolidated and company balance sheets as at 30 September 2021, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in owner's equity for the nine months ended 2021 and notes to the interim financial statements. The management of the Company is responsible for preparing the interim financial statements in accordance with the requirements of Accounting Standard for Business Enterprises. Our responsibility is to issue a review report on the interim financial statements based on our review.

We conducted our review in accordance with Standard on Review Engagements for Certified Public Accountants of China No. 2101 – Engagements to Review Financial Statements". This Standard requires that we plan and perform the review to obtain limited assurance as to whether the interim financial statements are free from material misstatement. A review is limited primarily to inquiries of personnel of the Company and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises, and cannot present fairly, in all material respects, the consolidated and the company's financial position as at 30 September 2021, the consolidated operating results and cash flows and the company's operating results and cash flows for the nine months ended 30 September 2021.



(There is no text on this page)



Certified Public Accountant of China:

Jiangan 姜幹
110007540017

Certified Public Accountant of China:

Changyuying 常宇颖
310009061516

Shanghai, China

22 December 2021

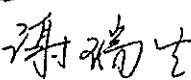
Xin Yue Company Limited
Consolidated Balance Sheet (Unaudited)
As at 30 September 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Assets	Note VI	Closing balance	Opening balance
Current Assets:			
Monetary funds		2,595,449,739 07	2,760,201,880 64
Notes receivable		14,894,539 98	53,494,328 82
Accounts receivable	1	1,189,704,797 94	985,801,252 09
Prepayments		486,907,390 96	198,739,466 36
Other receivables		83,536,059 60	137,466,516 45
Inventories	2	678,649,213 17	636,268,776 07
Non-current assets due within one year		4,959,059 46	172,308,185 00
Other current assets		27,791,477 35	14,725,948 91
Total current assets		5,081,892,277 53	4,959,006,354 34
Non-current assets:			
Long-term receivables		65,835,388 52	58,026,164 85
Long-term equity investments		643,891,958 91	630,271,451 23
Other equity instrument investments		240,239,196 92	226,536,413 55
Fixed assets	3	12,877,141,755 17	13,357,509,002 32
Construction in progress	4	1,161,193,728 85	233,921,589 90
Right-of-use assets	5	27,951,157 22	36,015,201 46
Intangible assets	6	210,340,408 23	221,177,546 16
Long-term deferred expenses		412,583 25	501,792 99
Deferred tax assets		40,046,887 21	29,427,821 88
Other non-current assets		392,926,889 94	254,203,490 86
Total non-current assets		15,659,979,954.22	15,047,590,475 20
Total assets		20,741,872,231 75	20,006,596,829 54

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative:  The person in charge of accounting affairs: 

The head of accounting department: 

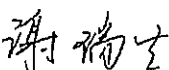
Xin Yue Company Limited
Consolidated Balance Sheet (Unaudited) (Continued)
As at 30 September 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note VI	Closing balance	Opening balance
Current Liabilities			
Short-term loans	7	1,469,004,891.72	1,858,384,798.25
Notes payable		605,780,843.09	623,060,721.16
Accounts payable	8	1,315,994,791.37	2,025,907,801.71
Advances from customers		12,219,219.95	
Contract liabilities		21,387,764.90	65,726,226.66
Employee benefits payable		58,895,103.00	31,461,269.34
Taxes and surcharges payable		124,649,341.02	164,458,275.07
Other payables	9	240,241,077.29	243,456,538.29
Non-current liabilities due within one year	10	467,392,439.72	118,682,752.38
Other current liabilities		1,519,659.55	5,526,820.61
Total current liabilities		4,317,085,131.61	5,136,665,203.47
Non-current liabilities			
Long-term loans	11	6,747,979,079.93	6,503,780,718.74
Lease liabilities	12	8,542,995.85	12,330,624.63
Long-term payables		946,242,517.36	292,922,727.32
Deferred income	13	12,423,935.46	14,164,565.39
Deferred tax liabilities		110,060,556.87	108,496,948.97
Total non-current liabilities		7,825,249,085.47	6,931,695,585.05
Total liabilities		12,142,334,217.08	12,068,360,788.52
Equity			
Paid-in Capital		27,375,340.00	27,375,340.00
Capital reserves		99,101,408.66	99,101,408.66
Other comprehensive income		20,810,815.92	7,108,032.55
Specific reserves		253,907.37	351,703.55
Undistributed profit		4,948,357,468.56	4,528,454,933.11
Total equity attributed to parent company		5,095,898,940.51	4,662,391,417.87
Non-controlling interests ("NCI")		3,503,639,074.16	3,275,844,623.15
Total equity		8,599,538,014.67	7,938,236,041.02
Total liabilities and equity		20,741,872,231.75	20,006,596,829.54

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative:  The person in charge of accounting affairs: 

The head of accounting department: 

Financial Statements

2

Xin Yue Company Limited
 Company Balance Sheet(Unaudited)
 As at 30 September 2021
 (Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Assets	Note X	Closing balance	Opening balance
Current Assets:			
Monetary fund		430,906,936 21	504,879,874 88
Accounts receivable	1	183,559,690 31	77,503,618 27
Prepayments		16,093 48	7,850 60
Other receivables		4,940,983 40	4,915,154 32
Total current assets		619,423,703 40	587,306,498 07
Non-current assets:			
Long-term receivables		1,992,450,372 34	1,986,153,919 50
Long-term equity investments		1,646,668,550 48	1,585,818,097 76
Other equity instrument investments		240,239,196 92	226,536,413 55
Fixed assets		10,485,347 01	10,791,962 56
Intangible assets		38,618,477 41	38,878,384 13
Total non-current assets		3,928,461,944 16	3,848,178,777 50
Total assets		4,547,885,647 56	4,435,485,275 57

The accompanying notes to the financial statements form an integral part of the financial statements.



Company representative:  the person in charge of accounting affairs: 

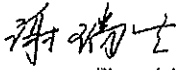
The head of accounting department: 

Xin Yue Company Limited
Company Balance Sheet(Unaudited) (Continued)
As at 30 September 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Liabilities and Owners' equity	Note X	Closing balance	Opening balance
Current Liabilities			
Short-term loans		242,191,370.17	832,035,053.32
Notes payable		41,482,905.52	45,120,721.16
Employee benefits payable		2,715,608.50	3,255,504.96
Other payables		1,660,410,503.82	1,618,168,599.67
Non-current liabilities due within one year		135,653,032.98	313,226.27
Total current liabilities		2,082,453,420.99	2,498,893,105.38
Non-current liabilities:			
Long-term loans		713,406,936.03	278,705,118.74
Long-term payables		155,216,248.00	155,884,896.00
Deferred tax liabilities		24,014,930.45	22,728,070.50
Total non-current liabilities		892,638,115.38	457,318,085.24
Total liabilities		2,975,091,536.37	2,956,211,190.62
Equity			
Paid-in Capital		27,375,340.00	27,375,340.00
Capital reserves		25,939,205.26	25,939,205.26
Other comprehensive income		20,810,815.92	7,108,032.55
Undistributed profit		1,498,668,750.01	1,418,851,507.14
Total equity		1,572,794,111.19	1,479,274,084.95
Total liabilities and equity		4,547,885,647.56	4,435,485,275.57

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative:  The person in charge of accounting affairs: 

The head of accounting department: 

Financial Statements

Xin Yue Company Limited
Consolidated Income Statement (Unaudited)
For the nine months ended 30 September 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note VI	Amount for the period	Amount for the prior period
I Total income		5,579,000,117.69	3,844,264,693.14
Including Operating income	14	5,579,000,117.69	3,844,264,693.14
II Total cost		4,359,813,037.36	3,283,421,082.13
Including Operating costs	14	3,994,228,221.64	3,126,285,279.92
Charges and commissions expenses		15,615,813.79	7,070,444.05
Selling and distribution expenses		23,893,269.76	18,661,523.13
General and administrative expenses		117,381,059.60	96,286,802.70
Research and development expenses		8,964,622.73	7,150,368.11
Financial expenses		199,730,049.84	27,966,664.22
Including Interest expense		218,561,250.63	48,166,862.21
Interest income		13,262,240.13	18,826,527.82
Add Other income		7,294,174.98	314,785.93
Investment income ("-" for loss)		57,852,389.02	29,064,000.02
Including Income from investments in associates and joint ventures		56,113,924.69	15,961,240.28
Impairment loss of credit ("-" for loss)		-63,984,879.24	
Impairment loss of assets ("-" for loss)			-25,828,011.56
III Operating profit		1,220,348,765.09	564,394,385.40
Add Non-operating income		2,695,741.64	5,063,455.96
Less Non-operating expense		3,098,539.55	-1,189,784.94
IV Profit before tax		1,219,945,967.18	563,268,056.42
Less Income tax expense		290,285,448.45	140,934,616.57
V Net profit		929,660,518.73	424,333,439.85
(1) Classified by continuity of operation			
a Net profit from continuing operation		929,660,518.73	424,333,439.85
b Net profit from discontinued operation			
(2) Classified by ownership			
a Net profit attributed to parent Company		419,902,535.45	232,273,319.82
b Net profit attributed to NCI		509,757,983.28	192,060,120.03
VI Other comprehensive income after tax		13,702,783.37	-22,308,329.18
Other comprehensive income after tax attributed to parent company		13,702,783.37	-22,308,329.18
i Item that will not be reclassified to profit or loss		13,702,783.37	
a Changes in fair value of other equity instruments investments		13,702,783.37	
ii Item that will be reclassified to profit or loss			-22,308,329.18
a Changes in fair value of available-for-sale financial assets			-22,308,329.18
Other comprehensive income after tax attributed to NCI			
VII Total comprehensive income		943,363,302.10	402,025,110.67
Total comprehensive income attributed to parent company		433,605,318.82	209,964,990.64
Total comprehensive income attributed to NCI		509,757,983.28	192,060,120.03

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative:  The person in charge of accounting affairs: 

The head of accounting department: 

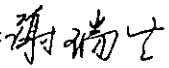
Xin Yue Company Limited
Company Income Statement (Unaudited)
For the nine months ended 30 September 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Item	Note X	Amount for the period	Amount for the prior period
I Total income	1	174,590,644.94	825,412,000.55
Less Operating cost	2	462,699,997.68	812,237,221.98
Charges and commissions expense		179,606.36	128,624.06
Selling and distribution expense		159,136.71	571,255.72
General and administrative expense		8,091,236.95	7,919,161.25
Financial expense		-7,506,474.08	-5,620,009.62
including Interest Expense		10,315,366.16	2,609,644.15
Interest Income		25,118,833.25	20,598,947.62
Add Other Income			
Investment income ("-" for loss)		71,863,161.99	45,655,873.15
including Investment income of associates and joint ventures		60,850,452.72	34,077,368.63
Impairment loss of credit ("-" for loss)		5,181.33	
Impairment loss of assets ("-" for loss)			8,314.82
II Operating profit		82,835,484.64	55,839,935.13
Add Non-operating profit		10,044.74	322,881.39
Less Non-operating expenses			
III Profit before tax		82,845,529.38	56,162,816.52
Less Income tax expense		3,028,286.51	4,409,692.43
IV Net profit		79,817,242.87	51,753,124.09
a Net profit from continuing operation		79,817,242.87	51,753,124.09
b Net profit from discontinued operation			
V Other comprehensive income after tax		13,702,783.37	-22,308,329.18
i Items that will not be reclassified to profit or loss		13,702,783.37	
a Changes in fair value of investments in other equity instruments		13,702,783.37	
ii Items that will be reclassified to profit or loss			-22,308,329.18
a Changes in fair value of available-for-sale financial assets			-22,308,329.18
VI Total comprehensive income		93,520,026.24	29,444,794.91

The accompanying notes are an integral part of these consolidated financial statements

Company representative:  The person in charge of accounting affairs: 

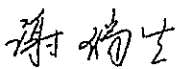
The head of accounting department: 

Xin Yue Company Limited
Consolidated Cash Flow Statement (Unaudited)
For the nine months ended 30 September 2021
(Unless otherwise stated, all amounts are denominated in Ruanminbi Yuan)

Items	Note X	Amount for the period	Amount for the prior period
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of service		5,396,274,084.60	3,604,066,319.25
Other cash received relating operating activities		286,057,739.89	249,152,648.47
Sub-total of cash inflows from operating activities		5,682,331,824.49	3,853,218,967.72
Cash paid for goods and services		3,681,632,779.31	3,163,851,408.91
Cash paid to and on behalf of employees		195,864,846.33	176,426,004.60
Cash paid for all types of taxes		448,096,975.09	164,216,659.34
Other cash paid relating to operating activities		143,362,847.31	90,519,673.40
Sub-total of cash outflows from operating activities		4,468,957,448.04	3,595,013,746.28
Net cash flows from operating activities		1,213,374,376.45	258,205,221.44
II. Cash flows from investing activities			
Cash received from sale of investment		180,000,000.00	
Cash received from return on investments		61,858,476.28	30,870,144.28
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		36,869.94	79,838.03
Sub-total of cash inflows from investing activities		241,895,346.22	30,949,982.31
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,854,453,366.44	2,865,172,356.41
Other cash paid relating to other investing activities		43,882,424.62	
Sub-total of cash outflows from investing activities		1,898,335,791.06	2,865,172,356.41
Net cash flows from investing activities		-1,656,440,444.84	-2,834,222,374.10
III. Cash flows from financing activities			
Cash received from capital contributions		47,000,000.00	423,000,000.00
including: Cash received by subsidiaries from capital contributions of NCI		47,000,000.00	423,000,000.00
Cash received from borrowings		2,015,476,686.96	3,016,783,599.83
Sub-total of cash inflows from financing activities		2,062,476,686.96	3,439,783,599.83
Cash repayments of borrowings		1,219,030,381.39	413,483,641.36
Cash paid for distribution of dividends, profits and interests		559,511,326.48	139,660,315.55
including: Cash paid to NCI for distribution of dividends or profits by subsidiaries		328,963,532.27	133,226,227.09
Other cash paid relating to financing activities		680,916.42	1,773,104.75
Sub-total of cash outflows from financing activities		1,779,222,624.29	554,917,061.66
Net cash flows from financing activities		283,254,062.67	2,884,866,538.17
IV. Effect on changes in exchange rate on cash and cash equivalents		-4,940,135.85	-5,739,463.14
V. Net increase/decrease in cash and cash equivalents		-164,752,141.57	303,109,922.37
Add: Cash and cash equivalents at the beginning of the period		2,760,201,880.64	1,733,810,047.76
VI. Cash and cash equivalents at the end of the period		2,595,449,739.07	2,036,919,970.13

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative:  The person in charge of accounting affairs: 

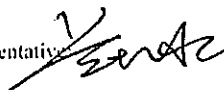
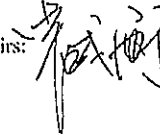
The head of accounting department: 

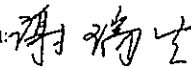
Financial Statements

Xin Yue Company Limited
Company Cash Flow Statement (Unaudited)
For the nine months ended 30 September 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note X	Amount for the period	Amount for the prior period
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of service		368,685,882.27	620,038,676.87
Other cash received relating to operating activities		43,773,552.90	5,489,485.07
Sub-total of cash inflows from operating activities		412,459,435.17	625,528,161.94
Cash paid for goods and services		425,097,298.90	776,409,860.89
Cash paid to and on behalf of employees		5,368,274.09	5,779,348.95
Cash paid for all types of taxes		10,133.79	1,157,858.20
Other cash paid relating to operating activities		5,359,340.67	1,707,770.11
Sub-total of cash outflows from operating activities		435,835,047.45	785,034,838.15
Net cash flows from operating activities		-23,375,612.28	-159,526,676.21
II. Cash flows from investing activities			
Cash received from return on investments		28,798,502.21	19,021,844.14
Sub-total of cash inflows from investing activities		28,798,502.21	19,021,844.14
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		20,281.28	698,833.53
Cash paid for acquisition of investments		1,662.40	225,000,000.00
Sub-total of cash outflows from investing activities		21,943.68	225,698,833.53
Net cash flows from investing activities		28,776,558.53	-206,676,989.39
III. Cash flows from financing activities			
Cash received from borrowings		199,468,000.00	
Sub-total of cash inflows from financing activities		199,468,000.00	
Cash repayments of borrowings		252,080,075.28	245,341.61
Cash paid on distribution of dividends, profits and interests		10,956,882.64	3,738,526.47
Other cash paid relating to financing activities		11,280,378.77	
Sub-total of cash outflows from financing activities		274,317,336.69	3,983,868.08
Net cash flows from financing activities		-74,849,336.69	-3,983,868.08
IV. Effect on changes in exchange rate on cash and cash equivalents		-4,524,548.23	-6,752,484.29
V. Net increase/decrease in cash and cash equivalents		-73,972,938.67	-376,940,017.97
Add Cash and cash equivalents at the beginning of the period		504,879,874.88	623,576,649.15
VI. Cash and cash equivalents at the end of the period		430,906,936.21	246,636,631.18

The accompanying notes to the financial statements form an integral part of the financial statements.



Company representative:  The person in charge of accounting affairs: 

The head of accounting department: 

Xin Yue Company Limited
Consolidated Statements of Changes in Owner's Equity (Unaudited)
For the nine months ended 30 September 2021
 (Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Equity attributable to owners of the Parent Company											NFI	Total equity	
	Paid-up capital	Other equity instruments			Capital reserves	Less: stock shares	Other comprehensive income	Specific reserves	Surplus reserves	General risk reserves	Undistributed profits			Subtotal
		Preferred shares	Perpetual debt	Others										
1. Closing balance for the previous period	27,375,340.00				99,601,208.66		7,168,032.55	551,705.55			4,525,052,156.50	4,658,988,643.26	3,275,847,164.18	7,934,835,779.44
Add: Changes in accounting policies											7,400,802.64	7,400,802.64	-2,543.05	7,400,261.58
2. Opening balance for the period	27,375,340.00				99,601,208.66		7,168,032.55	551,705.55			4,528,454,959.14	4,662,291,417.87	3,273,044,625.15	7,938,236,041.02
3. Changes in equity during the period ("+" for increase; "-" for decrease):							13,762,785.57	-97,796.18			419,962,555.45	433,507,522.64	22,779,484.01	661,301,971.65
(1) Total comprehensive income							13,762,785.57				419,962,555.45	433,507,522.64	669,753,982.26	1,422,262,302.10
(2) Profit distribution													-281,262,532.27	-281,262,532.27
4. Profit distribution													-281,262,532.27	-281,262,532.27
(3) Specific reserves								-97,796.18				-97,796.18		-97,796.18
5. Utilization for the period								97,796.18				97,796.18		97,796.18
4. Closing balance for the period	27,375,340.00				99,601,208.66		20,930,818.12	253,909.37			4,948,357,468.56	5,199,898,940.51	3,305,639,174.16	8,505,538,114.67

The accompanying notes to the financial statements form an integral part of the financial statements.

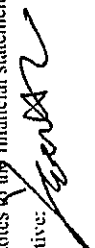
Company representative:  The person in charge of accounting affairs: 

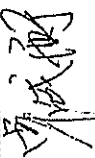
The head of accounting department: 

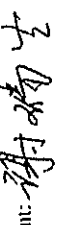
Xin Yue Company Limited
Consolidated Statements of Changes in Shareholders' Equity (Unaudited) (continued)
For the nine months ended 30 September 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Amount for the first period											Total equity		
	Equity attributable to owners of the Parent Company													
	Paid-in capital		Other equity instruments		Less: special shares	Capital reserves	Other comprehensive income	Specific reserves	Surplus reserves	General risk reserves	Undistributed profit		Subtotal	NCI
Preferred shares	Perpetual debt	Others												
1 Opening balance for the reporting period	27,375,340.00				946,205,074.51		19,364,987.17	76,437.49			4,088,701,689.50	4,102,494,128.67	2,465,176,988.51	7,566,671,116.98
2 Opening balance for this period	27,375,340.00				946,205,074.51		19,364,987.17	76,437.49			4,088,701,689.50	4,102,494,128.67	2,465,176,988.51	7,566,671,116.98
3 Changes in equity during the period ("+" for increases, "-" for decreases)					-226,955,626.42		-22,208,237.18	-382,231.34			252,275,349.82	-12,372,877.12	58,853,802.94	41,461,015.82
(1) Total comprehensive income							-22,208,237.18				252,275,349.82	-12,372,877.12	58,853,802.94	41,461,015.82
(2) Capital injection and withdrawal by owners												209,094,929.64	192,868,120.03	402,953,110.67
3 Dividends												-226,955,626.42		-226,955,626.42
(4) Profit distribution												-226,955,626.42		-226,955,626.42
4 Distribution to owners by shareholders												-382,231.34	-133,226,237.09	-133,226,237.09
5 Specific reserves												-382,231.34	-133,226,237.09	-133,226,237.09
6 Repurchase for the period												382,231.34		382,231.34
4 Closing balance for this period	27,375,340.00				719,249,448.09		17,156,750.00	404,206.15			4,340,977,039.32	4,368,121,354.55	2,523,040,884.25	7,467,132,132.80

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative: 

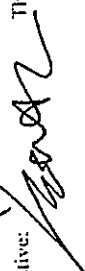
The person in charge of accounting affairs: 


The head of accounting department: 

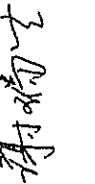
Xin Yue Company Limited
Statements of Changes in Owners' Equity of the Company (Unaudited)
For the nine months ended 30 September 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Amount for the period								Total equity	
	Paid-in capital	Other equity instrument		Capital reserve	Less Treasury share	Other comprehensive income	Specific reserve	Surplus reserve		Undistributed profit
		Preferred shares	Perpetual bonds							
1. Closing balance for the previous period	27,375,340.00			25,939,205.26		7,168,032.55			1,418,851,507.14	1,479,274,084.95
Add: Changes in accounting policies										
2. Opening balance for this period	27,375,340.00			25,939,205.26		7,168,032.55			1,418,851,507.14	1,479,274,084.95
3. Changes in equity during the period ("+" for increase)						13,762,783.37			79,817,342.87	93,520,026.24
(1) Total comprehensive income						13,762,783.37			79,817,342.87	93,520,026.24
(2) Capital injection and reduction by owners										
(3) Profit distribution										
(4) Specific reserves										
4. Closing balance for this period	27,375,340.00			25,939,205.26		20,930,815.92			1,498,668,750.01	1,572,794,111.19

The accompanying notes to the financial statements form an integral part of the financial statements.

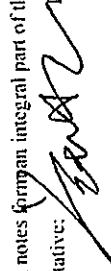
Company representative: 

The person in charge of accounting affairs: 

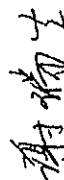
The head of accounting department: 

Xin Yue Company Limited
Statements of Changes in Owners' Equity of the Company (Unaudited) (continued)
For the nine months ended 30 September 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Item	Amount for the prior period										Total equity
	Paid-in capital	Other equity instrument			Capital reserve	Less Treasury share	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profit	
		Preferred shares	Perpetual bonds	Others							
1. Closing balance for the previous period	27,375,340.00				25,939,205.26		39,364,987.17			1,355,838,232.63	1,448,517,765.06
Add: Changes in accounting policies											
2. Opening balance for this period	27,375,340.00				25,939,205.26		39,364,987.17			1,355,838,232.65	1,448,517,765.06
3. Changes in equity during the period ("-" for decrease)							-22,308,329.18			51,753,124.09	29,444,794.91
(1) Total comprehensive income							-22,308,329.18			51,753,124.09	29,444,794.91
(2) Capital injection and reduction by owners											
(3) Profit distribution											
(4) Specific reserves											
4. Closing balance for this period	27,375,340.00				25,939,205.26		17,056,657.99			1,407,591,356.72	1,477,962,550.97

The accompanying notes form an integral part of these financial statements
 Company representative: 

The person in charge of accounting affairs: 

The head of accounting department: 

Xin Yue Company Limited
Notes to Interim Financial Statements (Unaudited)
For the nine months ended 30 September 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

I. GENERAL INFORMATION OF THE COMPANY

1. Overview of the Company

Xin Yue Company Limited (hereinafter refer to as “the Company”) was incorporated in Hong Kong in November 1980. The Company was restructured as a financing subsidiary in Hong Kong by Guangdong Province Communications Group Co., Ltd. (hereinafter refer to as “GCGC”) in October 1996. The paid-up capital is US\$3.61million. Lan Hengshui is the legal representative.

The company’s business registration No. 0700813 and the registered address is Room 1801-02, 118 Connaught Road West, Hong Kong.

The Parent Company, GCGC holds 100% of the Company share capital.

GCGC was approved for registration by General Office of Guangdong Provincial Party Committee and the Guangdong Provincial People's Government in May 2000. The ultimate Group was jointly formed by the enterprises de-linked from the Department of Communications of Guangdong Province and the General Office of the Standing Committee of Guangdong Provincial People's Congress, and 126 entities of the Guangdong Railway Group. The Group is a large state-owned enterprise wholly owned by Guangdong Province. In June 2004, the Company was re-organized under the management of State Owned Assets Supervision and Administration Commission of Guangdong Provincial People's Government, as a special organization directly under Guangdong Provincial People's Government. The main business scope of the ultimate Group includes highway investment and operation of highway, transportation and logistics, engineering construction, scientific research and design supervision and other related industries.

The corporate governance structure of the Company is as follows: The Board comprises of 7 directors, including 1 Chairman and 1 vice chairman, 1 general manager and 3 deputy general managers. The general manager is under the leadership of the Board and is accountable to the Board of Directors.

The organizational structure of the Company: the Company established the party supervision department, administration department, investment operation department,

finance department and legal affairs department.

The Company principally engaged in investment holding business, has invested directly or indirectly in several enterprises engaged in the operation and maintenance of toll roads and bridges operating within the People's Republic of China. The Company's subsidiaries are engaged principally in the construction of buildings and facilities, construction materials and investment in highway operation.

II. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation of Consolidated Financial Statements

The financial statements are in accordance with the "Accounting Standards for Business Enterprises-Basic Standards" promulgated by the Ministry of Finance and various specific accounting standards, the application guide of the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant regulations (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises"), and The China Securities Regulatory Commission's "Regulations No. 15 for the Information Disclosure and Reporting of Companies Publicly Issuing Securities-General Provisions on Financial Reporting" is prepared.

2. Going-Concern

The financial statements are prepared on the basis of continuing operations.

III. THE MAIN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance

The financial statement complies with the requirements of the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and truly and completely reflects the company's merger on September 30, 2021 and the financial status of the parent company, as well as the merger from January to September 2021, and the operating results and cash flow of the parent company.

2. Accounting period

The Company adopts the calendar year as its fiscal year from January 1 to December 31.

3. Operating cycle

12 months are regarded as one operating cycle in the Company, and which is as the division criterion for the liquidity of assets and liabilities.

4. Functional currency

Renminbi (“RMB”) is the functional currency of the Company.

5. Accounting treatments for business combinations under common control and not under common control

(1) Business combinations under common control

The enterprises participating in the merger are ultimately controlled by the same party or the same multiple parties before and after the merger, and the control is not temporary, which is a business combination under the same control. Under normal circumstances, a business combination under the same control refers to a combination between enterprises within the same enterprise group. In addition, it is generally not a business combination under the same control.

The assets and liabilities acquired by the company as the merging party in a business combination are measured according to their book value in the consolidated financial statements of the ultimate controlling party on the date of the merger. For a long-term equity investment formed by a merger of holdings under the same control, the company uses the share of owner's equity (at book value) of the merged party on the merger date as the initial investment cost of forming a long-term equity investment. For related accounting treatments, see long-term equity investment; The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party (including goodwill formed from purchasing of business) on the acquisition date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital shall be adjusted. If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted

As the merging party, the company's various direct related expenses incurred for the business combination, including audit fees, evaluation fees, legal service fees, etc., are included in the current profits and losses when they occur. Bonds issued

for a business combination or handling fees and commissions paid for other debts shall be included in the initial measurement amount of the bonds and other debts issued. The handling fees, commissions and other expenses incurred in the issuance of equity securities in a business combination shall be offset against the premium income of equity securities. If the premium income is insufficient to offset, the retained earnings shall be offset.

Where a merger of holdings under the same control forms a parent-child relationship, the parent company shall prepare a consolidated financial statement on the date of the merger, including a consolidated balance sheet, a consolidated income statement, and a consolidated cash flow statement. In the consolidated balance sheet, the book value of the assets and liabilities of the merged party is incorporated into the consolidated financial statements. The transactions between the merged party and the merged party on and before the merger date are treated as internal transactions, in accordance with the relevant principles of the "consolidated financial statements" Offset; consolidated income statement and cash flow statement, including the net profit and cash flow generated by the merging party and the merged party from the beginning of the current period to the date of the merger, involving the cash flow generated by the transactions and internal transactions between the two parties in the current period, Set off in accordance with the relevant principles of the consolidated financial statements.

(2) Business combinations not under common control

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

Determination of the cost of a business combination: The cost of a business combination includes the fair value of the cash or non-cash assets paid by the purchaser for the business combination, debts issued or assumed, and equity securities issued on the purchase date. The directly related expenses incurred for the business combination are included in the current profit and loss. For a business combination realized step by step through multiple exchange transactions, the combination cost is the sum of the costs of each individual transaction.

For a business combination not involving enterprises under common control, the

initial investment cost of the long-term equity investment acquired shall be the cost of acquisition excluding cash dividends and profits collected from the investee on the acquisition date. In an absorption merge not involving enterprises under common control, the qualified identifiable assets and liabilities shall be booked at fair value by the company. When the Company acquired the controlling equity or the identifiable assets and liabilities through non-monetary assets as consideration, the difference between the fair value of the non-monetary assets at the date of acquisition and the net book value of the acquired assets and liabilities is included as assets as gains and losses in the Reporting Period.

When the cost of acquisition of business combination involving enterprise not under common control is greater than the fair value of the net identifiable assets of the acquired company, the difference is recognized as goodwill in the holding company's financial statements. In the merger acquisition, the difference is recognized as goodwill in the holding company's financial statement, the difference is stated as goodwill in the consolidated financial statements.

When the cost of acquisition is lower than the identifiable fair value of the net assets acquired the Company recognizes the difference as profit (non-operating income) in the Reporting Period. When the business combination resulted through merger, the difference is included in the holding company's separate income statement in the Reporting Period. On consolidation of the subsidiary, the difference is recognized in the consolidated income statement of the Reporting Period.

6. Preparation of consolidated financial statements

The basis of consolidation the Company's consolidated financial statements is determined on the basis of control. Control means the Company is able to determine the financial and operating policies of the acquired entity and derives benefits from the business operations. The acquired entity is a subsidiary of the Company.

The basis of consolidation is based on the financial statements of the Company and the financial statement of its subsidiaries, prepared by the Company on equity accounting method after adjusting the long-term equity investments in the subsidiaries, the intra group transactions are eliminated, the minority shareholders' interests in the equity and the share of the profits and loss are separately shown in the consolidated financial statements.

On consolidation of a subsidiary not under common control, when the cost of acquisition is greater than the identifiable fair value of the net assets of the subsidiary, the difference is not adjusted to the initial cost of acquisition but shown as goodwill in the consolidated financial statements.

When a new subsidiary is added during the Reporting Period, and the new subsidiary is under common control, the opening balance of consolidated balance sheet is adjusted. The revenue, expenses and profit of the new subsidiary from the beginning of the Reporting Period to the year end date be included in the consolidated income statement and the comparable period cash flow in the consolidated cash flow statement. If the consolidation of the subsidiary is not under common control, the consolidated financial statement at the opening of the Reporting Period is not to be adjusted. The subsidiary revenue, expenses and profit from the date of acquisition to the end of the Reporting Period are to be included in the consolidated income statement. The comparable period of the subsidiary cash flow is included in the consolidated cash flow statement. For subsidiary disposed of during the period, whether under common control or not under common control, there will be no adjustments to the opening balance of the consolidated financial statements. The subsidiary revenue, expenses, profits from the beginning period to the date of disposal is included in the consolidated income statement and also the cash flow of the comparable period in the consolidated cash flow statement.

If the subsidiary adopted accounting policy is not consistent with the Company the financial statements of the subsidiary will be adjusted in line with the Company's accounting policy when prepare the consolidated financial statement. For the acquired subsidiary under non-common control business combination, the fair value of the identifiable assets and liability and contingent liability of the subsidiary at the acquisition date are adjusted accordingly.

The transactions between the Company and its subsidiaries, the intra group balance and the profit or loss between the companies are eliminated on consideration.

The minority shareholding interests include the proportion share of shareholding owned by the minority from the date of acquisition and the changes in their shareholdings are included according to their shareholding ratio. When the minority shares of the loss in the subsidiary exceeding the balance of their initial equity, the difference is offset against the minority equity interests.

7. Accounting treatment of the joint arrangement

The joint arrangements include joint operation and joint ventures.

The Company confirms that the following items share a common interest in the business associated with the Company, and audit in accordance with the provisions of the relevant enterprise accounting standards:

- Confirm individual assets and common assets held based on shareholdings;
- Confirm individual liabilities and shared liabilities held based on shareholdings;
- Confirm the income from the sales revenue of co-operate business output;
- Confirm the income from the sales of the co-operate business output based on shareholdings;
- Confirm the individual expense incurred, and share expense by the Company's proportion in joint operation.

8. Cash and cash equivalents

Cash, means the bank deposits that can be used for payment whenever necessary.

Cash equivalent are investments that are highly liquid, little risk of change in value which can be easily turned into cash, and with a short original maturity.

9. Method of foreign currency translation

(1) Foreign currency transactions

For non-functional currency economic business, the foreign currency business transactions are translated to the Company's functional currency at the date of transaction at the daily mid-exchange rate published by the People's Bank of China ("PBOC"). The month-end balance of the foreign currencies is converted at the month-end mid-market exchange rate published by PBOC. The difference between the converted foreign currency and the book value as recorded is treated at Finance expense - Exchange exchange gain or loss and dealt with in Income Statements of the Reporting Period. The exchange difference arising from borrowing currency loan related to the construction of fixed assets is dealt with in accordance with the principle of capitalization of borrowing costs.

(2) Translation of financial statements denominated in foreign currency

When the Company's overseas subsidiary, joint venture enterprise, associated enterprise and branches adopt different currency from the Company's functional

currency, the Company shall first convert the oversea operating units' financial statements to Company's accounting functional currency when consolidating the overseas financial statements. Before the conversion of overseas operations, the Company shall adjust the accounting policies and accounting periods of all overseas operation in consistent with the Company in the consolidated financial statements.

The assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date. The shareholders' equity except for the retained earnings, are translated at the exchange rate at the date of occurrence of event.

The average monthly exchange rate is used for income and expenses items in the income statement

The difference arising from the translation of foreign currency financial statements and when included in the consolidated financial statements, shown separately as "other comprehensive income" in the consolidated financial statements.

10. Financial instruments

When the company becomes a party to the financial instrument contract, it confirms a financial asset, financial liability or equity instrument.

(1) Categorization of financial instruments

According to the Company's business model for managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are initially classified as: financial assets measured at amortized cost, financial assets measured at fair value and whose changes included in other comprehensive income and financial assets measured at fair value and of which changes are included in the current profit and loss.

The company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are included in the current profits and losses as financial assets measured at amortized cost:

- The business model is to collect contractual cash flow as the target.
- the contractual cash flow is only for the payment of principal and interest based on the outstanding principal amount.

For investment in non-trading equity instruments, the Company determines whether to designate it as a financial asset (equity instrument) that is measured at fair value and whose changes are included in other comprehensive income at initial recognition.

It is made on the basis of single investment, and the relevant investment conforms to the definition of equity instrument from the perspective of issuer.

The company will classify financial assets (debt instruments) measured at fair value and whose changes are included in current profits and losses, which meet the following conditions and are not designated as measured at fair value and whose changes are included in other comprehensive income:

-The business model is to collect contractual cash flow and to sell the financial asset as the target.

-The contractual cash flow is only for the payment of principal and interest based on the outstanding principal amount.

For non trading equity instrument investment, the company can irrevocably designate it as a financial asset (equity instrument) which is measured at fair value and whose changes are included in other comprehensive income at the time of initial recognition. The designation is made on the basis of a single investment, and the relevant investment conforms to the definition of equity instrument from the perspective of the issuer.

In addition to the above financial assets measured at amortized cost and at fair value with changes included in other comprehensive income, the company classifies all other financial assets as financial assets measured at fair value with changes included in current profits and losses.

At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the company can irrevocably designate the financial assets that should be classified as the financial assets measured at amortized cost or at fair value and whose changes are included in other comprehensive income as the financial assets measured at fair value and whose changes are included in the current profits and losses.

Financial liabilities are classified at initial recognition as: financial liabilities measured at fair value and whose changes are included in current profits and losses and financial liabilities measured at amortized cost.

Financial liabilities that meet one of the following conditions may be designated as financial liabilities measured at fair value and whose changes are included in the current profit or loss during initial measurement:

1) This designation can eliminate or significantly reduce accounting mismatches.

2) According to the corporate risk management or investment strategy stated in the formal written documents, the financial liabilities portfolio or the financial assets and financial liabilities portfolio on the basis of fair value shall be managed and evaluated, and to the key management personnel within the enterprise based on this report.

3) The financial liabilities include embedded derivatives that need to be split separately.

(2) Recognition basis and calculation method of financial instrument

a. Financial assets measured at amortized cost

Financial assets measured at amortized cost include bills receivable, accounts receivable, other receivables, long-term receivables, debt investment, etc., are initially measured at fair value, and related transaction costs are included in the initial recognition amount; Accounts receivable that do not contain significant financing elements and accounts receivable that the Company decides not to consider financing elements that do not exceed one year shall be initially measured at the contract transaction price.

The interest calculated by the effective interest rate method during the holding period is included in the current profit and loss.

When recovering or disposing, the difference between the acquired price and the book value of the financial asset is included in the current profit and loss.

b. Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income

Financial assets (debt instruments) which are measured at their fair values and of which the variation are included in other comprehensive income including receivables financing, other debt investment, etc., are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income except for interest calculated by the actual interest rate method, impairment losses or gains, and exchange gains and losses.

At the time of derecognition, the cumulative gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and recorded into the current profit and loss.

c. Financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income.

Financial assets (equity instruments) which are measured at fair value and of which the variation are included in other comprehensive income including other equity instruments investments etc., are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and change in fair value are included in other comprehensive income. The dividends obtained are included in the current profit and loss.

Upon derecognition, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

d. Financial assets measured at fair value and of which the variation are included in the current profit and loss

Financial assets which are measured at fair values and of which the variation are included in the current profit and loss including transactional financial assets, derivative financial assets, and other non-current financial assets, etc., and are initially measured at fair value, and related transaction costs are included in the current profit and loss. The financial assets are subsequently measured at fair value, and changes in fair value are included in the current profit and loss.

e. Financial liabilities measured at fair value and whose changes are included in the current profit and loss

Financial liabilities which are measured at fair values and of which the variation are included in current profit or loss including transactional financial liabilities, derivative financial liabilities, etc., are initially measured at fair value, and related transaction costs are included in current profit or loss. The financial liabilities are subsequently measured at fair value, and changes in fair value are included in the current profit and loss.

At the time of derecognition, the difference between the book value and the consideration paid is included in the current profit and loss.

f. Financial liabilities measured at amortized cost

Financial liabilities which are measured at amortized cost including short-term borrowings, bills payable, accounts payable, other payables, long-term borrowings,

bonds payable, and long-term payables, are initially measured at fair value, and related transaction costs are included in the initial recognition amount.

The interest calculated by the effective interest rate method during the holding period is included in the current profit and loss.

At the time of derecognition, the difference between the consideration payment and the book value of the financial liability is included in the current profit and loss.

(3) Recognition and measurement of transfer of financial assets

If one of the following conditions is met, the company shall terminate the recognition of financial assets:

- termination of contractual rights to receive cash flows from financial assets;
- the financial assets have been transferred, and almost all the risks and rewards of the ownership of the financial assets have been transferred to the transferee.
- the financial assets have been transferred. Although the company neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, it does not retain the control over the financial assets.

If it retains nearly all of the risks and rewards relating to the ownership of the financial asset, it shall not stop recognizing the financial asset.

Substance over form principle should be adopted in order to determine whether the transfer of a financial asset can satisfy the conditions as described in these Standards for de-recognition of a financial asset. An enterprise shall differentiate the transfer of a financial asset into the entire transfer and the partial transfer of financial assets. If the transfer of an entire financial asset satisfies the conditions for terminating recognition, the difference between the amounts of the following 2 items shall record in the profits and losses of the current period:

- ① The carrying amount of the transferred financial asset;
- ② The sum of the aggregate consideration received from the transfer and the accumulative amount of the changes of the fair value originally recorded in the owner's equities (in the event that the financial asset involved in the transfer is a financial asset (debt instrument) which is measured at fair value and of which changes is included in other comprehensive income and a financial asset available for sale)

If the transfer of partial financial asset satisfies the conditions for stopping

recognition, the carrying amount of the entire financial asset transferred shall be allocated at their respective relevant fair value, between the portion whose recognition has stopped and the portion whose recognition has not stopped, and the difference between the amounts of the following 2 items:

- ①The carrying amount of the portion whose recognition has stopped;
- ②The aggregate consideration of the portion whose recognition has stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in the owner's equities which is corresponding to the portion whose recognition has stopped (in the event that the financial asset involved in the transfer is a financial asset (debt instrument) which is measured at fair value and of which changes is included in other comprehensive income and a financial asset available for sale).

The transfer of financial assets does not meet the de-recognition condition. The financial assets shall continue to be recognized, and the consideration received will be recognized as financial liabilities.

(4) Termination of recognition of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Company (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

Where the Company makes substantial revisions to some or all of the contractual stipulations of the existing financial liability, it shall terminated the recognition of the existing financial liability or part of it, and at the same time recognize the financial liability after revising the contractual stipulations as a new financial liability. Where the recognition of a financial liability is totally or partially terminated, the Company concerned shall include into the profits and losses of the current period the gap between the carrying amount which has been terminate from recognition and the considerations it has paid (including the non-cash assets it has transferred out and

the new financial liabilities it has assumed).

Where the Company buys back part of its financial liabilities, it shall distribute, on the report day, the carrying amount of the whole financial liabilities in light of the comparatively fair value of the part that continues to be recognized and the part whose recognition has already been terminated. The gap between the carrying amount which is distributed to the part whose recognition has terminated and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed) shall be recorded into the profits and losses of the current period.

(5) Determination of the fair value of financial assets and financial liabilities

As for the Company's financial assets and liabilities measured at their fair values, where there is an active market, the closing quoted prices in the active market shall be used to determine the fair values thereof.

Initially obtained or derivative financial assets or the market transaction price of bared financial liabilities was considered as the basis of fair value; Where there is no active market for a financial assets and financial liabilities, the Company concerned shall adopt value appraisal techniques to determine its fair value. When evaluating, the Company adopt the valuation technique with sufficient useful data and supported by other information which suitable for the current situation, choose an input in concern with the characteristics of assets or liabilities considered in relevant assets or liabilities transaction with the market players, and as much as possible, give prior to using the relevant observable input under the situation that, the observable input value or it is not feasible to obtain, use unobservable input value.

(6) Testing method of impairment and withdrawal method of provision for impairment on financial assets

The company in a single or combined manner for financial assets measured at amortized cost and financial assets (debt instruments) and financial guarantee contract measured at fair value and of which variation are included in other comprehensive income to estimate the expected credit loss

The company considers the reasonable and reliable information about past events, current situation and forecast of future economic situation, takes the risk of default

as the weight, calculates the probability weighted amount of the present value of the difference between the cash flow receivable in the contract and the cash flow expected to be received, and confirms the expected credit loss.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the company shall measure the loss provision according to the amount equivalent to the expected credit loss during the whole life of the financial instrument; If the credit risk of the financial instrument has not increased significantly since the initial recognition, the company shall measure the loss provision according to the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The increased or reversed amount of the loss reserves formed thereby shall be included in the current profits and losses as impairment losses or gains.

The company compares the default risk of financial instruments on the balance sheet date with the default risk on the initial recognition date to determine the relative change of default risk within the expected duration of financial instruments, so as to assess whether the credit risk of financial instruments has increased significantly since the initial recognition. Generally, if it is overdue for more than 30 days, the company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If the credit risk of a financial instrument is low on the balance sheet date, the company considers that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If there is objective evidence that a certain financial asset has been impaired, the company shall make provision for the impairment of the financial asset on a single basis.

For the receivables and contract assets formed by the transactions regulated by the accounting standards for Business Enterprises No. 14 - income (2017) whether or not it contains a significant financing component, the Company always measures its loss provisions in accordance with the expected credit losses for the entire duration. For leasing receivables and long-term receivables formed by the Company through the sale of goods or the provision of labor services, the Company always chooses to measure its loss provision in accordance with the expected credit losses for the entire

duration.

If the company no longer reasonably expects that the contractual cash flow of the financial asset can be fully or partially recovered, the book balance of the financial asset shall be directly written down.

11. Inventories

(1) Classification of inventories

The Company inventories refer to the finished products, merchandise inventories held for sale or products in the process of production for sale, and consumable raw materials use in the process of production. The Company's inventories are subdivided into raw materials and finished products.

(2) Valuing of inventory based on goods receipt

The inventories are valued at actual cost at the time and recorded when goods are received.

(3) Inventories costing method

The inventories, with the exception of construction works in progress, are valued on the weighted average method.

Consumable inventories and the packing materials with lower unit price are valued at one-off amortization method as and when the goods are delivered for use.

(4) Inventories system

The Company adopts a perpetual system of inventory management.

(5) Basis for determining the provision for impairment loss on inventories

The Company inventories are measured at the lower of cost and net realizable value, whichever is lower. When the inventories are obsolete, damaged wholly or partially damaged and the realizable value is less than the cost, the difference between the cost and net realizable value, a provision for loss will be made. Where there are large quantities of lower value inventories, a provision is made for the difference between the cost and net realizable value based on the categories of inventories in store.

(6) Bases for determining the realizable value of the inventories

The inventories net realizable value is based on goods produced under normal production, using the estimated selling price less the anticipated production cost and estimated selling expenses.

12. Contract asset

(1) Confirmation methods and standards of contract assets

The company presents contract assets or liabilities in the balance sheet according to the relationship between performance obligation and customer payment. The right of the company to receive consideration for goods or services transferred to customers (and such right depends on factors other than the passage of time) is listed as contract assets. The contract assets and liabilities under the same contract are presented in net amount. The company's right to collect consideration from customers unconditionally (only depending on the passage of time) is listed separately as receivables.

(2) Determination and accounting treatment of expected credit loss of contract assets

For the determination method and accounting treatment method of expected credit loss of contract assets, please refer to "III (6). Testing Method of Impairment And Withdrawal Method of Provision For Impairment On Financial Assets" in this note.

13. Long-term investment

(1) The classification of long-term equity investments

Long-term equity investment includes the Company long-term equity investments in its subsidiary, associates and joint ventures.

(2) The confirmation of initial investment

a. For long-term investment through business combination involving enterprises under common control. The cash paid, the transfer of non-cash assets and the assuming of liabilities or the issue of equity shares as consideration. On consolidation date, the book value of the acquired shareholders' funds shall be recognized as the initial cost of investments. The difference between the initial cost of the long-term equity investment and the cash paid, the transfer of non-monetary assets the book value of the liabilities incurred or assumed is adjusted to capital reserve and when the capital reserve is insufficient is adjusted to retained earnings. The long-term equity investment on business combination under common control through multiple stages of acquisitions, the initial cost of investment is based on the percentage of shareholding of the book value of the acquired company's

shareholders' funds. The book value of the acquired company shareholders' funds prior to the acquisition and the new investment cost at the date of consolidation, when compared with the initial cost of the long-term equity investment, the difference is adjusted to the capital reserve, and when the capital reserve is insufficient, adjust to retained earnings.

b. For long-term equity investment acquired by business combination involving enterprise not under common control, the cost paid for the share of the fair value of the business combination on the date of acquisition is recognized as initial investment cost. For business combination involving enterprises not under common control, realized through multiple transactions, the long-term equity investment of the individual and consolidated financial statement are dealt with separately in the account as follows: (1) In the individual financial statements the book value of the equity investment held before the date of acquisition and the new investment cost on the date of acquisition is aggregated as the initial investment cost. The other comprehensive income related to equity interests held prior to the date of acquisition is dealt and transfer with other comprehensive income to as investment income in the Reporting Period. (2) In the consolidated financial statement, the equity interests in the investee prior to the date of acquisition is revalued according to the fair value at the date of acquisition. The difference between the fair value of the equity at the date of acquisition and the book value of the investment is recognized as investment income in the Reporting Period. The comprehensive income related to equity interests acquired enterprise prior to the date of acquisition, and other related comprehensive income is transferred to long-term investment income in the Reporting Period.

c. Long-term equity investment acquired by other means: For long-term equity investment acquired by cash, is recognized as initial investment cost. The initial investment cost includes expenses, taxes and other necessary expenses directly related to the acquisition of the long-term equity investment. For long-term equity investment acquired by issuing equity securities, the fair value of equity securities at the issuing date is recognized as investment cost. For long-term equity investment acquired through non-monetary asset exchange (the exchange project contains

commercial substance) the investment cost of the long-term equity investment is determined based on the fair value of the assets surrendered, and the related taxes incurred. For the long-term equity investment acquired through debts restructuring, where the creditors rights and entitlement attached to the fair value of the shares be recognized as the investment for the debts.

Subsequent measurement and recognition of related profit and loss

The Company adopts the cost method to account for the long-term equity investment when the company can exercise control of the investee company. The Company adopts the equity accounting method to account for the long-term equity investments in jointly controlled company where the Company can exercise significance influence.

Basis for the determination of significance influence in the investee company

The Company can participate and involve in the financial decision and business operation of the investee, but is unable to exercise control singly or jointly with other on the implementation on policy matters.

Impairment and allowance for impairment

For investment in subsidiary, associate and joint-venture, when on balance sheet date there is objective evidence indicate that the long-term equity investment is impaired, when the book value of the long-term investment is higher than the recoverable amount of the investment, a provision on difference will be recognized as an impairment loss.

14. Investment properties

Investment property means the property held for the purpose of earning rent or capital appreciation, or both, including the land use rights that have been leased, the land use rights that are held for transfer upon appreciation in value. The leased building (including the self-built building or property to be used for leasing purpose upon completion and property under construction to be used for leasing purpose upon completion).

The Company adopts the cost model for measurement of investment property. For the investment property measured under the cost model, the Company adopts the same depreciation and amortization policy for investment property as the same apply to fixed assets. The same amortization policy applies to the land use rights and intangible assets are used.

15. Fixed assets

(1) Recognition criteria for fixed assets

Fixed assets refer to physical assets owned for purposes of production, service providing, leasing or management, and operation with service life of more than one year. Fixed assets are recognized when all of the following conditions are satisfied; Financial benefits attached to the fixed asset are possibly following into the Company;

The cost of the fixed asset can be reliably measured.

Fixed assets are initially measured at cost (taking into account the impact of the expected disposal expenses).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the related economic benefits are likely to flow in and the cost can be reliably measured; The book value of the replaced part shall be derecognized; All other subsequent expenses are included in the current profit and loss when they occur.

(2) Depreciation method for fixed assets

Apart from the Company's subsidiary, Guangdong Kaiyang Expressway Co., Ltd., the depreciation measurement is based on the road usage; there will be no residual value. Other fixed assets are depreciated by the straight-line method, with a residual value of 0-10% of the original value. The depreciation rate of classified fixed assets is as below:

category	Useful lives (years)	Annual Depreciation Rate
Road and Bridge	Commencement of usage to the end of operation	Usage rate/0.2-4.75%
Building and Construction	Commencement of usage to end of terms/20-50	0.2-4.75%
Machinery and Facilities	3-10	9.50-32.33%
Transportation Equipment	5-10	9.5-19.40%
Electronics Equipment	4-5	20-25%
Office Equipment	4-5	20-25%

category	Useful lives (years)	Annual Depreciation Rate
Road and Bridge	Commencement of usage to the end of operation	Usage rate/0.2-4.75%
Other Facilities	4-5	20-25%

(3) Accounting treatment of subsequent expenditure incurred on fixed assets

Related expenses incurred for the improvement of fixed assets where the economic benefits of the fixed assets will exceed the original estimation of its useful life or to improve the quality of the products or to reduce the cost of production is capitalized as the book value of the fixed assets. The additional amount cannot exceed the recoverable value of the fixed assets. Subsequent expenses that do not meet the condition are to be written off as incurred.

16. Construction in progress

Construction in progress is measured at the actual cost incurred. Actual costs include construction costs, installation costs, borrowing costs that meet the capitalization conditions, and other necessary expenditures incurred before the construction in progress reaches its intended use status. When the construction in progress reaches the expected usable state, it will be transferred to fixed assets and depreciation will be accrued from the next month.

17. Borrowing cost

(1) Recognition principles for capitalizing of borrowing cost

Borrowing cost, including interest related to the borrowing, amortization of the discount or premium, auxiliary expenses and balance of exchange related to foreign currency borrowing and so on.

Borrowing expenses occurred to the Company that can be accounted as purchasing or production of assets satisfying the conditions of capitalizing, are capitalized and accounted as cost of the related asset. Other borrowing expenses are recognized as expenses according to the occurred amount, and accounted into gain/loss of the current term.

The assets meeting capital conditions refer to the fixed assets, investment

peropertiess and inventories which are constructed or produced in a long time to reach the predicted use or to-be-sale status.

(2) Duration of capitalization of loan costs

The capitalization period refers to the period from starting capitalization of loan costs to the stop of capitalization; the period of the break of capitalization of Loan costs is not included.

- a. When a loan expense satisfies all of the following conditions, it is capitalized: Expenditures on assets have taken place. Asset expenditures include the assets used to construct or produce the assets which meet the capitalization conditions, and expend in cash or transferring non-cash assets or bearing interest debt;
- b. Loan costs have taken place;
- c. The construction or production activities to make assets to reach the status of ready for sale or the producing activities has begun.

(3) Capitalization suspension period

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of borrowing costs shall be suspended. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recorded into the profits & losses in the current period, as of the acquisition and construction or production of the asset restarts.

(4) Calculation of the amount of capitalization of loan costs

Interest expense due to specialized Loan and its auxiliary expenses shall be capitalized before the asset which satisfies the capitalizing conditions reach its usable or saleable status.

Interest amount of common Loan to be capitalized equals to accumulate asset expense less weighted average of specialized loan part of asset expense multiplies capitalizing rate of common Loan occupied. Capitalizing rate is determined according to weighted average interest of common Loan.

During the period of capitalization, the exchange difference of the principal and interest of foreign currency special loans shall be capitalized and included in the cost of assets meeting the conditions of capitalization. Exchange differences arising from the principal and interest of foreign currency loans other than special foreign currency loans are included in the current profits and losses.

18. Intangible assets

(1) The initial measurement of intangible assets

a. The cost of the purchased intangible assets includes its buying price, relevant tax and the other expenses that are directly attributed to these assets meeting its predetermined objective and other expenses that occur.

b. Subsequent measurement

When acquiring intangible assets, analyze and judge their service life.

Intangible assets with a limited service life are amortized within the period of economic benefits for the enterprise; if it is impossible to foresee the period of intangible assets bringing economic benefits to the enterprise, they are regarded as intangible assets with an indefinite service life and shall not be amortized.

At the end of the period, the ability of each intangible asset to be expected to bring future economic benefits to the enterprise is checked. If the expected recoverable amount is lower than the book value, the intangible asset impairment provision is made based on the difference between the recoverable amount and the book value. Once the provision for impairment of intangible assets is accrued, it cannot be reversed unless it is disposed of

19. Impairment of non-current assets

The Company shall make judgment on the long-term assets including the long-term equity investment, the investment property measured by the cost model, the fixed assets and the projects under construction if there is possible impairment on the balance sheet date. If there is evidence shows that the long-term assets possibly have the impairment, the impairment test should be conducted, and the recoverable amount should be estimated. The impairment shall be confirmed if there exists after the comparison of the estimated recoverable amount of the assets and its book value, and if the assets impairment provision shall be withdrawn

to recognize the corresponding impairment losses. The estimation of the recoverable amount of assets should be confirmed according to the higher of the net amount of the fair value minus the disposal costs and the present value of the cash flow of assets will expect in the future.

The Company shall conduct the impairment test at least every year for the goodwill established by the business combination and the intangible assets with the indefinite useful life whether there is the impairment and intangible assets that have not yet reached a usable situation.

The Company conducts a goodwill impairment test, and the book value of goodwill resulting from the business combination is allocated to the relevant asset group according to a reasonable method from the date of purchase; if it is difficult to allocate to the relevant asset group, it is allocated to the relevant portfolio of asset group. When apportioning the book value of the Company's goodwill, the Company will allocate based on the relative benefits that the relevant asset groups and the portfolio of asset group can obtain from the synergies of the business combination, and conduct a goodwill impairment test on this basis. When performing impairment tests on related asset groups and the portfolio of asset group that include goodwill, if there are signs of impairment, the asset group or asset group combination that does not contain goodwill shall be the first to conduct an impairment test, calculate the recoverable amount, and compare it with the relevant book value to confirm the corresponding impairment loss. Then conduct an impairment test on the asset group or asset group combination that includes goodwill, and compare the book value of these related asset groups and the portfolio of asset group (including the portion of the book value of the goodwill allocated) and its recoverable amount. For example, the relevant asset groups and the portfolio of asset group's recoverable amount is lower than their book value, the impairment loss of goodwill is recognized.

The impairment loss of long-term assets after recognized shouldn't be reversed in the future accounting period.

20. Long-term deferred expenses

Long-term deferred expenses are priced at actual cost and amortized evenly over the expected benefit period.

21. Contract liability

The company shall list the contract assets or liabilities in the balance sheet according to the relationship between performance obligations and customer payment. The obligations of the company to transfer goods or provide services to customers due to consideration received or receivable from customers are listed as contract liabilities. The contract assets and liabilities under the same contract are shown in net.

22. Employee benefits

(1) Short-term employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship. The benefits provided for the employee's spouse, children, parents, the deceased spouse and other beneficiary are included as employee benefits.

The employee benefits provided include employee wages or salaries, bonus, allowance and subsidiaries, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs are recognized as liability. The employee benefit liabilities are recognized in the accounting period in which the service is rendered by the employees, as a charge to the profit or loss for the current period or the cost of relevant assets. If the employee benefit liabilities are not settled in full after 12 months from the year end date and the financial impact is significance, the amount of the liabilities is measured by discounted cash flow method.

(2) Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans, excluding the short-term employee benefit and redundancy benefit. The post-employment benefits divide into:

a. defined contribution plans, the Company contribution to the plan are recognized as liability, included in the profit and loss or in the Reporting Period. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate independent managed fund and will have no

obligation to pay further contributions;

b. defined benefit plans are post-employment benefit plans other than defined contribution plans.

(3) Termination of benefits

Termination benefit refer to Company terminates the labor relationship with an employee before the labor contract expires, or offers compensation for encouraging the employee to accept the redundancies voluntarily. The liabilities arising from the termination of labor relationship with the employee is determined, and the cost is recognized included in the profits and loss in the Reporting Period at the earlier of: (1) when the group cannot unilaterally withdraw the termination of the labor relationship plan or redundancies benefits proposal, or (2) the time when the cost associated with reorganization involving payment of termination benefits and related expenses is confirmed.

On the Company internal early retirement plan, the compensation for the retirement before the date of retirement is treated as retirement benefits. The compensation paid from the date of early retirement to the normal retirement date is charged to the profit and loss of the Reporting Period. The economic benefit paid after the office retirement age (including the normal retirement benefit) is dealt with in accordance to the post-employment benefit.

23. Bond payable

When the Company issued bond, the aggregate amount of Bond issued is recorded as "Bond Payable".

The difference arising on the aggregate amount of the face value of the Bond issued and the consideration received at a Premium or discount of the Bond is amortized on a straight line basis based on the actual interest rate method over the tenure of the Bond, and dealt with in accordance with the principle of the borrowing expenses.

24. Provisions

When a company has an obligation related to a contingent event and meets the following conditions at the same time, it is recognized as an estimated liability in the balance sheet: (1) the obligation is a current obligation undertaken by the company; (2) the performance

of the obligation is likely to result in economic benefits Outflow enterprises; (3) The amount of the obligation can be reliably measured. On the balance sheet date, considering the risks, uncertainties and time value of money related to contingencies, the estimated liabilities are measured in accordance with the best estimate of the expenditure required to perform the relevant current obligations. If all or part of the expenditure required to pay off the estimated liabilities is expected to be compensated by a third party, the compensation amount shall be separately recognized as an asset when it is basically certain that it can be received, and the confirmed compensation amount shall not exceed the book value of the estimated liability.

25. Revenue

(1) Accounting policies adopted for revenue recognition and measurement

The company has fulfilled the performance obligation in the contract, that is, revenue is recognized when the customer obtains control of the relevant goods or services. To obtain control of the relevant goods or services means to be able to dominate the use of the goods or services and obtain almost all the economic benefits from them. If there are two or more performance obligations in the contract, the company will allocate the transaction price to each single performance obligation according to the relative proportion of the single price of the goods or services promised by each single performance obligation on the start date of the contract. The company measures the income according to the transaction price allocated to each individual performance obligation.

Transaction price refers to the amount of consideration that the company is expected to be entitled to receive due to the transfer of goods or services to customers, excluding the amount collected on behalf of a third party and the amount expected to be returned to customers. The company determines the transaction price in accordance with the terms of the contract and in combination with its past practices. When determining the transaction price, the company takes into account the influence of variable consideration, major financing elements in the contract, non cash consideration, consideration payable to customers and other factors. The company determines the transaction price including variable consideration at an amount that does not exceed the amount at which the accumulated recognized income is unlikely to have a significant reversal when the relevant uncertainty is eliminated. If there are significant financing elements in the contract, the company

determines the transaction price according to the amount payable in cash when assuming that the customer obtains the control right of goods or services, and uses the effective interest method to amortize the difference between the transaction price and the contract consideration during the contract period. If the interval between the transfer of control right and the payment by the customer is not more than one year, the company will not consider the financing component.

If one of the following conditions is met, the performance obligation shall be performed within a certain period of time; otherwise, the performance obligation shall be performed at a certain point of time:

- When the customer performs the contract in the company, he obtains and consumes the economic benefits brought by the company's performance.
- Customers can control the goods under construction during the performance of the contract.
- The goods produced by the company in the process of performance have irreplaceable uses, and the company has the right to collect money for the performance part that has been completed so far in the whole contract period.

For the performance obligations performed within a certain period of time, the company shall recognize the revenue according to the performance progress within that period, except that the performance progress cannot be reasonably determined. Considering the nature of goods or services, the company adopts the output method or the input method to determine the performance schedule. When the performance schedule cannot be reasonably determined, if the cost incurred is expected to be compensated, the company shall recognize the revenue according to the cost amount incurred until the performance schedule can be reasonably determined.

For the performance obligation performed at a certain time point, the company recognizes the revenue when the customer obtains the control right of relevant goods or services. When judging whether a customer has acquired control of goods or services, the company shall consider the following signs:

- The company has the right to receive payment for the goods or services, that is, the customer has the obligation to pay for the goods or services.
- The company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods.
- The company has transferred the goods in kind to the customer, that is, the customer

has possessed the goods in kind.

- The company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods.
- The customer has accepted the goods or services, etc.

26. Contract cost

The contract cost includes the cost of contract performance and the cost of obtaining the contract.

If the cost incurred by the company for the performance of the contract does not fall within the scope of relevant standards and specifications such as inventory, fixed assets or intangible assets, it shall be recognized as an asset when the following conditions are met:

- This cost is directly related to a contract currently or expected to be obtained.
- This cost increases the resources the company will use in the future to perform its performance obligations.
- The cost is expected to be recovered.

If the incremental cost incurred by the company to obtain the contract is expected to be recovered, it shall be recognized as an asset as the cost of contract acquisition.

Assets related to contract cost shall be amortized on the same basis as the income of goods or services related to the asset; However, if the amortization period of the contract cost does not exceed one year, the company shall include it into the current profit and loss when it occurs.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the company shall make provision for impairment of the excess part and recognize it as the impairment loss of the assets:

1. The remaining consideration expected to be obtained as a result of the transfer of goods or services related to the asset;
2. The estimated cost to be incurred for the transfer of the relevant goods or services.

If the factors of impairment in previous periods change, so that the above difference is higher than the book value of the asset, the company shall return the original provision for impairment and include it into the current profit and loss, but the book value of the asset after the reversal shall not exceed the book value of the asset on the date of reversal without provision for impairment.

27. Government grants

Government grants are transfer of monetary or non-monetary assets from the government to the Company at nil consideration, the Government grants is not part of the shareholder's capital.

a. The government grants are recognized when the targets conditions stipulated in the relevant documents are satisfied, including:

Government grant is in the form of monetary assets, based on the actual amount received or receivable. If the government grant is in the form of non-monetary asset the value is based on the fair value of the asset. If the non-monetary asset cannot be measured reliably, it is accounted for in the name of the amount.

b. If the government grant related to the assets, it is offset against the book value of related cost or recognized as a deferred income. When the government grant is recognized as deferred income, the government grant is apportioned systematically according to the economic live of the asset over the period. Government grant in cash is directly included in the profit or loss in the Reporting Period. If the government grant related to income is used to compensate related cost or losses in the subsequent period, it is recognized as deferred income and included in the current profit and loss or offset the related cost. The government grant used to compensate the expenses or loss, occurred is directly included in the profit and loss in the Report Period or offset against the related cost.

c. For government grant related to the daily activities, based on the nature of the economic activities, included in other income or offset against the related cost. Government grant not related to daily activities of the Company is included in the non-operations income.

d. If the government grant is required to be returned, the following accounting treatments are adopted when the grant in the period when it is returned:

i. adjust the book value of the asset when it was recognized;

ii. adjust against the balance of related deferred income, the surplus is included in the current profit and loss of the Reporting Period;

iii. On other circumstances, directly included in the profit and loss in the Reporting Period.

28. Deferred tax assets and deferred tax liabilities

On the balance sheet date, the Company based on the deductibility of the temporary difference and the applicable tax rate works out and recognizes the deferred tax assets and the corresponding deferred tax income; and in accordance with the temporary difference

and the applicable tax rate, works out and recognizes the deferred tax liability and the corresponding deferred tax expenses.

(1) Recognition of deferred tax assets

In recognition of the deferred income tax assets arising from the deductible temporary difference, subject to the limit of taxable income likely to be obtained to offset the deductible temporary difference in future and except the temporary difference arising from the special circumstances where deferred tax assets arising on the initial recognition of assets or liabilities will not be recognized, as follows:

- a. The transaction is not a business combination;
- b. The transaction does not affect the accounting profits or the amount of taxable income (or deductible losses).

(2) The impairment of deferred tax assets

On the balance sheet date, the Company reviews the book value of the deferred income tax assets. If it is probable that no sufficient taxable income will be available in the future to offset the benefits of deferred tax assets, the deferred tax asset is written down to its book value. The impairment of deferred tax asset is charged to income tax expenses in the Reporting Period. The original amount of deferred tax asset that was included in the shareholders' funds will be deducted accordingly. When it is probable that sufficient taxable income will be available, the amount of deferred tax assets written down will be reversed.

(3) The recognition of deferred tax liabilities

The Company recognizes all temporary timing differences as deferred tax liabilities except the deferred taxable incurred in the following transactions:

- a. Initial recognition of goodwill
- b. Initial recognition of assets for liabilities arising from transactions with the following characteristic:
 - c. the transaction is not a business combination;
 - d. The transactions does not affect the accounting profits or the taxable income when occurs (or deductible losses).

(4) The Company temporary taxation differences related to investments in subsidiaries, associates and joint ventures, is recognized as deferred tax liabilities, but must meet the following conditions:

- a. the timing of the temporary differences can be controlled;

b. the temporary differences are unlikely to be reversed in the foreseeable future.

29. Lease

Accounting policy from January 1, 2021

Lease refers to a contract in which the lessor transfers the right to use the asset to the lessee within a certain period of time to obtain consideration. On the starting date of the contract, the company assesses whether the contract is a lease or includes a lease. If a party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or includes a lease.

If the contract contains multiple separate leases at the same time, the company will split the contract and conduct accounting treatments for each of the separate leases. If the contract includes both lease and non-lease parts, the lessee and lessor shall separate the lease and non-lease parts.

(1) The company as the lessee

A. Right-of-use asset

On the start date of the lease term, the company recognizes the right-of-use asset for leases other than short-term leases and low-value asset leases. Right-of-use assets are initially measured at cost. This cost includes:

The initial measurement amount of the lease liability;

If the lease payment is paid on or before the start of the lease term, if there is a lease incentive, the relevant amount of the lease incentive already enjoyed is deducted;

Initial direct expenses incurred by the company;

The company expects to incur costs for dismantling and removing leased assets, restoring the site where leased assets are located, or restoring leased assets to the state agreed in the lease terms, but does not include the costs incurred for the production of inventory.

The company subsequently uses the straight-line method to depreciate the right-of-use assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the end of the lease term, the company shall depreciate the leased asset during the remaining useful life; otherwise, the leased asset will be depreciated during the shorter period of the lease term and the remaining useful life of the leased asset.

B. Lease liability

At the beginning of the lease term, the company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. Lease liabilities are initially measured based on the present value of the unpaid lease payments. Lease payments include:

Fixed payment (including the actual fixed payment), if there is a lease incentive, the relevant amount of the lease incentive will be deducted;

Variable lease payments depending on the index or ratio;

The amount expected to be paid based on the residual value of the guarantee provided by the company;

The exercise price of the purchase option, provided that the company reasonably determines that the option will be exercised;

Amount to be paid to exercise the option to terminate the lease, provided that the lease term reflects that the company will exercise the option to terminate the lease.

The company uses the interest rate implicit in the lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the company's incremental borrowing interest rate is used as the discount rate.

The company calculates the interest expense of the lease liability during each period of the lease term in accordance with a fixed periodic interest rate, and includes it in the current profit and loss or the cost of related assets.

Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit and loss or the cost of related assets when they actually occur.

After the start of the lease term, if the following circumstances occur, the company re-measures the lease liability and adjusts the corresponding right-of-use asset. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the difference will be included in the current profit and loss:

When the evaluation result of the purchase option, renewal option or termination option changes, or the actual exercise of the aforementioned option is inconsistent with the original evaluation result, the company will discount the lease payment after the change and the revised discount The present value of the rate calculation remeasures the lease liability;

When the actual fixed payment changes, the expected payable amount of the guarantee residual value changes, or the index or ratio used to determine the lease payment changes, the company calculates the present value based on the changed lease payment and the original discount rate Remeasure the lease liability. However, if changes in lease payments originate from changes in floating interest rates, the revised discount rate is used to calculate the present value.

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

The company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and calculates the relevant lease payments in the current profit and loss or related asset costs on a straight-line basis during each period of the lease term. Short-term lease refers to a lease that does not include purchase options for a lease period not exceeding 12 months at the beginning of the lease period. Low-value asset leasing refers to a lease with a lower value when a single leased asset is a new asset. If the company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

D.Lease change

If the lease is changed and the following conditions are met at the same time, the company shall treat the lease change as a separate lease for accounting treatment:

The lease change expands the scope of the lease by adding one or more rights to use the leased asset

The increased consideration is equivalent to the amount of the individual price of the expanded part of the lease scope adjusted according to the contract conditions.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company re-apportions the consideration of the contract after the change, re-determines the lease term, and calculates the current lease payment based on the lease payment after the change and the revised discount rate. The value of the lease liability is remeasured.

If the lease change causes the scope of the lease to be narrowed or the lease period is shortened, the company will correspondingly reduce the book value of the right-of-use asset, and the relevant gains or losses from the partial or complete termination of the lease are included in the current profit and loss. If other lease changes cause

the lease liability to be remeasured, the company adjusts the book value of the right-of-use asset accordingly.

(2) The company as the lessor

On the commencement date of the lease, the company divides the lease into financial lease and operating lease. Finance lease refers to a lease in which almost all the risks and rewards related to the ownership of the leased asset are transferred regardless of whether the ownership is ultimately transferred. Operating leases refer to leases other than financial leases. When the company acts as a sublease lessor, the sublease is classified based on the right-of-use assets generated from the original lease.

A. Operating lease accounting

The lease receipts of operating leases are recognized as rental income in each period of the lease term according to the straight-line method. The company capitalizes the initial direct costs incurred related to operating leases, and allocates them to the current profit and loss on the same basis as the confirmation of rental income during the lease term. Variable lease payments that are not included in the lease receipts are included in the current profit and loss when they actually occur. If the operating lease is changed, the company will treat it as a new lease for accounting treatment from the effective date of the change, and the amount of advance receipts or lease receivables related to the lease before the change is regarded as the amount of the new lease.

B. Financial lease accounting

On the lease start date, the company recognizes the financial lease receivables for the financial lease and terminates the recognition of the financial lease assets. When the company initially measures the financial lease receivables, the net lease investment is taken as the recorded value of the financial lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease payment not yet received at the beginning of the lease term, discounted at the interest rate implicit in the lease.

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

of financial lease receivables shall be accounted for in accordance with "III. (10) Financial Instruments" in this Note.

Variable lease payments that are not included in the measurement of the net lease investment are included in the current profit and loss when they actually occur.

If a financial lease is changed and the following conditions are met at the same time, the company shall treat the change as a separate lease for accounting treatment:

This change expands the scope of the lease by adding one or more use rights to leased assets;

The increased consideration is equivalent to the amount of the individual price of the expanded part of the lease scope adjusted according to the contract conditions.

If the change of the financial lease is not accounted for as a separate lease, the company shall deal with the changed lease in the following situations:

If the change takes effect on the lease start date, the lease will be classified as an operating lease. The company will start accounting for it as a new lease from the lease change effective date, and use the net lease investment before the lease change effective date as The book value of the leased asset;

If the change takes effect on the lease start date, the lease will be classified as a financial lease, and the company will conduct accounting treatment in accordance with the policy of "III. (10) Financial Instruments" in this note on the modification or re-negotiation of the contract.

(3) Leaseback trade

The company evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the principles described in "III. (25) Revenue" of this Note.

a. The Company as a lessee

If the asset transfer in the leaseback trade is a sale, the company as the lessee measures the right-of-use asset formed by the leaseback trade based on the portion of the original asset's book value related to the right to use acquired by the lease, and only transfers it to the lease. The rights of the person confirm the relevant gains or losses; if the asset transfer in the leaseback trade does not belong to the sale, the company as the lessee continues to confirm the transferred assets and at the same time confirms a financial liability equal to the transfer income. For the accounting

treatment of financial liabilities, please refer to "III. (10) Financial Instruments" in this note.

b. The Company as a lessor

If the asset transfer in the leaseback trade is a sale, the company acts as the lessor to account for the purchase of the asset, and the asset lease is accounted for in accordance with the aforementioned "2. The company as the lessor" policy; in the leaseback trade. If the transfer of assets is not a sale, the company as the lessor does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. For the accounting treatment of financial assets, please refer to "III. (10) Financial Instruments" in this note.

30. Termination of Operation

When the distinguished component meets one of requirements and it has been disposed or recognized as Held-for-sell assets, it will be recognized as the Discontinued Operations.

The requirements are as follows:

- (1) The component stands for an independent primary business or district;
- (2) The component relates to an independent primary business or district which is going to dispose;
- (3) The component is the subsidiary gained for transfer.

Profit and loss from continuing operation and profit and loss from termination of operation are listed in the income statement respectively. The operating profit and loss and disposal profit and loss such as the impairment loss and reversal amount of the terminated operation are presented as the terminated operation profit and loss. For the terminated operation reported in the current period, in the current financial statements, the Company represents the information originally presented as the profit and loss of continuing operation as the profit and loss of terminated operation in the comparable accounting period.

31. Significant changes in accounting policies and accounting estimates

(1) Significant changes in accounting policies

The MOF issued the revised accounting standards in 2017 of CAS No.14 – Revenue (the “new revenue standard”) CAS No.22 – Financial Instruments: Recognition and Measurement, CAS No.23 – Transfer of Financial Assets, CAS No.24 – Hedge Accounting and CAS No.37 – Presentation and Disclosures of Financial Instruments

([2017] No.14) (collectively the “new financial instruments standards”). The MOF issued the revised accounting standards on 7 December 2018 of CAS No.21 – Leases (“new leases standard”).

a. Impact on the implementation of the new revenue standard

According to the revised standard, the first implementation of the new revenue standard should adjust the amount of retained earnings and other related items in the financial statements at the beginning of the year based on the cumulative impact, and no adjustments should be made to the comparable period information.

The company implemented the new revenue standard from 1 January 2021. According to the standard, the company only adjusts the retained earnings at the beginning of 2021 and the amount of other related items in the financial statements for the cumulative impact of contracts that have not been completed on the date of first implementation, and does not make adjustments to the comparative financial statements.

The main impacts of the implementation of the above new revenue standards are as follows:

Contents and reasons for the changes in accounting policies	Name of affected financial statement items	Amount of impact on the balance on 1 January 2021
Obligations to transfer goods or provide services to customers after receiving customer consideration are reclassified to contract liabilities	Advances from customers	-71,020,644.41
	Contract liabilities	65,513,013.03
	Other current liabilities	5,507,631.38
Reclassify the completed but unsettled accounts receivable that do not meet the unconditional right of collection to contract assets, and reclassify the settled and unfinished advance receipts to contract liabilities.	Advances from customers	-232,402.86
	Contract liabilities	213,213.63
	Other current liabilities	19,189.23

b. Impact on the implementation of new financial instrument standards

According to the revised standards, for financial instruments that have not been derecognized on the date of first implementation, if the previous confirmation and measurement are inconsistent with the requirements of the revised standards,

retrospective adjustments should be made. If the financial statement data in the previous period is inconsistent with the requirements of the revised standard, no adjustment is required. The company will adjust the retained earnings and other comprehensive income at the beginning of the year due to the cumulative impact of the retrospective adjustment.

The main impacts of the implementation of the above-mentioned new financial instrument standards are as follows:

Contents and reasons for the changes in accounting policies	Name of affected financial statement items	Amount of impact on the balance on 1 January 2021
(1) Non-trading available-for-sale equity instrument investments are designated as "financial assets measured at fair value and changes of which included in other comprehensive income"	Available-for-sale financial assets	-226,536,413.55
	Other equity instrument investments	226,536,413.55
(2) Provision for expected credit losses is made for "financial assets measured at amortized cost" and "financial assets (debt instruments) measured at fair value and changes of which included in other comprehensive income"	Other receivables	-6,914.38
	Deferred tax assets	1,728.60
	undistributed profit	-2,644.75
	Total equity attributed to NCI	-2,541.03
(3) Implement the financial statement format prescribed by Caikuai [2019] No. 6	Other payables	-10,590,396.64
	Non-current liabilities due within one year	10,590,396.64

c. Impact on the implementation of the new lease standard

According to the standard, the Company chose not to reassess whether it is a lease or contains a lease on the date of the first implementation.

The Company chose to adjust the amount of retained earnings and other related items in the financial statements at the beginning of the year when the new lease standard was first implemented based on the cumulative impact of the new lease standard implementation for the first time, without adjusting the comparable period information.

For operating leases that existed before the first implementation date, the company

measures the lease liability based on the present value of the remaining lease payments discounted at the company's incremental borrowing interest rate on the first implementation date, and measures the right-of-use asset according to the following methods:

The amount equal to the lease liability, subject to necessary adjustments based on the prepaid rent. The above companies use this method for all other leases.

For operating leases before the first execution date, the company applies the above methods and chooses one or more of the following simplified treatments according to each lease:

Leases that will be completed within 12 months after the first implementation date are treated as short-term leases;

When measuring lease liabilities, leases with similar characteristics use the same discount rate;

The measurement of right-of-use assets does not include initial direct costs;

If there is an option to renew the lease or to terminate the lease, the lease term shall be determined based on the actual exercise of the option before the first execution date and other latest conditions;

As an alternative to the impairment test of the right-of-use asset, according to the "Accounting Standards for Business Enterprises No. 13-Contingent Events", assess whether the contract containing the lease is a loss-making contract before the first execution date, and adjust the right-of-use asset amount on the first execution date according to the provision which was booked in the balance sheet date;

For lease changes that occur before the beginning of the year when the new lease standard is first implemented, no retrospective adjustment will be made, and the accounting treatment will be carried out in accordance with the new lease standard according to the final arrangement of the lease change.

When measuring lease liabilities, the company uses the lessee's incremental borrowing rate on 1 January 2021 to discount the lease payment.

The main impacts of the Company's implementation of the new lease standards on the financial statements are as follows:

Contents and reasons for the changes in accounting policies	Name of affected financial statement items	Amount of impact on the balance on 1 January 2021
	Right-of-use asset	36,015,201.46

Contents and reasons for the changes in accounting policies	Name of affected financial statement items	Amount of impact on the balance on 1 January 2021
1) The Company, as the lessee, adjusts the operating leases that existed before the first execution date	Lease liability	12,330,624.63
	Non-current liabilities due one year	20,279,129.47
	undistributed profit	3,405,447.36

IV. Taxation

1. Main types of taxes and corresponding tax rates

Tax type	Basis of tax assessment	Tax rate
Valued added tax (VAT)	The output tax calculated based on the sales of goods and taxable labor income calculated according to the tax law. After deducting the input tax that is allowed to be deducted in the current period, the difference is the value-added tax payable	3%,5%,6%,9%, 13%
City maintenance and construction tax	VAT paid	5%,7%
Education surcharge	VAT paid	3%
Local education surcharge	VAT paid	2%
Corporate income tax	Taxable income	5-25%(Note)

V. Business combination and consolidated financial statements

1. Subsidiaries of the Company are presented as follows:

No	Company Name	Level	Type of enterprise (note 1)	Place of registration	Business premise	Business nature	Paid-in capital	Shareholding percentage	Voting rights percentage	Investment cost	Method of acquisition
1	Xin Yue Hanten Co., Ltd	3	3	The British Virgin Islands	Hongkong	Highway investment	USD 1 00	100%	100%	USD1 00	3
2	Xin Yue Hai Xin Sha Asphalt Co., Ltd	3	3	The British Virgin Islands	Hongkong	Highway investment	USD 1 00	100%	100%	USD1 00	3
3	Xin Yue (Guangzhou) Investment Co., Ltd	3	1	Guangzhou	Guangzhou	Highway investment	USD 42,070,000.00	100%	100%	USD42,070,000.00	1
4	Xin Yue (Guangzhou) Financial Leasing Co., Ltd	3	1	Guangzhou	Guangzhou	Finance lease	USD 10,000,000.00	100%	100%	USD10,000,000.00	1
5	Guangdong Kayang Expressway Co., Ltd	3	1	Kaiping	Kaiping	Highway management and maintenance	RMB 460,000,000.00	53%	53%	RMB1,296,928,900.00	2
6	Guangzhou Xin Yue Asphalt Co., Ltd	4	1	Guangzhou	Guangzhou	Asphalt processing and sales	RMB 775,000,000.00	100%	100%	RMB775,000,000.00	1
7	Guangzhou Xin Yue Transportation Technology Co., Ltd	5	1	Guangzhou	Guangzhou	Road professional consulting services	RMB12,000,000.00	100%	100%	RMB4,500,000.00	1
8	Guangdong Humen Bridge Co., Ltd	4	1	Dongguan	Dongguan	Highway management and maintenance	RMB273,900,000.00	30%	51%	RMB153,474,300.00	2

Notes to Consolidated financial statements

Xin Yue Company Limited
For the nine months ended 30 September 2021
Notes to Interim Financial Statements

No	Company Name	Level	Type of enterprise (note 1)	Place of registration	Business premise	Business nature	Paid-in capital	Shareholding percentage	Voting rights percentage	Investment cost	Method of acquisition (note 1)
9	Guangdong Jiangzhong Expressway Co., Ltd	4	1	Guangzhou	Guangzhou	Road operation	RMB1,110,000,000.00	51%	51%	RMB620,208,600.00	2
10	Guangdong Nanyue Logistics Industry Co., Ltd	4	1	Guangzhou	Guangzhou	Trading	RMB180,000,000.00	100%	100%	RMB226,955,600.00	2
11	Guangdong Xin Yue Jinfu Asphalt Co., Ltd	5	1	Dongguan	Dongguan	Trading	RMB10,000,000.00	100%	100%	RMB10,000,000.00	2

Note 1: Type of enterprise: 1. Domestic non-financial subsidiary, 2. Domestic financial subsidiary, 3. Overseas subsidiary, 4. Public institution, 5. Infrastructure unit.

Method of acquisition: 1. Investment establishment, 2. Business combination under common control, 3. Business combination not under the common control, 4. Others.

Note 2: The Company's wholly-owned subsidiary, Xin Yue Humen Co., Ltd. holds 36% shares of Guangdong Humen Bridge Co., Ltd. (the "Humen Bridge"), and Guangdong Highway Construction Co., Ltd. holds 15% shares of Humen Bridge. In November 2019, Xin Yue Humen Co., Ltd. and Guangdong Highway Construction Co., Ltd. signed a cooperation agreement of Humen Bridge. The agreement stipulates that Guangdong Highway Construction Co., Ltd. will be consistent with the Company on the significant operating decisions of Humen Bridge. Therefore, Xin Yue Humen Co., Ltd. has 51% voting rights on Humen Bridge.

2. Change in Scope of consolidation: Nil

VI. NOTES TO INTERIM FINANCIAL STATEMENTS

1. Accounts receivable

(1) Disclosure of accounts receivable by aging:

Aging	Closing Balance	Opening Balance
Within 1 year	1,272,404,701.87	1,007,770,544.64
1 to 2 years	5,886,507.70	27,276,872.68
2 to 3 years	25,927,532.60	1,689,205.74
Over 3 years	26,447,509.20	24,758,303.46
Subtotal	1,330,666,251.37	1,061,494,926.52
Less: Bad debt provision	140,961,453.43	75,693,674.43
Total	1,189,704,797.94	985,801,252.09

(2) Accounts receivable disclosed according to the method of provision for bad debts:

Categories	Closing Balance			Opening Balance				
	Book balance Amount	Proportion (%)	Bad debt provision Amount	Accrual Proportion (%)	Book value	Bad debt provision Amount	Accrual Proportion (%)	Book value
Bad debt provision on individual basis								
Bad debt provision on group basis	1,330,666,251.37	100.00	140,961,453.43	10.59	1,189,704,797.94	1,061,494,926.52	100.00	75,693,674.43
Including:								
Related parties within the consolidation scope of								
Provincial	187,273,016.69	14.07			187,273,016.69	77,503,618.27	7.30	77,503,618.27
Communications Group and warranty funds								
Aging combination	1,143,393,234.68	85.93	140,961,453.43	12.33	1,002,431,781.25	983,991,308.25	92.70	75,693,674.43
Total	1,330,666,251.37	100.00	140,961,453.43		1,189,704,797.94	1,061,494,926.52	100.00	75,693,674.43
								985,801,252.09

Provision on aging basis :

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Accrual Proportion (%)
Within 1 year	1,085,131,685.18	84,465,856.24	7.78
1 to 2 years	5,886,507.70	4,120,555.39	70.00
2 to 3 years	25,927,532.60	25,927,532.60	100.00
Over 3 years	26,447,509.20	26,447,509.20	100.00
Total	1,143,393,234.68	140,961,453.43	

(3) Top five entities with the largest balances of accounts receivable:

Name	Closing Balance		
	accounts receivable	Proportion in the total amount of accounts receivable (%)	Bad debt provision
Poly Changda Engineering Co., Ltd.	284,202,984.80	21.36%	39,903,602.90
Guangdong United Electronic Fee-Collecting Co., Ltd.	127,032,856.15	9.55%	
Cecc Second Highway Engineering Co., Ltd.	89,391,770.75	6.72%	3,299,240.18
China Railway Shanhaiguan Bridge Group Co., Ltd.	37,967,728.22	2.85%	
China RAILWAY Tunnel Group Co., Ltd.	41,014,921.59	3.08%	5,414,560.64
Total	579,610,261.51	43.56%	48,617,403.72

2. Inventory

(1) Categories of inventories

Items	Closing Balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories	Book value	Gross carrying amount	Provision for decline in value of inventories	Book value
Raw materials	165,504,776.36		165,504,776.36	125,804,703.50		125,804,703.50
Goods in stock	513,144,436.81		513,144,436.81	510,464,072.57		510,464,072.57
Total	678,649,213.17		678,649,213.17	636,268,776.07		636,268,776.07

3. Fixed Assets

(1) Fixed assets and fixed assets in liquidation

Items	Closing Balance		Opening balance	
Fixed assets		12,877,141,755.17		13,357,509,002.32
Fixed assets in liquidation				
Total		12,877,141,755.17		13,357,509,002.32

Xin Yue Company Limited
For the nine months ended 30 September 2021
Notes to Interim Financial Statements

(2) Details of fixed assets

Item	Highway properties	Building and structures	Machinery equipment	Transportation equipment	Office equipment	Others	Total
1. Cost							
(1) Opening balance	19,339,692,189.50	613,272,698.63	1,443,153,532.73	44,030,992.07	27,983,079.43	141,443,716.80	21,609,576,209.16
(2) Increase in the period	57,742,331.42		815,948.85	1,298,226.16	2,039,476.10	927,436.27	62,823,418.80
— Purchases			815,948.85	1,298,226.16	2,039,476.10	927,436.27	5,081,087.38
— Transfer from construction in progress	57,742,331.42						
(3) Reduction			12,875,885.90	1,326,832.00	391,615.08	111,359.00	14,705,691.98
— Disposal or obsolescence			12,875,885.90	1,326,832.00	391,615.08	111,359.00	14,705,691.98
(4) Closing balance	19,397,434,520.92	613,272,698.63	1,431,093,595.68	44,002,386.23	29,630,940.45	142,259,794.07	21,657,693,935.98
2. Accumulated depreciation							
(1) Opening balance	7,340,021,728.41	329,323,971.74	454,341,497.96	32,176,165.51	18,764,345.08	59,806,486.04	8,234,434,194.74
(2) Increase in the period	397,378,778.73	22,164,143.47	108,483,150.41	1,790,782.87	2,663,514.24	9,883,822.15	542,364,191.87
— Charged during the period	397,378,778.73	22,164,143.47	108,483,150.41	1,790,782.87	2,663,514.24	9,883,822.15	542,364,191.87
(3) Reductions			10,319,224.92	1,248,973.49	378,518.65	1,025,171.09	12,971,888.15
— Disposal or obsolescence			10,319,224.92	1,248,973.49	378,518.65	1,025,171.09	12,971,888.15
(4) Closing balance	7,737,400,507.14	351,488,115.21	552,505,423.45	32,717,974.89	21,049,340.67	68,665,137.10	8,763,826,498.46
3. Provision for impairment							

Notes to Consolidated financial statements

Xin Yue Company Limited
For the nine months ended 30 September 2021
Notes to Interim Financial Statements

Item	Highway properties	Building and structures	Machinery equipment	Transportation equipment	Office equipment	Others	Total
(1) Opening balance		3,093,921.55	14,488,970.35	35,550.65		14,569.55	17,633,012.10
(2) Increase in the period							
(3) Reductions			907,329.75				907,329.75
— Disposal or obsolescence			907,329.75				907,329.75
(4) Closing Balance		3,093,921.55	13,581,640.60	35,550.65		14,569.55	16,725,682.35
4. Book value							
(1) Closing Balance	11,660,034,013.78	238,690,661.87	865,006,531.63	11,248,860.69	8,581,599.78	73,580,087.42	12,877,141,735.17
(2) Opening Balance	11,999,670,461.09	280,854,805.34	974,323,064.12	11,819,275.91	9,218,734.35	81,622,661.21	13,357,509,002.32

Note: The 100% toll rights of Kaiyang Expressway, Humen Bridge and Jiangzhong Expressway are pledged, and the total net amount of highway properties is RMB11,660,034,013.78.

(3) Fixed assets not obtained title certificates

Item	Book Value	Reasons for not obtained certificates
Highway properties	11,660,034,013.78	The Company has no plans to obtain the relevant title certificate.
Traffic ancillary facilities (housing)	212,838,371.36	The Company has no plans to obtain the relevant title certificate.

4. Construction in progress

(1) Construction in progress and engineering materials

Item	Closing Balance	Opening balance
Construction in progress	1,161,193,728.85	233,921,589.90
Engineer materials		
Total	1,161,193,728.85	233,921,589.90

(2) Details of construction in progress

Items	Closing Balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Pavement maintenance works				46,549,790.42		46,549,790.42
Weiyuan Toll Station Expansion Project	4,627,068.50		4,627,068.50	452,036.00		452,036.00
Suspension Bridge Epoxy Asphalt Deck Maintenance Project	27,859,249.00		27,859,249.00			
Bridge overhaul	21,937,898.52		21,937,898.52	12,836,542.89		12,836,542.89
West Anchor Reinforcement and Maintenance Project (Phase II)				7,429,022.00		7,429,022.00
Suspension Bridge Full Bridge Sling Replacement Project	23,151,849.32		23,151,849.32	18,031,834.32		18,031,834.32
Suspension Bridge Vortex Induced Vibration Treatment Project	16,907,021.00		16,907,021.00	3,916,645.00		3,916,645.00
Suspension bridge main cable dehumidification system project	12,486,107.35		12,486,107.35	11,164,151.49		11,164,151.49
Dong Chong Maintenance Base	8,827,500.00		8,827,500.00	4,327,500.00		4,327,500.00
Zhongshan Xinlong to Jiangmen Longwan Section Reconstruction and Expansion Project	1,013,829,729.40		1,013,829,729.40	127,104,729.65		127,104,729.65

Notes to Consolidated financial statements

Xin Yue Company Limited
For the nine months ended 30 September 2021
Notes to Interim Financial Statements

Items	Closing Balance		Opening balance	
	Book balance	Provision for impairment	Book balance	Provision for impairment
Other construction in progress	31,567,305.76		2,109,338.13	
Total	1,161,193,728.85		233,921,589.90	

(3) Changes in significant construction in progress in the current period

Items	Budget	Opening balance	Increase	transferred to fixed assets in this period	Other decrease	Closing Balance
Pavement maintenance works	49,044,000.00	46,549,790.42		46,549,790.42		
West Anchor Reinforcement and Maintenance Project (Phase II)	10,400,000.00	7,429,022.00	3,763,519.00	11,192,541.00		
Zhongshan Xinlong to Jiangmen Longwan Section Reconstruction and Expansion Project	10,697,064.575 00	127,104,729.65	886,724,999.75			1,013,829,729.40
Total		181,083,542.07	890,488,518.75	57,742,331.42		1,013,829,729.40

Notes to Consolidated financial statements

Xin Yue Company Limited
 For the nine months ended 30 September 2021
 Notes to Interim Financial Statements

Items	Proportion of accumulated project investment in budget (%)	Project progress	Accumulated amount of interest capitalization	Including: current interest capitalization amount	Current interest capitalization rate (%)	Resources of funds
Pavement maintenance works	95.00%	100.00%				Self-raised
West Anchor Reinforcement and Maintenance Project (Phase II)	107.62%	100.00%				Self-raised
Zhongshan Xinlong to Jiangmen Longwan Section Reconstruction and Expansion Project	9.40%	9.40%	7,579,166.67	7,579,166.67	5.1%	Self-raised and loans
Total			7,579,166.67	7,579,166.67		

5. Right-of-use assets

Items	Building and structures	Total
1. Original cost		
(1) Opening balance	37,250,054.83	37,250,054.83
(2) Increase	606,077.19	606,077.19
—Revaluation adjustment	606,077.19	606,077.19
(3) Decrease		
(4) Closing balance	37,856,132.02	37,856,132.02
2. Accumulated depreciation		
(1) Opening balance	1,234,853.37	1,234,853.37
(2) Increase	8,670,121.43	8,670,121.43
—Provision	8,670,121.43	8,670,121.43
(3) Decrease		
(4) Closing balance	9,904,974.79	9,904,974.79
3. Provision for impairment		
4. Book value		
(1) Book value at the end of the period	27,951,157.22	27,951,157.22
(2) Book value at the beginning of the period	36,015,201.46	36,015,201.46

6. Intangible asset

(1) Details of intangible assets

Items	Land use right	Toll highway franchise operating rights	Software	Total
1. Cost				
(1) Opening balance	175,440,966.01	108,017,886.46	36,955,368.76	320,414,221.23
(2) Increase			362,150.95	362,150.95
—Purchases			362,150.95	362,150.95

Items	Land use right	Toll highway franchise operating rights	Software	Total
(3) Decrease			12,660,757.19	12,660,757.19
—Disposal or obsolescence			12,660,757.19	12,660,757.19
(4) Closing Balance	175,440,966.01	108,017,886.46	24,656,762.52	308,115,614.99
2. Accumulated amortization				
(1) Opening balance	36,009,818.69	8,191,453.24	30,475,360.43	74,676,632.36
(2) Increase	2,074,794.05	7,210,048.47	1,564,375.22	10,849,217.74
—Charge during the period	2,074,794.05	7,210,048.47	1,564,375.22	10,849,217.74
(3) Decrease			12,310,686.05	12,310,686.05
—Disposal or obsolescence			12,310,686.05	12,310,686.05
(4) Closing Balance	38,084,612.74	15,401,501.71	19,729,049.60	73,215,164.05
3. Provision for impairment				
(1) Opening balance	24,560,042.71			24,560,042.71
(4) Closing Balance	24,560,042.71			24,560,042.71
4. Book value				
(1) Closing Balance	112,796,310.56	92,616,384.75	4,927,712.92	210,340,408.23
(2) Opening Balance	114,871,104.61	99,826,433.22	6,480,008.33	221,177,546.16

7. Short-term loans

(1) Classification of short-term loans

Items	Closing Balance	Opening balance
Pledged loans		
Mortgaged loans		
Guaranteed loans		
Credit loans	1,469,004,891.72	1,858,384,798.25
Total	1,469,004,891.72	1,858,384,798.25

(2) As at 30 September 2021, the Company had no overdue short-term loans.

8. Accounts payable

(1) Details of accounts payable are as follows

Items	Closing Balance	Opening balance
Construction payable	1,171,073,617.15	1,802,075,778.64
Payable for goods	24,700,160.66	42,725,063.41
Payable for processing charges	20,467,722.84	16,726,422.77
Transportation fees	4,297,626.23	22,471,657.04
Others	95,455,664.49	141,908,879.85
Total	1,315,994,791.37	2,025,907,801.71

(2) There is no significant accounts payable aged over one year.

9. Other payables

Items	Closing Balance	Opening balance
Interest payables		
Dividends payable		
Other payables	240,241,077.29	243,456,538.29
Total	240,241,077.29	243,456,538.29

(1) Other payables

The details of other payables by category:

Items	Closing Balance	Opening balance
Payable to the Guangdong Department of Communications	8,699,141.88	8,699,141.88
Project quality deposits payable	78,643,983.62	10,359,423.35
Project performance bond payable	6,836,575.60	88,489,824.00
Bid bond payable	830,000.08	47,831,993.29
Technical expenses such as completion acceptance and information management	140,000.00	140,000.00
Completion document preparation fee and insurance premium	384,387.00	384,387.00

Items	Closing Balance	Opening balance
Excellent project price and safety production guarantee fee temporarily withheld	23,818,418.44	17,659,325.59
Group controlling related party accounts	76,140,415.56	20,603,353.15
Payable for land acquisition and demolition fees	10,000,000.00	10,000,000.00
deposit	617,143.75	617,143.75
Other temporary accounts payable	13,025,193.08	17,566,128.00
Others	1,105,818.28	1,105,818.28
payable to Jiangmen Communications Department	20,000,000.00	20,000,000.00
Total	240,241,077.29	243,456,538.29

Significant other payables aged over one year

Items	Closing Balance	Reasons for outstanding or carried forward
Demolition fees in Dongguan and Panyu	10,000,000.00	Land acquisition cost during construction period
Guangdong Gaoen Expressway Co., Ltd.	5,662,163.00	Project quality deposit

10. Non-current liabilities due within one year

Items	Closing Balance	Opening balance
Long-term borrowings due within one year	440,653,032.98	87,813,226.27
Including: Credit loans	231,153,032.98	3,000,000.00
Guaranteed loans		
Mortgaged loans		313,226.27
Pledged loans	209,500,000.00	84,500,000.00
Lease liabilities due within one year	15,513,947.14	20,279,129.47
Interest payables due within one year	11,225,459.60	10,590,396.64
Total	467,392,439.72	118,682,752.38

11. Long-term borrowings

Items	Closing Balance	Opening balance
Pledged loans	5,793,500,000.00	245,000,000.00
Mortgaged loans	1,862,048.91	1,805,558.74
Guaranteed loans		
Credit loans	952,617,031.02	6,256,975,160.00
Total	6,747,979,079.93	6,503,780,718.74

12. Lease liabilities

Items	Closing balance
Lease liabilities	24,056,942.99
Less: Lease liabilities due within one year	15,513,947.14
Total	8,542,995.85

13. Deferred Income

Items	Opening balance	Increase	Decrease	Closing Balance
Government subsidy	14,164,565.39		1,740,629.93	12,423,935.46
Total	14,164,565.39		1,740,629.93	12,423,935.46

Significant government subsidies are as follows:

Items	Opening balance	Increase	Transfer to other income during the current period	Other changes	Closing Balance	Related to assets / Related to income
Kaiyang Entrance Persuasion to Return Testing Equipment Special Subsidy	967,734.27		160,420.00		807,314.27	Related to assets
Kaiyang cancels subsidies for the withdrawal of provincial toll stations	5,672,100.00		850,815.00		4,821,285.00	Related to assets
The special funds for the electronic truck scale of Humen Bridge Supervision Station are transferred to income	37,500.00		28,125.00		9,375.00	Related to assets
Humen Bridge cancels subsidies for the withdrawal of provincial toll stations	2,328,925.00		122,575.00		2,206,350.00	Related to assets
Jiangzhong cancels subsidies for the withdrawal of provincial toll stations	2,826,083.33		508,695.00		2,317,388.33	Related to assets
Government subsidy for the construction of Nanyue Freight Station	2,332,222.79		69,999.93		2,262,222.86	Related to assets
Total	14,164,565.39		1,740,629.93		12,423,935.46	

14. Operating income and operating costs

(1) Details of operating income and operating costs

Items	Amount for the current period		Amount for the prior period	
	Operating income	Operating cost	Operating income	Operating cost
Main business	5,539,207,342.49	3,974,316,976.49	3,798,535,828.55	3,107,951,988.79
Building materials sales	65,563,273.41	50,953,704.07	89,490,431.80	56,539,255.28
Asphalt processing and sales	3,457,696,135.42	3,196,684,700.20	2,758,631,257.30	2,583,024,922.52
Toll fees	2,001,366,096.53	713,373,315.94	903,400,269.91	423,915,292.65
Maintenance and construction	14,581,837.13	13,305,256.28	47,013,869.54	44,472,518.34
Other business	39,792,775.20	19,911,245.15	45,728,864.59	18,333,291.13
Rental income	1,902,613.68		7,119,568.90	
Other	37,890,161.52	19,911,245.15	38,609,295.69	18,333,291.13
Total	5,579,000,117.69	3,994,228,221.64	3,844,264,693.14	3,126,285,279.92

15. Supplementary information of the statement of cash flows

(1) Supplement to Cash Flow statement

Items	Amount for the current period	Amount for the prior period
1.Reconciliation of net profit to cash flows from operating activities		
Net Profit	929,660,518.73	424,333,439.85
Add: Credit impairment losses	63,984,879.24	
Impairment losses of assets		25,808,159.77
Depreciation of fixed assets	542,364,191.87	300,682,013.89
Depreciation of right-of-use rights	8,670,121.43	
Amortization of intangible assets	10,849,217.74	4,079,846.37
Amortization of long-term prepayments	89,209.74	191,266.51

Items	Amount for the current period	Amount for the prior period
Loss on disposal of fixed assets, intangible assets and other long-term assets ('-' represents 'gains')		
Loss on scrapping of fixed assets ('-' represents 'gains')	-134,476.16	4,216,433.74
Loss on change of fair value ('-' represents 'gains')		
Financial expenses ('-' represents 'gains')	198,229,865.22	4,702,513.68
Loss on investments ('-' represents 'gains')	-57,852,389.02	-29,064,000.02
Decrease in deferred tax assets ('-' represents 'increase')	-10,619,065.33	-6,330,714.90
Increase in deferred tax liabilities ('-' represents 'decrease')	1,563,607.90	2,097,754.52
Decrease in inventories ('-' represents 'increase')	-42,380,437.10	-608,463,678.25
Decrease in operating receivables ('-' represents 'increase')	-412,606,753.20	-332,657,714.80
Increase in operating payables ('-' represents 'decrease')	-44,566,661.01	468,609,901.08
Others		
Net cash flows from operating activities	1,213,472,159.27	258,205,221.44
2. Significant investing and financing activities not involving cash inflows and outflows		
Capital transferred from debts		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes of cash and cash equivalents:		
Cash balance at the end of the period	2,595,449,739.07	2,036,919,970.13
Less: Cash balance at the beginning of the period	2,760,201,880.64	1,733,810,047.76
Add: Cash equivalents balance at the end of the period		
Less: Cash equivalents balance at the beginning of the period		
Net increase of cash and cash equivalents	-164,752,141.57	303,109,922.37

(2) Details of cash and cash equivalents

Items	Closing Balance	Opening balance
1. Cash	2,595,449,739.07	2,760,201,880.64
Including: Cash on hand	25,251.20	5,982.67

Xin Yue Company Limited
 For the nine months ended 30 September 2021
 Notes to Interim Financial Statements

Items	Closing Balance	Opening balance
Bank deposits that can be readily withdrawn on demand	2,595,424,487.87	2,760,195,897.97
Other monetary funds that can be readily withdrawn on demand		
Deposit in Interbank		
2. Cash equivalents		
Including: Bond investments due within three months		
3. Closing Balance of cash and cash equivalents	2,595,449,739.07	2,760,201,880.64
Including: Cash and cash equivalents of the Company or its subsidiaries in the group with restricted use		

VII. Related parties and transactions
1. Parent company of the Company

Name of parent company	Place of Registration	Business scope	Registered capital	Parent Company's holding shares (%)	Parent Company's voting right (%)
Guangdong Provincial Communications Group Co., Ltd.	Guangzhou	Equity management, organizing asset reorganization and optimizing allocation, raising funds through mortgages, property rights transfers, shareholding reforms, etc., investment management, transportation infrastructure construction, highway project operations and related industries, technology development, application, consulting, and services, highway passenger cargo transportation and modern logistics business, overseas related business, value-added telecommunications business.	RMB 26,800,000,000.00	100.00	100.00

2. The Company's joint ventures and associations

The situation of other joint ventures or associates that have related party transactions with the company during the current period or the balance of the related party transactions with the company in the previous period is as follows:

Name of joint ventures and associates	Relationship with the Company
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Associate
Guangdong Shantou Haiwan Bridge Co., Ltd.	Associate
Guangdong Panyu Bridge Co., Ltd.	Associate
Shell Road Solutions Xinyue (foshan) Co., Ltd.	Associate

3. Other related parties

Name of Other Related Parties	Relationship with the Company
Guangdong Provincial Communication Group Finance Co., Ltd.	Controlled by the ultimate holding company
Dongguan Weisheng International Logistics Co., Ltd.	Controlled by the ultimate holding company
Guangdong Baomao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Boda Expressway Co., Ltd. Boshen Branch	Controlled by the ultimate holding company
Guangdong Chaohui Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Dachao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Oriental Thought Co., Ltd.	Controlled by the ultimate holding company
Guangdong Gaoen Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Xinlu Advertising Co., Ltd.	Controlled by the ultimate holding company
Guangdong Gaosu Science and Technology Investment Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guanghui Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangle Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangzhu West Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Hualu Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Hualu Traffic Technology Co., Ltd.	Controlled by the ultimate holding company
Guangdong Huiqing Expressway Co., Ltd.	Controlled by the same ultimate shareholder
Guangdong Jiaoke Testing Co., Ltd.	Controlled by the ultimate holding company
Guangdong Jindaoda Expressway Economic Development Co., Ltd.	Controlled by the ultimate holding company

Xin Yue Company Limited
For the nine months ended 30 September 2021
Notes to Interim Financial Statements

Name of Other Related Parties	Relationship with the Company
Guangzhou Newsoft Technology Co., Ltd.	Controlled by the ultimate holding company
Guangdong Leatop Real Estate Investment Co., Ltd.	Controlled by the ultimate holding company
Guangdong United Electronic Fee-Collecting Co., Ltd.	Controlled by the ultimate holding company
Guangzhou Lulutong Co., Ltd.	Controlled by the ultimate holding company
Guangdong Meihe Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Meijing Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Pingxing Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Shanfen Expressway Co., Ltd.	Controlled by the ultimate holding company
Fokai Branch of Guangdong Provincial Expressway Development Co., Ltd.	Controlled by the ultimate holding company
Yunwu Branch of Guangdong Provincial Expressway Development Co., Ltd.	Controlled by the ultimate holding company
Guangdong Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Expressway Co., Ltd. Yuegan Branch	Controlled by the ultimate holding company
Guangdong Expressway Co., Ltd. Zhanjiang Branch	Controlled by the ultimate holding company
Guangdong Highway Construction Co., Ltd.	Controlled by the ultimate holding company
Guangdong Highway Construction Co., Ltd. South Ring Branch	Controlled by the ultimate holding company
Zhuhai Branch of Guangdong Highway Construction Co., Ltd.	Controlled by the ultimate holding company
Guangzhou Communications Engineering Co., Ltd.	Controlled by the ultimate holding company
Guangdong Provincial Communications Group Co., Ltd.	Controlled by the ultimate holding company
Guangdong Road and Bridge Construction Development Co., Ltd. Erguang Branch	Controlled by the ultimate holding company
Luda Branch of Guangdong Road and Bridge Construction Development Co., Ltd.	Controlled by the ultimate holding company
Guangdong Road and Bridge Construction Development Co., Ltd. Tianshan Branch	Controlled by the ultimate holding company
Yunwu Branch of Guangdong Road and Bridge Construction Development Co., Ltd.	Controlled by the ultimate holding company
Guangdong Taishan Coastal Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Tongyi Expressway Service Area Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guantong Expressway Luchan Operation Co., Ltd.	Controlled by the ultimate holding company

Notes to Consolidated financial statements

Xin Yue Company Limited
For the nine months ended 30 September 2021
Notes to Interim Financial Statements

Name of Other Related Parties	Relationship with the Company
Guangdong Xin Yue Transportation Investment Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangwu E-commerce Co., Ltd.	Controlled by the ultimate holding company
Guangdong Yueyun Transportation Company Limited	Controlled by the ultimate holding company
The Third Branch of Guangdong Yueyun Transportation Rescue Co., Ltd.	Controlled by the ultimate holding company
Guangdong Yunmao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Zihui Expressway Co., Ltd.	Controlled by the ultimate holding company
Dongguan Guangshenzhu Expressway Co., Ltd.	Controlled by the ultimate holding company
Jing-Zhu Expressway Guang-Zhu Section Co., Ltd.	Controlled by the ultimate holding company
Zhuhai Gongqi Taxi Co., Ltd.	Controlled by the ultimate holding company
Zhuhai Gongyun Bus Station Co., Ltd.	Controlled by the ultimate holding company
Zhuhai Qiguan Sightseeing Bus Co., Ltd.	Controlled by the ultimate holding company
Guangdong Boda Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangfozhao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Provincial Expressway Development Co., Ltd.	Controlled by the ultimate holding company
Guangdong Weisheng Traffic Industrial Co., Ltd.	Controlled by the ultimate holding company
Guangdong Road and Bridge Construction Development Co., Ltd.	Controlled by the ultimate holding company
Guangdong Feida Traffic Engineering Co., Ltd.	Associate of the ultimate controlling company
Poly Changda Engineering Co., Ltd.	Associate of the ultimate controlling company
Guangdong Province Communications Planning & Design Institute Co., Ltd.	Associate of the ultimate controlling company
Guangdong Changda Road Maintenance Co., Ltd.	Associate of the ultimate controlling company
Guangdong Changxin Asphalt Concrete Co., Ltd.	Associate of the ultimate controlling company
Guangzhongjiang Expressway Project Management Office	Other significant impact
Guangdong Nanyue Transportation Qingyun Expressway Management Center	Other significant impact
Zhaoqing Yuezhao Highway Co., Ltd.	Other significant impact
Guangdong Nanyue Transportation Dafenghua Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Donglei Expressway Management Center	Other significant impact

Name of Other Related Parties	Relationship with the Company
Guangdong Nanyue Transportation Huaiyang Expressway Management Center	Other significant impact
Lianying Management Office of Guangdong Nanyue Transportation Longhuai Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Investment and Construction Co., Ltd.	Other significant impact

4. Major transactions between the Group and its related parties

(1) Transaction of goods and services with related parties

Sales of goods and rendering of service to related parties

Related Parties	Amount for the current period	Amount for the prior period
Poly Changda Engineering Co., Ltd.	491,898,482.00	198,155,894.27
Guangdong Yunmao Expressway Co., Ltd.	145,843,371.72	
Guangdong Yueyun Transportation Company Limited	40,279,984.93	81,817,984.09
Guangdong Nanyue Transportation Donglei Expressway Management Center	36,941,718.46	
Guangdong Expressway Co., Ltd.	16,156,438.94	3,545,591.44
Guangzhongjiang Expressway Project Management Office	14,161,155.88	
Guangdong Dachao Expressway Co., Ltd.	8,128,889.82	41,469,472.39
Shell Road Solutions Xinyue (foshan) Co., Ltd.	5,800,973.08	5,719,927.20
Guangdong Zihui Expressway Co., Ltd.	5,795,107.29	59,203,195.70
Dongguan Guangshenzhu Expressway Co., Ltd.	4,544,167.74	
Jing-Zhu Expressway Guang-Zhu Section Co., Ltd.	3,627,171.96	
Guangdong Guanghui Expressway Co., Ltd.	3,231,630.97	6,746,268.14
Guangdong Taishan Coastal Expressway Co., Ltd.	2,543,233.30	
Guangdong Guangzhu West Expressway Co., Ltd.	1,785,114.99	
Guangdong Road and Bridge Construction Development Co., Ltd.	885,408.96	
Guangdong Chaohui Expressway Co., Ltd.	822,415.93	18,216,184.34
Guangzhou Lulutong Co., Ltd.	540,363.71	7,483,284.61

Xin Yue Company Limited
For the nine months ended 30 September 2021
Notes to Interim Financial Statements

Related Parties	Amount for the current period	Amount for the prior period
Guangdong Meijing Expressway Co., Ltd.	228,077.04	
Zhaoqing Yuezhaoh Highway Co., Ltd.	152,635.58	
Guangdong Hualu Expressway Co., Ltd.		41,795,143.66
Guangdong Boda Expressway Co., Ltd.		2,962,787.32
Guangdong Guangfo Zhao Expressway Co., Ltd.		995,580.96
Guangdong Provincial Expressway Development Co., Ltd.		2,907,097.42
Guangdong Nanyue Transportation Qingyun Expressway Management Center		12,073,361.65

Purchase of goods and receipt of services from related parties

Related Parties	Amount for the current period	Amount for the prior period
Poly Changda Engineering Co., Ltd.	150,627,567.89	1,325,962,294.45
Shell Road Solutions Xinyue (foshan) Co., Ltd.	76,928,655.41	153,103,148.44
Guangdong Province Communications Planning & Design Institute Co., Ltd.	51,416,348.62	
Dongguan Weisheng International Logistics Co., Ltd.	15,380,704.36	46,956,518.77
Guangdong United Electronic Fee-Collecting Co., Ltd.	6,442,944.94	4,391,943.48
Guangdong Hualu Traffic Technology Co., Ltd.	3,308,917.92	
Guangdong Oriental Thought Co., Ltd.	264,150.94	2,391,069.00
Guangdong Jiaoke Testing Co., Ltd.	100,501.89	694,835.00
Guangdong Weisheng Traffic Industrial Co., Ltd.	39,633.03	

(2) The lease among related parties

Name of lessor	Types of Leased assets	Amount for the current period				Amount for the prior period
		Simplified treatment of rental costs for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of lease liabilities	Rent paid	Increased right-of-use assets	Interest expenses incurred on lease liabilities	Confirmed rental fee
Guangdong Leatop Real Estate Investment Co., Ltd	Building and structures		3,968,199.05		362,063.01	-4,603,089.00

(3) Interest income of borrowings/loans with related parties:

Related Parties	Amount for the current period	Amount for the prior period
Interest expense		
Guangdong Provincial Communication Group Finance Co., Ltd.	17,384,721.75	13,498,725.42
Guangdong Panyu Bridge Co., Ltd.	621,075.00	20,475.00
Interest income:		
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	317,015.51	147,098.44

5. Amounts due from/to related parties

(1) Amounts due from related parties

Account	Related Parties	Closing balance	Opening balance
		Book Value	Book Value
Accounts receivable			

Xin Yue Company Limited
For the nine months ended 30 September 2021
Notes to Interim Financial Statements

Account	Related Parties	Closing balance	Opening balance
		Book Value	Book Value
	Guangdong Baomao Expressway Co., Ltd.	1,032,241.43	1,032,241.43
	Guangdong Chaohui Expressway Co., Ltd.	929,330.00	
	Guangdong Dachao Expressway Co., Ltd.	9,359,870.37	10,458,998.38
	Guangdong Guanghui Expressway Co., Ltd.	4,336,229.00	684,486.00
	Guangdong Guangle Expressway Co., Ltd.	777,260.42	784,857.02
	Guangdong Hualu Expressway Co., Ltd.		17,222,154.24
	Guangdong Zihui Expressway Co., Ltd.		853,554.01
	Guangdong Guangzhu West Expressway Co., Ltd.	7,032.11	
	Guangdong United Electronic Fee-Collecting Co., Ltd.	127,032,856.15	
	Guangzhou Lulutong Co., Ltd.	5,145,564.00	4,547,283.22
	Guangdong Meiping Expressway Co., Ltd.	1,058,264.51	800,537.46
	Guangdong Pingxing Expressway Co., Ltd.	716,984.12	1,435,841.32
	Guangdong Shanfen Expressway Co., Ltd.	1,630,620.00	1,630,620.00
	Fokai Branch of Guangdong Provincial Expressway Development Co., Ltd.	101,323.00	101,324.11
	Yunwu Branch of Guangdong Provincial Expressway Development Co., Ltd.		2,047,912.90
	Guangdong Expressway Co., Ltd. Yuegan Branch	2,430,465.00	16,896,093.00
	Guangdong Expressway Co., Ltd. Zhanjiang Branch	8,054,461.00	
	Zhuhai Branch of Guangdong Highway Construction Co., Ltd.	1,357,898.02	
	Guangdong Road and Bridge Construction Development Co., Ltd. Enguang Branch	641,677.36	648,910.98
	Yunwu Branch of Guangdong Road and Bridge Construction Development Co., Ltd.	614,373.87	
	Guangdong Taishan Coastal Expressway Co., Ltd.	2,873,853.63	
	Guangdong Xin Yue Transportation Investment Co., Ltd.	2,995,566.10	2,995,566.10
	Guangdong Yueyun Transportation Company Limited	2,445,089.69	
	Guangdong Yunmao Expressway Co., Ltd.	1,829,107.21	9,273,450.89

Notes to Consolidated financial statements

Xin Yue Company Limited
For the nine months ended 30 September 2021
Notes to Interim Financial Statements

Account	Related Parties	Closing balance	Opening balance
		Book Value	Book Value
	Dongguan Guangshenzhu Expressway Co., Ltd.	7,804,245.38	8,129,595.34
	Jing-Zhu Expressway Guang-Zhu Section Co., Ltd.	4,098,704.32	1.28
	Poly Changda Engineering Co., Ltd.	284,202,984.80	15,241,130.80
	Guangdong Nanyue Transportation Donglei Expressway Management Center	3,147,219.09	
	Guangdong Nanyue Transportation Dafenghua Expressway Management Center	3,394,392.53	
	Guangdong Nanyue Transportation Huaiyang Expressway Management Center	8,102,133.00	
	Lianying Management Office of Guangdong Nanyue Transportation Longhuai Expressway Management Center		1,300,000.00
	Guangdong Changxin Asphalt Concrete Co., Ltd.		1,000,000.00
	Shell Road Solutions (Xinyuefoshan) Co., Ltd.	892,164.00	
Prepayments			
	Guangdong United Electronic Fee-Collecting Co., Ltd.	83,798.19	102,839.10
	Guangdong Oriental Thought Co., Ltd.	90,000.00	
	Guangdong Jiaoke Testing Co., Ltd.	1,778,902.00	573,651.00
	Guangdong Changda Road Maintenance Co., Ltd.	264,420.00	
	Poly Changda Engineering Co., Ltd.	1,978,737.73	
	Guangdong Guangwu E-commerce Co., Ltd.		38,347.26
Other receivables			
	Poly Changda Engineering Co., Ltd.	2,069,713.22	
	Guangdong Xinlu Advertising Co., Ltd.	1,753.97	765,628.93
	Guangzhou Newsoft Technology Co., Ltd.	115,666.07	216,580.12
	Guangdong Leatop Real Estate Investment Co., Ltd.	879,878.00	879,878.00
	Guangdong United Electronic Fee-Collecting Co., Ltd.	2,000.00	
	Guangzhou Lulutong Co., Ltd.	1,057,462.00	1,050,756.00
	Guangdong Meihe Expressway Co., Ltd.	30,600.00	30,600.00
	Guangzhou Communications Engineering Co., Ltd.	27,528.00	30,128.00

Notes to Consolidated financial statements

Xin Yue Company Limited
For the nine months ended 30 September 2021
Notes to Interim Financial Statements

Account	Related Parties	Closing balance	Opening balance
		Book Value	Book Value
	Guangdong Road and Bridge Construction Development Co., Ltd. Erguang Branch	175,722.01	175,722.01
	Luda Branch of Guangdong Road and Bridge Construction Development Co., Ltd.	395,268.00	395,268.00
	Yunwu Branch of Guangdong Road and Bridge Construction Development Co., Ltd.	100,000.00	100,000.00
	Guangdong Yueyun Transportation Company Limited	917,830.68	350,033.65
	Jing-Zhu Expressway Guang-Zhu Section Co., Ltd.	293,843.13	
	Guangdong Huiqing Expressway Co., Ltd.		5,316,340.57
	Guangdong Road and Bridge Construction Development Co., Ltd. Tianshan Branch		87,487.00
Non-current assets due within one year			
	Zhuhai Gongqi Taxi Co., Ltd.	322,913.00	
	Zhuhai Gongyun Bus Station Co., Ltd.	847,146.00	
	Zhuhai Qiguan Sightseeing Bus Co., Ltd.	1,976,675.00	
	Dongguan Weisheng International Logistics Co., Ltd.	852,133.00	1,225,911.00
Long-term receivables			
	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	41,963,566.98	42,026,164.85
	Zhuhai Gongqi Taxi Co., Ltd.	2,045,015.00	
	Zhuhai Gongyun Bus Station Co., Ltd.	2,164,648.00	
	Zhuhai Qiguan Sightseeing Bus Co., Ltd.	5,055,544.00	
	Dongguan Weisheng International Logistics Co., Ltd.	786,179.00	1,000,000.00

(2) Amounts due to related parties

Account	Related parties	Closing Balance	Opening Balance
Accounts payable			
	Poly Changda Engineering Co., Ltd.	19,378,537.56	23,763,486.76

Notes to Consolidated financial statements

Xin Yue Company Limited
 For the nine months ended 30 September 2021
 Notes to Interim Financial Statements

Account	Related parties	Closing Balance	Opening Balance
	Dongguan Weisheng International Logistics Co., Ltd.	8,388,879.19	45,935,655.25
	Guangdong Oriental Thought Co., Ltd.	1,109,339.30	1,410,082.25
	Guangdong Feida Traffic Engineering Co., Ltd.	17,157.00	17,145.00
	Guangdong Hualu Traffic Technology Co., Ltd.	747,560.49	1,197,628.90
	Guangdong Jiaoke Testing Co., Ltd.	126,264.00	2,794,889.00
	Guangdong Leatop Real Estate Investment Co., Ltd.	51,782.04	
	Guangdong United Electronic Fee-Collecting Co., Ltd.	3,314,711.10	4,226,238.13
	Guangdong Highway Construction Co., Ltd.	4,090,949.79	4,090,949.79
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	7,874,429.69	1,199,325.39
	Guangdong Xin Yue Transportation Investment Co., Ltd.	12,390,286.80	30,244,630.71
	Shell Road Solutions Xinyue (foshan) Co., Ltd.	37,031,569.10	49,859,233.87
	Guangdong Jindaoda Expressway Economic Development Co., Ltd.		17,680.00
	Guangzhou Newsoft Technology Co., Ltd.		170,235.00
	Guangzhou Lulutong Co., Ltd.		226,535.00
	Fokai Branch of Guangdong Provincial Expressway Development Co., Ltd.		473,898.00
Advances from customers			
	Guangdong United Electronic Fee-Collecting Co., Ltd.	12,219,219.95	
	Poly Changda Engineering Co., Ltd.		8,000,000.00
	Guangdong Yueyun Transportation Company Limited		12,681,293.28
	Guangdong Yunmao Expressway Co., Ltd.		14,117,610.20
Other payables			
	Poly Changda Engineering Co., Ltd.	46,278,588.07	47,959,694.33

Notes to Consolidated financial statements

Xin Yue Company Limited
 For the nine months ended 30 September 2021
 Notes to Interim Financial Statements

Account	Related parties	Closing Balance	Opening Balance
	Dongguan Weisheng International Logistics Co., Ltd.	900,000.00	430,000.00
	Guangdong Oriental Thought Co., Ltd.	61,969.50	81,270.84
	Guangdong Feida Traffic Engineering Co., Ltd.	43,203.07	1,220,825.07
	Guangdong Gaoen Expressway Co., Ltd.	5,662,163.00	5,662,163.00
	Guangdong Xinlu Advertising Co., Ltd.	54,000.00	78,145.44
	Guangdong Hualu Traffic Technology Co., Ltd.	216,046.00	1,223,211.00
	Guangdong Jiaoke Testing Co., Ltd.	1,129,000.00	1,329,000.00
	Guangzhou Newsoft Technology Co., Ltd.	269,190.00	287,516.40
	Guangdong Expressway Co., Ltd.	3,536,271.10	226,933.90
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	373,682.50	
	Guangdong Provincial Communications Group Co., Ltd.	60,699.90	60,699.90
	Guangdong Tongyi Expressway Service Area Co., Ltd.	72,025.00	172,025.00
	Guangdong Guantong Expressway Luehan Operation Co., Ltd.	944,053.05	944,053.05
	Guangdong Xin Yue Transportation Investment Co., Ltd.	1,110,228.73	2,504,385.78
	Guangdong Yueyun Transportation Company Limited	26,904,181.54	3,184,194.25
	The Third Branch of Guangdong Yueyun Transportation Rescue Co., Ltd.	6,000.00	
	Jing-Zhu Expressway Guang-Zhu Section Co., Ltd.	35,073,208.54	4,348,268.92
	Guangdong Gaosu Science and Technology Investment Co., Ltd.		30,820.00
	Guangzhou Lulutong Co., Ltd.		34,061.04
	Guangdong Highway Construction Co., Ltd.		6,604.63
Short-term Loans			

Notes to Consolidated financial statements

Xin Yue Company Limited
For the nine months ended 30 September 2021
Notes to Interim Financial Statements

Account	Related parties	Closing Balance	Opening Balance
	Guangdong Provincial Communication Group Finance Co., Ltd.	689,000,000.00	198,000,000.00
Non-current liabilities due within one year			
	Guangdong Provincial Communication Group Finance Co., Ltd.	95,595,500.00	2,105,600.00
	Guangdong Panyu Bridge Co., Ltd.	641,550.00	20,475.00
	Guangdong Highway Construction Co., Ltd.	521,111.12	
Long-term Payables			
	Guangdong Highway Construction Co., Ltd.	560,000,000.00	
	Guangdong Panyu Bridge Co., Ltd.	39,000,000.00	39,000,000.00
	Guangdong Road and Bridge Construction Development Co., Ltd.	100,000,000.00	100,000,000.00
	Guangdong Provincial Communications Group Co., Ltd.	55,216,248.00	55,884,896.00

6. The Company had no commitments to related parties at the end of the period.

VIII. Commitments and contingencies

1. Significant Commitment: Nil

2. Contingencies: Nil

IX. Subsequent event: Nil

X. Notes to the Company's financial statements

I. Accounts receivable

(1) Disclosure of accounts receivable by aging

	Aging	Closing Balance	Opening Balance
Within 1 year		183,559,690.31	77,503,618.27
1 to 2 years			
2 to 3 years			
Over 3 years		188,409.38	190,690.95
	Subtotal	183,748,099.69	77,694,309.22
	Less: Bad debt provision	188,409.38	190,690.95
	Total	183,559,690.31	77,503,618.27

(2) Disclosure by debt provision categories

Categories	Closing Balance			Opening balance				
	Balance Amount	Proportion (%)	Bad debt provision Amount	Balance Amount	Proportion (%)	Bad debt provision Amount	Accrual Proportion (%)	Book value
Items for which provision for bad debt is recognized separately								
Bad debt provision is made on a portfolio basis	183,748,099.69	100.00	188,409.38	183,559,690.31	100.00	190,690.95	0.25	77,503,618.27
Including:								
Related parties within the consolidation scope of GCCG and warranty funds	183,559,690.31	99.90		183,559,690.31	99.75			77,503,618.27
Aging portfolio	188,409.38	0.10	188,409.38			190,690.95	0.25	
Total	183,748,099.69	100.00	188,409.38	183,559,690.31	100.00	190,690.95	0.25	77,503,618.27

Notes to Consolidated financial statements

Provision for bad debts according to aging portfolio:

Aging	Closing Balance		Accrual Proportion (%)
	Balance	Bad debt provision	
Within 1 year	183,559,690.31		
1 to 2 years			
2 to 3 years			
Over 3 years	188,409.38	188,409.38	100.00
Total	183,748,099.69	188,409.38	

(3) Top five entities with the largest balances of accounts receivable

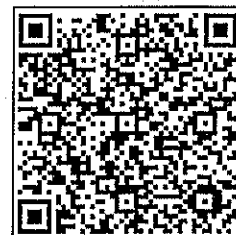
Company Name	Closing Balance		Bad debt provision
	Account receivable	Percentage of total accounts receivable (%)	
Guangzhou Xin Yue Asphalt Co., Ltd.	106,772,056.24	58.11	
Guangdong Nanyue Logistics Industrial Company Limited	57,223,230.72	31.14	
Maoming Asphalt Storage & Transport Center	19,564,403.35	10.65	
Houston Machinery Company Limited	188,409.38	0.10	188,409.38
Total	183,748,099.69	100.00	188,409.38

2. Operating income and operating costs

Items	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Asphalt trade	474,590,644.94	462,699,997.68	825,412,000.55	812,237,221.98
Total	474,590,644.94	462,699,997.68	825,412,000.55	812,237,221.98



防伪编号： 00202021010042500676
报告文号： 中准粤审字[2021]1028号
委托单位名称： 新粤有限公司
被审验单位名称： 新粤有限公司
被审单位所在地： 香港特别行政区
事务所名称： 中准会计师事务所（特殊普通合伙）广东分所
报告日期： 2021-02-25
签名注册会计师： 李慧琦
黄绍丹



报告防伪查询二维码

新粤有限公司 2020年度财务报表审计报告（合并）

事务所名称： 中准会计师事务所（特殊普通合伙）广东分所
事务所电话： 020-87318660
传 真： 020-87318660-824
通讯地址： 广州市天河区体育西路111-115单号楼23楼D2、E房（仅限办公用途）
电子邮件： zhongzhungd@126.com
事务所网址：

如对上述报备资料有疑问的,请与广东省注册会计师协会联系。
防伪查询电话号码： 020-83063940、83063583
防 伪 查 询 网 址： <http://www.gdicpa.org.cn>

Auditor's Report

ZZYS[2021] No.1028

To the shareholders of Xin Yue Company Limited

1) OPINION

We have audited the consolidated financial statements of Xin Yue Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Group give a true and fair view of the financial position of the Company and the consolidated financial position of the Group and the Company as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended. The notes to the financial statements including all significant accounting policies have been properly prepared in accordance with the Accounting Standards for Business Enterprise.

2) BASIS FOR OPINION

We conducted our audit in accordance with Auditing Standards of the Chinese Institute of Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (the "Code") of the Chinese Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company (the "management") are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprise, design and implement the internal control as the management determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparation the consolidated financial statements, the management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors of the Company are responsible in supervising the preparation of the financial report.

4) AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in according with Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- d) Conclude on the appropriateness of the management use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Xin Yue Group's ability to continue as a going

concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Xin Yue Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

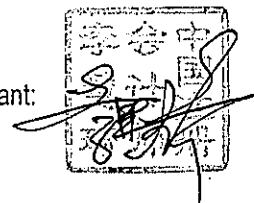
We communicate with the directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Zhongzhun Certified Public Accountants
(Special General Partnership)

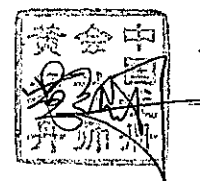

Guangdong Branch

Guangzhou, China

Chinese Certified Public Accountant:



Chinese Certified Public Accountant:



25 February 2021

Consolidated Income Statement

Company: Xin Yue Company Limited		For the year ending 31 December 2020		Currency: CNY	
Row	Items	Current Period	Previous Period	Current Period	Previous Period
1	Total Revenue	6,599,959,080.92	6,243,043,476.03	5,520,039.43	4,540,029.70
2	Including: Business revenue	6,599,959,080.92	6,243,043,476.03	1,040,073,167.55	1,922,132,266.02
3	△ Interest income	-	-	268,826,323.59	482,165,738.59
4	△ Premium income earned	-	-	771,246,843.96	1,439,966,626.43
5	△ Underwriting and policy commission income	-	-	-	-
6	2. Total Cost of Operations	5,959,229,291.73	4,379,451,065.75	-	-
7	Including: Cost of Sales	5,304,330,750.49	4,101,979,889.20	-	-
8	△ Interest expense	-	-	-	-
9	△ Underwriting and policy acquisition costs	-	-	-	-
10	△ Insurance surrender fee	-	-	-	-
11	△ Net claims expenses	-	-	-	-
12	△ Insurance fund contribution, net	-	-	-	-
13	△ Policyholder dividends resulting from participation in profit	-	-	-	-
14	△ Premiums ceded to reinsurers	-	-	-	-
15	Taxes and levies	18,983,002.29	20,934,073.82	-	-
16	Selling expenses	39,897,732.14	37,261,697.73	-	-
17	Administrative expenses	170,081,064.49	176,780,872.81	-	-
18	Research and development costs	15,087,593.32	14,074,884.45	-	-
19	Finance costs	21,059,116.00	27,411,660.74	-	-
20	Including: Interest expenses	50,746,660.60	46,511,521.63	-	-
21	Interest income	18,047,523.28	31,299,554.75	-	-
22	Exchange (gain)/loss, net	-25,347,601.39	3,616,668.89	-	-
23	Other expenses	3,476,640.07	233,176.26	-	-
24	Add: Other income	43,145,200.28	67,927,397.90	-	-
25	Gain/(loss) on investments	-	-	-	-
26	Including: Share of profits or loss of associates and joint ventures	-	-	-	-
27	△ Gain recognized for (reduction of) financial assets at amortised costs	-	-	-	-
28	△ Exchange gain/(loss)	-	-	-	-
29	△/(Net gain/(loss) on hedge exposure	-	-	-	-
30	Gain/(loss) in changes in fair value	-	-	-	-
31	△ Impairment loss on credit (we represents loss)	-	-	-	-
32	Impairment loss on assets (we represents loss)	-	-	-	-
33	Gain/(loss) on disposal of assets	-	-	-	-
34	3. Operating profit/(loss)	1,039,454,571.54	1,823,081,940.55	-	-
35	Add: Non-operating income	6,138,635.44	3,590,355.17	-	-
36	Including: Government subsidies	-	91,401.24	-	-
37	Total Revenue	6,243,043,476.03	6,243,043,476.03	5,520,039.43	4,540,029.70
38	Less: Non-operating expenses	-	-	-	-
39	△ Profit/(loss) before taxation	6,243,043,476.03	6,243,043,476.03	1,040,073,167.55	1,922,132,266.02
40	Less: Income tax expense	-	-	-	-
41	△ Net profit/(loss)	6,243,043,476.03	6,243,043,476.03	1,040,073,167.55	1,922,132,266.02
42	(1) Categorized by ownership:	-	-	-	-
43	Net profit attributable to the shareholders of the holding company	4,936,350,441.00	4,936,350,441.00	496,350,441.00	588,112,766.27
44	Net profit attributable to non-controlling interests	1,306,693,035.03	1,306,693,035.03	543,722,726.55	1,333,969,525.75
45	(2) Categorized by continuity:	-	-	-	-
46	Net profit from continuing operations	4,936,350,441.00	4,936,350,441.00	496,350,441.00	588,112,766.27
47	Net profit from discontinued operations	-	-	-	-
48	6. Other comprehensive income, net of tax	-	-	-	-
49	Other comprehensive income attributable to the shareholders of the holding company	-	-	-	-
50	(1) Other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
51	1. Remeasurement of defined benefit pension plans	-	-	-	-
52	2. Other comprehensive income that will not be reclassified to profit or loss under equity method	-	-	-	-
53	△3. Changes in fair value of other equity investment instruments	-	-	-	-
54	△4. Changes in fair value of the credit risk of the company	-	-	-	-
55	5. Others	-	-	-	-
56	(2) Other comprehensive income that may be reclassified to profit or loss	-	-	-	-
57	1. Other comprehensive income that will be reclassified to profit or loss under equity method	-	-	-	-
58	△2. Changes in fair value of other debt investments	-	-	-	-
59	3. Changes in fair value of available-for-sale financial assets	-	-	-	-
60	△4. Other comprehensive income recognized for reclassification of financial assets	-	-	-	-
61	5. Gain or loss arising from reclassification from held-to-maturity investment to available-for-sale financial assets	-	-	-	-
62	△6. Provision for impairment loss on other debt instrument investment	-	-	-	-
63	7. Cash flow hedge reserves (Effective portion of gain or loss on cash flow hedges)	-	-	-	-
64	8. Exchange difference arising on translation of foreign operations	-	-	-	-
65	9. Others	-	-	-	-
66	* Other comprehensive income attributable to non-controlling interests, net	-	-	-	-
67	7. Total Comprehensive Income	-	-	-	-
68	Total comprehensive income attributable to shareholders of the holding company	-	-	-	-
69	Total comprehensive income attributable to non-controlling interests	-	-	-	-
70	△ Earnings per share:	-	-	-	-
71	Basic earnings per share	1,823,081,940.55	1,823,081,940.55	-	-
72	Diluted earnings per share	3,590,355.17	3,590,355.17	-	-

Note: Marked with "*" is specifically for consolidated financial statement; Marked with "△" is specifically for financial institutions reporting; Marked with "M" is applicable to Foreign Enterprise Investors; △: For Enterprises that implement the new revenue/expense/financial assets reporting standards

Head of Accounting Department:

Person in Charge of Accounting Affairs:

Corporate Legal Representative:

Income Statement of the Holding Company

Currency: CNY

For the year ending 31 December 2020

Items	Row	Current Period	Previous Period	Items	Row	Current Period	Previous Period
1. Total Revenue	1	1,058,857,532.81	596,816,213.95	Less: (non-operating expenses	37	-	5,578.29
Including: Business revenue				4. Profit/(loss) before taxation	38	68,278,067.86	155,256,304.45
△ Interest income	2	1,058,857,532.81	596,816,213.95	Less: Income tax expense	39	5,264,793.15	8,862,187.84
△ Premium income earned	3	-	-	5. Net profit/(loss)	40	63,013,274.51	146,374,116.62
△ Underwriting and policy commission income	4	-	-	(3) Categorized by ownership:	41	-	-
2. Total Cost of Operations	5	1,072,965,592.97	508,110,224.77	Net profit attributable to the shareholders of the holding company	42	63,013,274.51	146,374,116.62
Including: Cost of Sales	6	1,041,839,383.39	529,057,451.17	Net profit attributable to non-controlling interests	43	-	-
△ Interest expense	7	-	-	(2) Categorized by continuity:	44	-	-
△ Underwriting and policy acquisition costs	8	-	-	Net profit from continuing operations	45	63,013,274.51	146,374,116.62
△ Insurance expense	9	-	-	Net profit from discontinued operations	46	-	-
△ Insurance fund contribution, net	10	-	-	8. Other comprehensive income, net of tax	47	-32,256,954.62	-4,966,860.23
△ Policyholder dividends resulting from participation in profit	11	-	-	Other comprehensive income attributable to the shareholders of the holding company	48	-32,256,954.62	-4,966,860.23
△ Premiums ceded to reinsurers	12	-	-	(1) Other comprehensive income that will not be reclassified to profit or loss	49	-	-
Taxes and levies	13	-	-	1. Remeasurement of defined benefit pension plans	50	-	-
Selling expenses	14	169,596.11	145,893.47	2. Other comprehensive income that will not be reclassified to profit or loss under equity method	51	-	-
Administrative expenses	15	847,357.82	516,209.47	△3. Changes in fair value of other equity investment instruments	52	-	-
Research and development costs	16	14,078,665.15	17,650,272.74	△4. Changes in fair value of the credit risk of the company	53	-	-
Finance costs	17	-	-	5. Others	54	-	-
Including: Interest expenses	18	-	-	(2) Other comprehensive income that may be reclassified to profit or loss	55	-32,256,954.62	-4,966,860.23
Interest income	19	16,088,590.50	38,265,102.06	1. Other comprehensive income that will be reclassified to profit or loss under equity method	56	-	-
Exchange gain/(loss), net	20	4,624,001.55	4,711,083.45	△2. Changes in fair value of other debt investments	57	-	-
Other expenses	21	25,142,601.59	33,388,728.41	△3. Changes in fair value of available-for-sale financial assets	58	-32,256,954.62	-4,966,860.23
Add: Other income	22	34,010,221.12	-10,707,573.74	△4. Other comprehensive income recognized for reclassification of financial assets	59	-	-
Gain/(loss) on investments	23	631,528.01	-	5. Gain or loss arising from reclassification from held-to-maturity investment to available-for-sale financial assets	60	-	-
Including: Share of profits or loss of associates and joint ventures	24	81,724,043.13	127,228,919.40	△6. Provision for impairment loss on other debt instrument investment	61	-	-
△ Exchange gain/(loss)	25	66,844,928.03	107,540,472.55	7. Cash flow hedge reserves (Effective portion of gain or loss on cash flow hedges)	62	-	-
△ Net gain/(loss) on hedge exposure	26	-	-	8. Exchange difference arising on liquidation of foreign operations	63	-	-
Gain/(loss) in changes in fair value	27	-	-	9. Others	64	-	-
△ Exchange gain/(loss)	28	-	-	* Other comprehensive income attributable to non-controlling interests, net	65	-	-
△ Net gain/(loss) on hedge exposure	29	-	-	7. Total Comprehensive Income	66	30,756,319.89	141,407,256.59
Gain/(loss) on assets (or represents loss)	30	-	-	Total comprehensive income attributable to shareholders of the holding company	67	30,756,319.89	141,407,256.59
Impairment loss on assets (or represents loss)	31	27,856.68	-6,766.77	* Total comprehensive income attributable to non-controlling interests	68	-	-
Gain/(loss) on disposal of assets	32	66,275,671.66	154,929,143.82	8. Earnings per share:	69	-	-
3. Operating profit/(loss)	33	2,600.00	332,788.93	Basic earnings per share	70	-	-
Add: Non-operating income	34	-	-	Diluted earnings per share	71	-	-
Including: Government subsidies	35	-	-		72	-	-

Note: Marked with "*" is specifically for consolidated financial statement; Marked with "△" is specifically for financial institutions reporting; Marked with "△" is applicable to Foreign Enterprise Investors; "△" For Enterprises that implement the new revenue/expense/financial assets reporting standards

Person In-Charge of Accounting Affairs: _____ Head of Accounting Department: _____

Consolidated Cash Flow Statement

in RMB 100,000
Currency: CNY

For the year ended 31 December 2020

Items	Row	Current Period	Previous Period	Items	Row	Current Period	Previous Period
1. Cash flows from operating activities:	1	—	—	Cash received from disposal of investments	30	60,000,000.00	—
Cash received from sales of goods or rendering of services	2	6,268,721,165.46	5,082,240,234.61	Cash received from returns on investments	31	51,110,520.32	93,200,812.64
△Net increase in customer deposits and deposits from other banks and other financial institutions	3	-	-	Proceeds from disposal of fixed assets, intangible assets and long-term assets	32	220,641.30	166,629.26
△Net increase in borrowings from central bank	4	-	-	Proceeds from disposal of subsidiaries and other operating units	33	-	-
△Net increase in borrowings from other financial institutions	5	-	-	Proceeds from other investing related activities	34	29,700,000.00	243,849,825.86
△Cash received for premiums of insurance policies	6	-	-	Subtotal of cash inflow from investing activities	35	141,031,161.62	337,217,267.76
△Net cash received for re-insurance business	7	-	-	Cash paid to acquire fixed assets, intangible assets and other long-term assets	36	4,167,565,748.51	3,143,748,939.94
△Net increase in deposits and investment funds from policy owners	8	-	-	Payment for investments	37	210,910,000.00	238,566,482.83
△Net proceeds from disposal of financial assets at fair value through profit or loss	9	-	-	△Increase in mortgaged borrowing	38	-	-
△Interest, underwriting and policy acquisition fees received	10	-	-	Net cash paid to acquire subsidiaries and other business units	39	847,194,265.85	-
△Net increase in borrowings	11	-	-	Payment for other investing activities	40	28,478.00	10,283,377.55
△Net increase in funds for repurchase of business	12	-	-	Subtotal of cash outflow from investing activities	41	5,225,668,492.36	3,392,618,800.32
△Client account deposit received for securities trading, net	13	-	-	Net cash inflow/(outflow) from investing activities	42	-5,084,637,330.74	-3,055,401,532.56
Refund of taxes and surcharges	14	607,733.57	256,780.77	3. Cash flow from financing activities:	43	—	—
Cash received for other operating activities	15	180,629,212.79	117,603,987.16	Capital contributions received	44	611,000,000.00	325,271,285.40
Subtotal of cash inflow from operating activities	16	6,449,958,111.82	6,180,101,092.54	Including: Cash received from capital contributions by minority shareholders of subsidiaries	45	611,000,000.00	325,271,285.40
Payment for purchase of commodities and services	17	4,551,976,318.29	3,466,382,250.19	Cash received from borrowings	46	5,469,155,057.76	2,399,912,073.41
△Net increase in loans to customers	18	-	-	Cash received from other financing activities	47	-	-
△Net increase in deposits at central bank and other financial institutions	19	-	-	Subtotal of cash inflow from financing activities	48	6,080,155,057.76	2,716,183,358.81
△Settlement for claims of insurance policies	20	-	-	Repayment of borrowings	49	591,346,514.89	826,718,609.52
△Net decrease in borrowings	21	-	-	Dividends and interests paid	50	465,736,830.10	1,773,739,251.97
△Interest, underwriting and policy acquisition fees paid	22	-	-	Including: Dividends paid to non-controlling interests by subsidiaries	51	247,924,612.74	948,584,531.78
△Dividends paid to profit participating policies	23	-	-	Cash payments relating to other financing activities	52	7,928,230.75	1,916,250.17
Cash paid to and on behalf of employees	24	292,219,330.90	312,338,272.99	Subtotal of cash outflow from financing activities	53	1,065,011,594.74	2,002,374,111.66
Payment of tax and levies	25	316,674,302.07	716,153,732.44	Net cash inflow/(outflow) from financing activities	54	5,015,143,473.02	713,809,247.15
Payment for other operating activities	26	165,570,149.30	168,313,745.86	4. Effect of foreign exchange rate changes on cash and cash equivalents	55	-27,632,320.66	4,126,470.52
Sub-total of cash outflow from operating activities	27	5,326,440,100.55	4,663,188,001.48	5. Net increase/(decrease) in cash and cash equivalents	56	1,026,391,832.88	-620,552,813.83
Net cash inflow/(outflow) from operating activities	28	1,123,518,011.26	1,516,913,001.06	Add: Cash and cash equivalents at beginning of year	57	1,733,810,047.76	2,554,362,861.59
2. Cash flows from investing activities:	29	—	—	6. Cash and cash equivalent at end of year	58	2,760,201,880.64	1,733,810,047.76

Note: Marked with "△" is specifically for Financial Institutions reporting

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Cash Flow Statement of the Holding Company

Company: Xin Yue Company Limited For the year ended 31 December 2020 企財03表
 Currency: CNY Previous Period

Items	Row	Current Period	Previous Period	Items	Row	Current Period	Previous Period
1. Cash flows from operating activities:	1	—	—	Cash received from disposal of investments	30	-	-
Cash received from sales of goods or rendering of services	2	1,044,101,898.44	482,226,690.62	Cash received from returns on investments	31	33,241,243.22	35,718,180.82
△Net increase in customer deposits and deposits from other banks and other financial institutions	3	-	-	Proceeds from disposal of fixed assets, intangible assets and long-term assets	32	-	-
△Net increase in borrowings from central bank	4	-	-	Proceeds from disposal of subsidiaries and other operating units	33	-	-
△Net increase in borrowings from other financial institutions	5	-	-	Proceeds from other investing related activities	34	-	-
△Cash received for premiums of insurance policies	6	-	-	Subtotal of cash inflow from investing activities	35	33,241,243.22	35,718,180.82
△Net cash received for re-insurance business	7	-	-	Cash paid to acquire fixed assets, intangible assets and other long-term assets	36	732,695.47	4,093.90
△Net increase in deposits and investment funds from policy owners	8	-	-	Payment for investments	37	325,000,000.00	294,708,482.83
△Net proceeds from disposal of financial assets at fair value through profit or loss	9	-	-	△Increase in mortgage borrowing	38	-	-
△Interest, underwriting and policy acquisition fees received	10	-	-	Net cash paid to acquire subsidiaries and other business units	39	-	-
△Net increase in borrowings	11	-	-	Payment for other investing activities	40	-	377.55
△Net increase in funds for repurchase of business	12	-	-	Subtotal of cash outflow from investing activities	41	325,732,695.47	294,710,954.28
△Client account deposit received for securities trading, net	13	-	-	Net cash inflow/(outflow) from investing activities	42	-292,491,452.25	-258,992,773.46
Refund of taxes and surcharges	14	-	-	3. Cash flow from financing activities:	43	—	—
Cash received for other operating activities	15	41,522,729.03	152,665,068.38	Capital contributions received	44	-	-
Subtotal of cash inflow from operating activities	16	1,085,624,627.47	615,091,777.00	Including: Cash received from capital contributions by minority shareholders of subsidiaries	45	-	-
Payment for purchase of commodities and services	17	962,021,198.51	482,692,457.89	Cash received from borrowings	46	801,926,638.00	134,934,800.00
△Net increase in loans to customers	18	-	-	Cash received from other financing activities	47	246,114,300.00	-
△Net increase in deposits at central bank and other financial institutions	19	-	-	Subtotal of cash inflow from financing activities	48	1,148,040,938.00	134,934,800.00
△Settlement for claims of insurance policies	20	-	-	Repayment of borrowings	49	324,710.14	311,020.52
△Net decrease in borrowings	21	-	-	Dividends and interests paid	50	4,533,352.55	3,581,592.63
△Interest, underwriting and policy acquisition fees paid	22	-	-	Including: Dividends paid to non-controlling interests by subsidiaries	51	-	-
△Dividends paid to profit participating policies	23	-	-	Cash payments relating to other financing activities	52	1,057,635,173.00	-
Cash paid to and on behalf of employees	24	8,200,505.05	9,622,225.28	Subtotal of cash outflow from financing activities	53	1,062,493,235.69	3,892,613.15
Payment of tax and levies	25	10.17	1,344,341.92	Net cash inflow/(outflow) from financing activities	54	85,547,702.31	131,042,186.85
Payment for other operating activities	26	3,662,410.17	5,334,863.38	4. Effect of foreign exchange rate changes on cash and cash equivalents	55	-22,613,527.90	5,209,713.75
Sub-total of cash outflow from operating activities	27	974,764,123.90	499,263,888.47	5. Net increase/(decrease) in cash and cash equivalents	56	-118,696,774.27	-6,942,984.33
Net cash inflow/(outflow) from operating activities	28	110,860,503.57	115,797,888.53	Add: Cash and cash equivalents at beginning of year	57	623,576,649.15	630,510,633.48
2. Cash flows from investing activities:	29	—	—	6. Cash and cash equivalent at end of year	58	504,879,874.88	623,576,649.15

Note: Marked with "△" is specifically for Financial Institutions reporting

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Consolidated Statement of Changes in Equity

Xin Yue Company Limited For the year ended 31 December 2020 北新04 北
Currency: CNY

Row	Items	Attributable to the shareholders of the holding company														Non-controlling interest	Total Shareholders funds
		For the current year															
		Paid-in capital for Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	ΔGeneral risk reserves	Retained earnings	Subtotal				
1	2	3	4	5	6	7	8	9	10	11	12	13	14				
1	Balance as at the end of the prior year	27,375,340.00	-	-	-	946,265,874.51	-	39,364,987.17	786,437.49	-	4,088,701,689.50	5,102,494,128.67	2,463,176,988.31	7,505,671,116.98			
2	Add: Adjustment for change in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-			
3	Correction of prior year errors	-	-	-	-	-	-	-	-	-	-	-	-	-			
4	Others	-	-	-	-	-	-	-	-	-	-	-	-	-			
5	2. Balance at the beginning of the year	27,375,340.00	-	-	-	946,265,874.51	-	39,364,987.17	786,437.49	-	4,088,701,689.50	5,102,494,128.67	2,463,176,988.31	7,505,671,116.98			
6	3. Increase/(decrease) for the period	-	-	-	-	-87,164,265.85	-	-32,255,954.02	-434,733.94	-	436,350,441.00	-443,505,513.41	812,670,175.87	369,164,662.46			
7	(1) Total comprehensive income	-	-	-	-	-	-	-32,255,954.02	-	-	436,350,441.00	-	334,896,402.96	738,989,889.34			
8	(2) Capital increases and reduced by shareholders	-	-	-	-	-87,164,265.85	-	-	-	-	-	-87,164,265.85	611,000,000.00	-236,164,265.85			
9	1. Capital increased by owners	-	-	-	-	-	-	-	-	-	-	-	511,000,000.00	511,000,000.00			
10	2. Capital contributors from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-			
11	3. Share-based payments included in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-			
12	4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-			
13	(3) Appropriation and usage of specific reserves	-	-	-	-	-	-	-	-434,733.94	-	-	-	-	-847,164,265.85			
14	1. Appropriation of specific reserves	-	-	-	-	-	-	-	-434,733.94	-	-	-	-	-847,164,265.85			
15	2. Usage of specific reserves	-	-	-	-	-	-	-	-	-	-	-	-	-			
16	(4) Profit appropriation	-	-	-	-	-	-	-	-	-	-434,733.94	-	-	-434,733.94			
17	1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-434,733.94	-	-	-434,733.94			
18	Including: Statutory provision funds	-	-	-	-	-	-	-	-	-	-	-	-	-			
19	Voluntary provision funds	-	-	-	-	-	-	-	-	-	-	-	-	-			
20	#Reserve funds	-	-	-	-	-	-	-	-	-	-	-	-	-			
21	# Corporate development funds	-	-	-	-	-	-	-	-	-	-	-	-	-			
22	#Returns on investment	-	-	-	-	-	-	-	-	-	-	-	-	-			
23	2. Appropriation of general risk reserves	-	-	-	-	-	-	-	-	-	-	-	-	-			
24	3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-			
25	4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-			
26	(5) Transfers within the shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-			
27	1. Capitalisation of capital reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-			
28	2. Capitalisation of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-			
29	3. Recovery of losses from surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-			
30	4. Changes in the defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-			
31	5. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-			
32	6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-			
33	4. Balance as at the end of the year	27,375,340.00	-	-	-	59,101,406.66	-	7,108,032.55	351,703.55	-	4,525,052,130.50	4,658,988,615.26	3,275,847,164.18	7,934,835,779.44			

Note: Marked with "Δ" is specifically for Financial Institutions reporting; Marked with "¥" is applicable to Foreign Enterprise Investors; * For Enterprises that implement the new revenue/financial assets reporting standards

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Consolidated Statement of Changes in Equity

人民币
Currency: CNY

Company: Xin Yue Company Limited For the year ended 31 December 2020

Items	Attributable to the shareholders of the holding company													Non-controlling interest	Total Shareholders funds	
	Row	Paid-in capital (or Share capital)		Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive	Specific reserves	Surplus reserves	△ General risk reserves	Retained earnings			Subtotal
		15	16	17	18	19										
1. Balance as at the end of the prior year	27,375,340.00	-	-	-	152,315,628.70	-	44,331,847.40	824,295.71	-	-	-	-	3,561,868,963.74	3,766,716,078.55	1,544,157,013.41	5,308,873,089.96
2. Balance at the beginning of the year	-	-	-	-	837,830,045.81	-	44,331,847.40	824,295.71	-	-	-	-	568,112,786.27	776,549,945.30	779,049,492.60	1,555,599,477.90
3. Increase/(decrease) for the period	-	-	-	-	990,145,674.51	-	-4,965,660.23	-37,859.22	-	-	-	-	539,228,066.82	4,965,266,061.85	2,323,206,506.01	6,886,472,567.86
(1) Total comprehensive income	-	-	-	-	-43,880,000.00	-	-4,965,660.23	-37,859.22	-	-	-	-	568,112,786.27	563,145,926.04	139,970,452.30	679,188,546.12
(2) Capital increased and reduced by shareholders	-	-	-	-	-43,880,000.00	-	-	-	-	-	-	-	568,112,786.27	563,145,926.04	851,853,740.16	1,424,999,696.20
1. Capital increased by owners	-	-	-	-	-43,880,000.00	-	-	-	-	-	-	-	568,112,786.27	563,145,926.04	851,853,740.16	1,424,999,696.20
2. Capital contributions from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payments included in other's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Appropriation and usage of specific reserves	-	-	-	-	-43,880,000.00	-	-	-37,859.22	-	-	-	-	-43,880,000.00	-43,880,000.00	409,641,012.88	365,761,012.88
1. Appropriation of specific reserves	-	-	-	-	-	-	-	-37,859.22	-	-	-	-	-	-37,859.22	-	-
2. Usage of specific reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Profit appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Including: Statutory provision funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary provision funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# Reserve funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# Corporate development funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# Returns on investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Transfers within the shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses from surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Changes in the defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# 5. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Balance as at the end of the year	27,375,340.00	-	-	-	946,955,674.51	-	99,364,987.17	786,437.49	-	-	-	-	4,088,701,689.50	5,102,494,128.67	2,863,176,988.31	7,965,671,116.98

Note: Marked with "△" is specifically for Financial Institutions reporting; Marked "x" is applicable to Foreign Enterprise Investors; "1" For Enterprises that implement the new revenue/financial assets reporting standards

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Statement of Changes in Equity of the Holding Company

Company: Xin Yue Company Limited 新悦公司
 For the year ended 31 December 2020 截至2020年12月31日止年度
 Currency: CNY 人民币

Items	Row	Attributable to the shareholders of the holding company														Non-controlling interest	Total Shareholders' funds					
		For the current year																				
		Paid in capital (or share capital)		Preference shares		Other equity instruments		Capital reserves		Less: Treasury stock		Other comprehensive income		Specific reserves				Surplus reserves		General risk reserves		Retained earnings
1	2	3	4	5	6	7	8	9	10	11	12	13	14									
1. Balance as at the end of the prior year	1	27,375,340.00	-	-	-	25,939,205.26	-	-	-	39,351,987.17	-	-	-	-	-	-	-	-	-	-	-	1,448,517,765.06
2. Balance at the beginning of the year	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Increase/(decrease) for the period	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1) Total comprehensive income	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) Capital increased and reduced by shareholders	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital increased by owners	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributions from holders of other equity instruments	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payments included in owners' equity	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Appropriation and usage of specific reserves	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of specific reserves	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Usage of specific reserves	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Profit appropriation	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserves including Statutory reserve funds	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary provision funds	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# Reserve funds	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# Corporate development funds	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
# Returns on investment	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserves	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Transfers within the shareholders' equity	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserves to share capital	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserves to share capital	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses from surplus reserves	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Changes in the defined benefit plan transferred to retained earnings	26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Other comprehensive income transferred to retained earnings	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Balance as at the end of the year	29	27,375,340.00	-	-	-	25,939,205.26	-	-	-	7,108,032.55	-	-	-	-	-	-	-	-	-	-	-	1,479,274,084.05

Note: Marked with '△' is specifically for Financial Institutions reporting; Marked with '※' is applicable to Foreign Enterprise Investors; '†' For Enterprises that implement the new revenue/expense/financial assets reporting standards.

Corporate Legal Representative: Person In-Charge of Accounting Affairs: Head of Accounting Department:

Statement of Changes in Equity of the Holding Company

Company: Xin Yue Company Limited

For the year ended 31 December 2020

RMB'000 /
Currency: CNY

Items	Row	Attributable to the shareholders of the holding company												Noncontrolling interest	Total Shareholders' funds				
		Paid-in capital (or Share capital)		Other equity instruments			Capital reserves		Less: Treasury stock		Other comprehensive income		Specific reserves			Surplus reserves	Δ General risk reserves	Retained earnings	Subtotal
		Preference shares	Perpetual debts	Others	16	17	18	19	20	21	22	23							
1. Balance as at the end of the prior year	1	27,375,340.00	-	-	-	-	315,419,195.95	-	-	-	-	44,331,847.40	-	-	-	1,209,464,115.81	1,596,590,500.16	1,596,590,500.16	
Adj. Adjustment for change in accounting policy	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Correction of prior year errors	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Others	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Balance at the beginning of the year	5	27,375,340.00	-	-	-	-	315,419,195.95	-	-	-	-	44,331,847.40	-	-	-	1,209,464,115.81	1,596,590,500.16	1,596,590,500.16	
3. Increase/(decrease) for the period	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(1) Total comprehensive income	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(2) Capital increased and reduced by shareholders	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Capital increased by owners	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Capital contributions from holders of other equity instruments	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Share-based payments	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Others	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(3) Appropriation and usage of specific reserves	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Appropriation of specific reserves	14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Usage of specific reserves	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(4) Profit appropriation	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Appropriation to surplus reserves	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Including: Stably provided funds	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Voluntary provided funds	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
# Reserve funds	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
# Corporate development funds	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
# Returns on investment	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Appropriation of general risk reserves	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Distribution to shareholders	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Others	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(5) Transfers within the shareholders' equity	26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Capitalisation of capital reserves to share capital	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Capitalisation of surplus reserves to share capital	28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Recovery of losses from surplus reserves	29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Changes in the reduced benefit plan transferred to retained earnings	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3.5. Other comprehensive income transferred to retained earnings	31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6. Others	32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Balance as at the end of the year	33	27,375,340.00	-	-	-	-	25,939,205.26	-	-	-	-	39,364,991.17	-	-	-	1,355,838,232.63	1,448,517,765.06	1,448,517,765.06	

Note: Marked with "Δ" is specifically for Financial Institutions reporting; Marked with "†" For Enterprises that implement the new revenue and financial assets reporting standards

Corporate Legal Representative:

Person in-Charge of Accounting Affairs:

Head of Accounting Department:

Xin Yue Company Limited
Notes to the 2020 Consolidated Financial Statements

(Unless otherwise stated, the amounts are expressed in Renminbi)

1. The Company's background

Xin Yue Company Limited (hereinafter refer to as "the Company") was incorporated in Hong Kong in November 1980. The company was restructured as a financing subsidiary in Hong Kong by Guangdong Province Communications Group Company Limited in October 1996. The paid up capital is US\$3.61million. Lan Hengshui is the legal representative.

The company's business registration No. 0700813 and the registered address is Room 1801-02, 118 Connaught Road West, Hong Kong.

The Parent Company, Guangdong Province Communications Group Company Limited holds 100% of the Company share capital.

Guangdong Province Communications Group Company Limited (hereinafter refer to as "the ultimate Group") was approved for registration by General Office of Guangdong Provincial Party Committee and the Guangdong Provincial People's Government in May 2000. The ultimate Group was jointly formed by the enterprises de-linked from the Department of Communications of Guangdong Province and the General Office of the Standing Committee of Guangdong Provincial People's Congress, and 126 entities of the Guangdong Railway Group. The Group is a large state-owned enterprise wholly owned by Guangdong Province. In June 2004, the Company was re-organized under the management of State Owned Assets Supervision and Administration Commission of Guangdong Provincial People's Government, as a special organization directly under Guangdong Provincial People's Government. The main business scope of the ultimate Group includes highway investment and operation of highway, transportation and logistics, engineering construction, scientific research and design supervision and other related industries.

The corporate governance structure of the company is as follows: The Board comprises of 7 directors, including 1 Chairman and 1 vice chairman, 1 general manager and 3 deputy general managers. The general manager is under the leadership of the Board and is accountable to the Board of Directors.

The organizational structure of the company: the company established the party supervision department, administration department, market development department, investment operation department, finance department and legal affairs department.

The Company principally engaged in investment holding business, has invested directly or indirectly in several enterprises engaged in the operation and maintenance of toll roads and bridges operating within the People's Republic of China. The Company's subsidiaries are engaged principally in the construction of buildings and facilities, construction materials and investment in highway operation.

2. Basis of preparation of Financial Statements

The financial statements have been prepared on a going concern basis, based on the actual transactions and events and in accordance with the Accounting Standards for Business Enterprises, applications guidelines and other relevant regulations for confirmation and measurements in the preparation of financial statements.

3. Statement on compliance with Accounting Standards for Business Enterprise

The financial statements of the Company are prepared in compliance with the requirements of the Accounting Standards for Business Enterprise truly and completely reflect the Company's financial status, the operating results and cash flow and others related information during the Reporting Period.

4. Principal Accounting Policies and Accounting Estimates**(1) Accounting Period**

The Company financial year is based on the calendar year and the financial year is from January 1 to December 31.

(2) Base currency for book-keeping

The Company's functional currency is in Renminbi.

(3) Accounting principles and accounting bases

The Company adopts historical cost convention as basis for measurement. When there are reliable methods of measurement on the accounting elements and the methods of measurement are in compliance with the requirements of the Accounting Standards for Business Enterprises can adopt the revalued cost model, realizable value, cash value and fair value as basis for measurement.

(4) Business Combination

1. Accounting treatments for consolidation of enterprises under common control

The enterprises involve for business combination before and after the business combination, are under a common control or under different but same ultimate control, and the control is not on temporary basis, is a business combination under common control. Under normal circumstances, enterprises combination under common control referred to as intra group enterprises combination, apart from this, the enterprises combination will not be considered as enterprises combination under common control.

The book value of the assets and liabilities of the enterprise acquired by the Company is consolidated in the Company's financial statements at the book value. For the business acquisition under common control, the Company shares of the proportion of the acquired enterprise's shareholders' funds is the initial cost of the long-term equity investment at the date of acquisition. The accounting treatment of the long-term equity investment is in accordance with accounting policy of long-term equity investment. For Business Combination under common control through merger and absorption, the Company will account for assets and liabilities of the acquired enterprise at its book value. The difference between the net assets value of the acquired company and the consideration paid for the acquisition (or the total value of the shares issued) is adjusted to capital reserve, and when the capital reserve is insufficient to offset against the difference, it is adjusted to the retained earnings.

The relating direct expense incurred by the Company in the business combination, including audit fees, assessment and valuation fees, legal expenses etc., is recognized in profit and loss in the Reporting Period in when they are incurred. The transaction cost including agency fees, commission incurred for the issuance of loan stock or the assuming of legal liabilities obligations is accounted for and recognized as the initial cost of the issuance of loan stock. The handling fees, commission and other related cost incurred in the issued of equity shares is to offset against the Company's share premium from the shares issued, when the share premium is insufficient to offset against the expenses, the difference is charged to the retained earnings.

When the holding and subsidiary relationship subsisted upon business combination under common control, the holding company when prepares the consolidated financial statements, shall include the consolidated financial statements, the consolidated income statement and consolidated cash flow statement. The book value of assets and liabilities of the subsidiary company are consolidated in the consolidated financial statements. The transactions between the holding and its subsidiary, prior to the date of consolidation and the balance sheet date are regarded as internal transactions are eliminated in accordance with the accounting principle of the consolidated financial statements. The transactions between the holding and its subsidiary after the date of business combination including the realized profit and cash flow generated are eliminated in accordance to the principles and accounting standards for the preparation of consolidated financial statements.

2. Accounting treatment for business combinations involving enterprise not under common control

The parties involved in the business combinations are not under the control of an enterprise or several common enterprises before or after the business combinations, is a business combination not under common control.

The recognition of the cost in enterprise combinations: The cost of business combinations incurred by the investing party includes the payment of cash and non-cash assets, the issuance debt instruments or undertake the debts obligations; the issuance of equity securities is measured on a fair value basis at the date of acquisition. The direct cost incurred in the business combination is included in the profit and loss account in the Reporting Period. When the business combination is realized through multiple stages of transactions, the cost of business combination is the aggregated sum of the cost of each stage of business combination.

For the long-term equity investment acquired through business combination involving enterprises not under common control, the Company's cost of investment at the date of acquisition (not including the dividend and profits from the investee company) is recognized as the initial cost of the long-term equity investment. For business combination not under common control, the identifiable assets and liabilities that are acquired and that meets the criteria for recognition; the fair value of the acquired assets and liabilities are recognizes as the Company's assets and liabilities at the date of acquisition. When the Company acquired the controlling equity or the identifiable assets and liabilities through non-monetary assets as consideration, the difference between the fair value of the non-monetary assets at the date of acquisition and the net book value of the acquired assets and liabilities is included as assets as gains and losses in the Reporting Period.

When the cost of acquisition of business combination involving enterprise not under common control is greater than the fair value of the net identifiable assets of the acquired company, the difference is recognized as goodwill in the holding company's financial statements. In the merger acquisition, the difference is recognized as goodwill in the holding company's financial statement, the difference is stated as goodwill in the consolidated financial statements.

When the cost of acquisition is lower than the identifiable fair value of the net assets acquired the Company recognizes the difference as profit (non-operating income) in the Reporting Period. When the business combination resulted through merger, the difference is included in the holding company's separate income statement in the Reporting Period. On consolidation of the subsidiary, the difference is recognized in the consolidated income statement of the Reporting Period.

(5) Method for preparing consolidated financial statements

The basis of consolidation the Company's consolidated financial statements is determined on the basis of control. Control means the Company is able to determine the financial and operating policies of the acquired entity and derives benefits from the business operations. The acquired entity is a subsidiary of the Company.

The basis of consolidation is based on the financial statements of the Company and the financial statement of its subsidiaries, prepared by the Company on equity accounting method after adjusting the long-term equity investments in the subsidiaries, the intra group transactions are eliminated, the minority shareholders' interests in the equity and the share of the profits and loss are separately shown in the consolidated financial statements.

On consolidation of a subsidiary not under common control, when the cost of acquisition is greater than the identifiable fair value of the net assets of the subsidiary, the difference is not adjusted to the initial cost of acquisition but shown as goodwill in the consolidated financial statements.

When a new subsidiary is added during the Reporting Period, and the new subsidiary is under common control, the opening balance of consolidated balance sheet is adjusted. The revenue, expenses and profit of the new subsidiary from the beginning of the Reporting Period to the year end date be included in the consolidated income statement and the comparable period cash flow in the consolidated cash flow statement. If the consolidation of the subsidiary is not under common control, the consolidated financial statement at the opening of the Reporting Period is not to be adjusted. The subsidiary revenue, expenses and profit from the date of acquisition to the end of the Reporting Period are to be included in the consolidated income statement. The comparable period of the subsidiary cash flow is included in the consolidated cash flow statement. For subsidiary disposed of during the period, whether under common control or not under common control, there will be no adjustments to the opening balance of the consolidated financial statements. The subsidiary revenue, expenses, profits from the beginning period to the date of disposal is included in the consolidated income statement and also the cash flow of the comparable period in the consolidated cash flow statement.

If the subsidiary adopted accounting policy is not consistent with the Company the financial statements of the subsidiary will be adjusted in line with the Company's accounting policy when prepare the consolidated financial statement. For the acquired subsidiary under non-common control business combination, the fair value of the identifiable assets and liability and contingent liability of the subsidiary at the acquisition date are adjusted accordingly.

The transactions between the Company and its subsidiaries, the intra group balance and the profit or loss between the companies are eliminated on consideration.

The minority shareholding interests include the proportion share of shareholding owned by the minority from the date of acquisition and the changes in their shareholdings are included according to their shareholding ratio. When the minority shares of the loss in the subsidiary exceeding the balance of their initial equity, the difference is offset against the minority equity interests.

(6) The accounting treatment and classification of associated company and joint venture

1. Joint operation divides into associate and joint venture
2. The company as a joint operator in the association recognizes in relation to its interest in the joint operations as follows:
 - (1) Recognize its owned asset and the proportion share of the assets held jointly;
 - (2) Recognize its own liability and the share of the proportion of the liability incurred jointly;
 - (3) Recognize its revenue from the sale of its shares of the proportion of output from joint operation;
 - (4) Based on the Company share of revenue on the proportion of the sales of asset;
 - (5) Recognize its own expenses and the proportion share of any expenses incurred jointly.

(7) Criteria for determining cash and cash equivalents

The cash shown in the cash flow statement refer to the cash on hand which can be readily used for payment.

Cash and cash equivalents refer to short term holdings (generally due within 3 months from the date of purchase) and with strong liquidity that can easily convert into known amount of cash, with low risk of changes in value.

(8) Method of translation of foreign currency

1. For non-functional currency economic business, the foreign currency business transactions are translated to the Company's functional currency at the date of transaction at the daily mid-exchange rate published by the People's Bank of China ("PBOC"). The month-end balance of the foreign currencies is converted at the month-end mid-market exchange rate published by PBOC. The difference between the converted foreign currency and the book value as recorded is treated at "Finance expense – Exchange differences" and dealt with in Income Statements of the Reporting Period. The exchange difference arising from borrowing currency loan related to the construction of fixed assets is dealt with in accordance with the principle of capitalization of borrowing costs.

2. Accounting treatment of translation of foreign currency financial statements:

When the Company's overseas subsidiary, joint venture enterprise, associated enterprise and branches adopt the currency different from the Company's functional currency, the Company when consolidating the overseas financial statements, shall first convert the oversea operating units' financial statements to Company's accounting functional currency. Before the conversion of overseas operations, the Company shall adjust the accounting policies and accounting periods of all overseas operation in consistent with the Company in the consolidated financial statements.

The assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date. The shareholders' equity except for the retained earnings, are translated at the exchange rate at the date of occurrence of event.

The average monthly exchange rate is used for income and expenses items in the income statement

The difference arising from the translation of foreign currency financial statements and when included in the consolidated financial statements, shown separately as "other comprehensive income" in the consolidated financial statements.

(9) Financial Instruments

Classification of financial assets

The Company divides the financial assets into 4 categories at the time of recognition according to the business nature, the risk management policy.

(1) Financial assets at fair value through profit or loss, this includes transactional financial assets and those designated as "Financial assets at fair value through profit and loss. The gain or loss arising from changes in fair value is treated as gain or loss in the financial assets in the Reporting Period;

(2) Held to maturity asset the maturity date is fixed and the redeemable value is fixed or determinable. The Company has clear intention and ability to hold the investment until its maturity and it is not a financial derivative;

(3) Receivable amount

The receivables that are not quoted in an active market and are non-derivative financial assets, with fixed or determinable date for redemption.

(4) Financial assets available for sale

1. Classification of financial liabilities:

The Company in accordance to the nature of business and its risk management policy divides the financial liabilities into 2 categories and designated at the time of initial recognitions:

(1) The financial liabilities are measured at fair value this include the transactional financial liability and those designated as financial liability at fair value, and the change in fair value is treated as gain or loss is included in the financial liabilities in the Reporting Period;

(2) Other financial liabilities

2. The measurement of financial assets and financial liabilities

(1) Initial measurement

When the financial assets and liabilities are recognized at the inception, the value shall be measured at fair value basis and the changes in value include as gain or loss in the financial assets or liabilities in the Reporting Period. The related expenses are charged directly in the profit or loss in the Reporting Period. The expenses related to other categories of financial assets and liabilities are included as the initial recognized value.

(2) The subsequent measurement of financial assets

The financial assets are measured based on subsequent fair value and the changes are included in the financial assets in the Reporting Period but will not deduct the transaction cost that may arise in the future disposal.

Financial assets available for sale: The subsequent measurement is based on fair value, except for hedging purposes; the changes in value are directly included in the shareholder funds. When the financial assets are de-recognized or disposed of, the change in value is included in the profit or loss in the Reporting Period.

Investment held until maturity, the receivable amount: To adopts effective interest rate method and carries out subsequent measurement on the balance of the amortised cost. Gains or losses arising from impairment, amortization or on derecognition is included in the profit and loss of the Reporting Period, excluding the financial assets which are designated for hedging purpose.

(3) The measurement of financial liabilities at the subsequent period

To adopt effective interest method to measure the balance of amortized financial liabilities in subsequent measurement.

3. Recognition basis and measurement method on the transfer of financial assets:

When all the risks and rewards of the financial assets ownership are transferred, such financial assets shall be derecognized. When the risks and rewards of the financial assets are retained, the transfer is not be recognized as the termination of financial assets.

When the transfer of financial assets in whole meets the conditions of derecognition, the difference between the following two amounts shall be included as gain or loss in the current Reporting Period:

(1) The carrying amount of the transferred financial assets;

(2) The consideration received for the transferred financial assets, compared to the accumulated sum of the change in fair value originally included in the shareholder's funds.

When the financial asset is partially transferred and the transferred part meets the conditions for derecognition, the carrying amount of the financial assets before transfer shall be allocated between the derecognition portion and the continuing recognition portion, according to the respective fair values on the transfer date, and the differences between the two amounts shall be included as gain or loss in the Reporting Period as follows:

(1) the carrying amount of the derecognized portion on the derecognition date;

(2) The consideration received for the derecognition portion and the amount of the corresponding derecognized portion of the accumulated sum in fair value originally included in the shareholders' fund.

If the transfer of the financial assets does not meet the conditions for derecognition, the financial assets shall continue to be recognized and the considerations received shall be recognized as financial liabilities.

4. Impairment of financial assets

At the balance sheet date, assess the fair value of the other financial assets apart from those whose changes in value which have been included in the Reporting Period, against its book value, if there are reliable and objective evidence to support that the value of financial asset is impaired, to make provision for impairment loss.

When financial assets available for sale is impaired and even though the financial asset has not been derecognized, the accumulated losses as measured by its fair value that has been included in the shareholders' funds is to be reversed and treated as losses in the Reporting Period. The accumulated losses as reversed out is the initial cost of the financial asset, reduced by the return of capital and the amortized amount, the current fair value of the financial assets and the balance of impairment amount.

When the balance of the amortized financial asset is impaired, the book value financial asset is measured on the basis of the discount value, the amortized amount as recognized as loss include in the profit and loss of the Reporting Period.

(10) Accounts Receivable

The Company reviews the account receivable and other receivable based on the individual assessment of each receivable for impairment test. For the accounts receivable and other receivable where the amount due is significant (significant is where each individual due is in excess of RMB3 million), the Company will identify and evaluate each individual case for impairment test. For other receivables which are of lesser significant when there is objective evidence to indicate the recoverability, the Company will also apply the individual evaluation test to assess for impairment. The balance of the remaining accounts receivable is based on ageing of the accounts receivable (except where there is a dispute on the quantity and amount which has resulted to a delay in payment, the receivable of the debts of the same customer will be based on the ageing of the debt, in accordance with maximum ageing provision rate for bad debts provision).

Under the method of ageing of receivable, the Company makes impairment provision for its following subsidiary companies: Xin Yue Hai Xin Sha Asphalt Company Limited, Guangzhou Xin Yue Asphalt Co., Ltd., Guangzhou Xinyue Transportation Technology Co., Ltd., Guangdong Nanyue Logistics Industrial Company Limited, Guangdong Xinyue Jiafu Asphalt Co., Ltd. and Xin Yue Humeri Co., Ltd., according to the ratio of the ageing analysis as follows:

Age	% of Provision
Within credit term	0
Credit term – 120 days	5
121 days – 183 days	15
184 days – 273 days	30
274 days – 365 days	50
366 days – 548 days	70
549 days – 730 days	90
Over 731 days	100

XIN YUE COMPANY LIMITED
Notes to the 2020 Consolidated Financial Statements

Under the ageing analysis method, the following subsidiaries, Guangdong Kaiyang Expressway Co., Ltd., Guangdong Jiangzhong Expressway Co., Ltd., Gd Humen Bridge Co., Ltd., Xin Yue (Guangzhou) Financial Leasing Company Limited and Xin Yue (Guangzhou) Investment Co., Ltd., make provision for bad debts as follows:

Age	% of Provision
Within 1 year	0
1-2 years	5
2-3 years	20
3-4 years	30
4-5years	50
Over 5 years	80

Unless there is evidence to support there is significant uncertainty on the recoverability, there will not be requirement to make provision for:

- (1) The accounts receivable of the intra group business units within Guangdong Province Communications Group;
- (2) The Retention money, quality performance deposit, contract deposit, including the contractual deposits and quality performance deposits.

(11) Inventories

1. Classification of inventories

The Company inventories refer to the finished products, merchandise inventories held for sale or products in the process of production for sale, and consumable raw materials use in the process of production. The Company's inventories are sub-divided into raw materials and finished products.

2. Valuing of inventory based on goods receipt

The inventories are valued at actual cost at the time and recorded when goods are received.

3. Inventories costing method

The inventories, with the exception of construction works in progress, are valued on the weighted average method.

Consumable inventories and the packing materials with lower unit price are valued at one-off amortising method as and when the goods are delivered for use.

4. Inventories system

The Company adopts a perpetual system of inventory management.

5. Basis for determining the provision for impairment loss on inventories

The Company inventories are measured at the lower of cost and net realizable value, whichever is lower. When the inventories are obsolete, damaged wholly or partially damaged and the realizable value is less than the cost, the difference between the cost and net realizable value, a provision for loss will be made. Where there are large quantities of lower value inventories, a provision is made for the difference between the cost and net realizable value based on the categories of inventories in store.

6. Bases for determining the realizable value of the inventories

The inventories net realizable value is based on goods produced under normal production, using the estimated selling price less the anticipated production cost and estimated selling expenses.

(12) Long-term Investments**1. The classification of long-term equity investments**

Long-term equity investment includes the Company long-term equity investments in its subsidiary, associates and joint ventures.

2. Recognition of investment cost

(1) For long-term investment through business combination involving enterprises under common control. The cash paid, the transfer of non-cash assets and the assuming of liabilities or the issue of equity shares as consideration. On consolidation date, the book value of the acquired shareholders' funds shall be recognized as the initial cost of investments. The difference between the initial cost of the long-term equity investment and the cash paid, the transfer of non-monetary assets the book value of the liabilities incurred or assumed is adjusted to capital reserve and when the capital reserve is insufficient is adjusted to retained earnings.

The long-term equity investment on business combination under common control through multiple stages of acquisitions, the initial cost of investment is based on the percentage of shareholding of the book value of the acquired company's shareholders' funds. The book value of the acquired company shareholders' funds prior to the acquisition and the new investment cost at the date of consolidation, when compared with the initial cost of the long-term equity investment, the difference is adjusted to the capital reserve, and when the capital reserve is insufficient, adjust to retained earnings.

(2) For long-term equity investment acquired by business combination involving enterprise not under common control, the cost paid for the share of the fair value of the business combination on the date of acquisition is recognized as initial investment cost. For business combination involving enterprises not under common control, realized through multiple transactions, the long-term equity investment of the individual and consolidated financial statement are dealt with separately in the account as follows: (1) In the individual financial statements the book value of the equity investment held before the date of acquisition and the new investment cost on the date of acquisition is aggregated as the initial investment cost. The other comprehensive income related to equity interests held prior to the date of acquisition is dealt and transfer with other comprehensive income to as investment income in the Reporting Period. (2) In the consolidated financial statement, the equity interests in the investee prior to the date of acquisition is revalued according to the fair value at the date of acquisition. The difference between the fair value of the equity at the date of acquisition and the book value of the investment is recognized as investment income in the Reporting Period. The comprehensive income related to equity interests acquired enterprise prior to the date of acquisition, and other related comprehensive income is transferred to long-term investment income in the Reporting Period.

(3) Long-term equity investment acquired by other means: For long-term equity investment acquired by cash, is recognized as initial investment cost. The initial investment cost includes expenses, taxes and other necessary expenses directly related to the acquisition of the long-term equity investment. For long-term equity investment acquired by issuing equity securities, the fair value of equity securities at the issuing date is recognized as investment cost. For long-term equity investment acquired through non-monetary asset exchange (the exchange project contains commercial substance) the investment cost of the long-term equity investment is determined based on the fair value of the assets surrendered, and the related taxes incurred. For the long-term equity investment acquired through debts restructuring, where the creditors rights and entitlement attached to the fair value of the shares be recognized as the investment for the debts.

3. Subsequent measurement and recognition of related profit and loss

The Company adopts the cost method to account for the long-term equity investment when the company can exercise control of the investee company. The Company adopts the equity accounting method to account for the long-term equity investments in jointly controlled company where the Company can exercise significance influence.

4. Basis for the determination of significance influence in the investee company

The Company can participate and involve in the financial decision and business operation of the investee, but is unable to exercise control singly or jointly with other on the implementation on policy matters.

5. Impairment and allowance for impairment

For investment in subsidiary, associate and joint-venture, when on balance sheet date there is objective evidence indicate that the long-term equity investment is impaired, when the book value of the long-term investment is higher than the recoverable amount of the investment, a provision on difference will be recognized as an impairment loss.

(13) Investment properties

Investment property means the property held for the purpose of earning rent or capital appreciation, or both, including the land use rights that have been leased, the land use rights that are held for transfer upon appreciation in value. The leased building (including the self-built building or property to be used for leasing purpose upon completion and property under construction to be used for leasing purpose upon completion).

The Company adopts the cost model for measurement of investment property. For the investment property measured under the cost model, the Company adopts the same depreciation and amortization policy for investment property as the same apply to fixed assets. The same amortization policy applies to the land use rights and intangible assets are used.

(14) Fixed assets

1. Recognition criteria for fixed assets

Fixed assets means tangible assets held for the purpose of producing goods, rendering of services, leases or operation management, the service life is more than one fiscal year.

2. Classification of fixed assets: The fixed assets are classified under: Road and highway, buildings and property, machinery and equipment, transportation vehicles, electronic equipment, office equipment and other facilities.

3. Determination of the cost of fixed assets provision of impairment and the method for depreciation of fixed assets

Fixed assets are measured at cost. The values of fixed assets are individually examined at the interim period and at year end. The difference between the recoverable amount of the fixed assets and its book value is recognized as impairment loss in the Reporting Period. After the provision of impairment is provided, unless being dealt with separately and when the assets impairment is confirmed, it cannot be reversed in the future accounting period.

4. Depreciation method for fixed assets

Apart from the Company's subsidiary, Guangdong Kaiyang Expressway Co., Ltd., the depreciation measurement is based on the road usage; there will be no residual value. Other fixed assets are depreciated by the straight-line method, with a residual value of 0-10% of the original value. The depreciation rate of classified fixed assets is as below:

Assets category	Estimated service Life	Annual Depreciation Rate
Road and Bridge	Commencement of usage to the end of operation	Usage rate/0.2-4.75%
Building and Construction	Commencement of usage to end of terms/20-50 years	0.2-4.75%
Machinery and Facilities	3-10years	9.50-32.33%
Transportation Equipment	5-10years	9.5-19.40%
Electronics Equipment	4-5years	20-25%
Office Equipment	4-5years	20-25%
Other Facilities	4-5years	20-25%

5. Accounting treatment of subsequent expenditure incurred on fixed assets

Related expenses incurred for the improvement of fixed assets where the economic benefits of the fixed assets will exceed the original estimation of its useful life or to improve the quality of the products or to reduce the cost of production is capitalized as the book value of the fixed assets. The additional amount cannot exceed the recoverable value of the fixed assets. Subsequent expenses that do not meet the condition are to be written off as incurred.

(15) Construction in Progress

1. The criteria for construction in progress converted to fixed assets upon completion

The cost of construction in progress is based as the actual expenditure incurred and when it is ready for intended use, the total cost of construction is recognized as fixed assets.

2. Provision for impairment loss on construction in progress

On the balance sheet date or the interim report, the construction in progress is examined in all aspects, if there is evidence; indication of the drop in value, impairment loss is recognized in the Reporting Period. Once the impairment loss on Construction in progress is made, it cannot be reversed in the future accounting period unless it dealt with separately.

(16) Borrowing Cost

Special borrowings or part of the general funds used for the construction or production activities that satisfied the capitalization conditions, the amount of the interest expenses based on the applicable capitalization rate incurred during the year is recognized as the amount of capitalization. The eligible assets refer to the construction or production process that requires a substantial period of completion to get ready for the intended use or sale of fixed assets, investment properties and inventories.

Special borrowing used for the acquisition, construction or production assets that meet the conditions for capitalization, the amount of interest actually incurred during the year of the special borrowings less the amount of interest earned by depositing unused borrowing funds in a bank, or investment income earned by temporary investment, is recognized as the amount of capitalization.

When a general loan is used for the purpose of construction or producing assets that satisfied the capitalization conditions, the amount of capitalization is determined based on the weighted average of the funds used when the capital expenditure incurred is in excess of the special purpose loan by the capitalization rate of the general loan used, the capitalization rate is determined based on the weighted average interests rate of general borrowing.

(17) Intangible asset

Intangible asset with a finite service life are amortized on the estimated service lives on a straight line basis. If an intangible asset is indeterminate to bring economic benefits to the Company, it is regarded as an intangible asset with an indefinite service life. Intangible asset with indefinite service lives is not amortized.

The Company reviews the service life and the future economic benefit of the intangible assets at the end of each year. If the recoverable amount of the intangible assets is less than the book value of the assets, the difference is made for the provision of impairment loss in the Reporting Period. If the intangible asset impairment is made, it cannot be reversed in the future accounting period.

(18) Long-term prepaid expenses

Long-term prepaid expenses are based on actual cost incurred and amortized on a straight line basis within the beneficial period of the expense item.

(19) Employee benefits**1. Scope of Employee benefits**

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship. The benefits provided for the employee's spouse, children, parents, the deceased spouse and other beneficiary are included as employee benefits.

The employee benefits provided include employee wages or salaries, bonus, allowance and subsidiaries, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs are recognized as liability. The employee benefit liabilities are recognized in the accounting period in which the service is rendered by the employees, as a charge to the profit or loss for the current period or the cost of relevant assets. If the employee benefit liabilities are not settled in full after 12 months from the year end date and the financial impact is significance, the amount of the liabilities is measured by discounted cash flow method.

2. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans, excluding the short-term employee benefit and redundancy benefit. The post-employment benefits divides into: (1) defined contribution plans, the Company contribution to the plan are recognized as liability, included in the profit and loss or in the Reporting Period. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate independent managed fund and will have no obligation to pay further contributions; (2) defined benefit plans are post-employment benefit plans other than defined contribution plans.

3. Termination benefits

Termination benefit refer to Company terminates the labor relationship with an employee before the labor contract expires, or offers compensation for encouraging the employee to accept the redundancies voluntarily. The liabilities arising from the termination of labor relationship with the employee is determined, and the cost is recognized included in the profits and loss in the Reporting Period at the earlier of: (1) when the group cannot unilaterally withdraw the termination of the labor relationship plan or redundancies benefits proposal, or (2) the time when the cost associated with reorganization involving payment of termination benefits and related expenses is confirmed.

On the Company internal early retirement plan, the compensation for the retirement before the date of retirement is treated as retirement benefits. The compensation paid from the date of early retirement to the normal retirement date is charged to the profit and loss of the Reporting Period. The economic benefit paid after the office retirement age (including the normal retirement benefit) is dealt with in accordance to the post-employment benefit.

(20) Bond payable

When the Company issued bond, the aggregate amount of Bond issued is recorded as "Bond Payable".

The difference arising on the aggregate amount of the face value of the Bond issued and the consideration received at a Premium or discount of the Bond is amortized on a straight line basis based on the actual interest rate method over the tenure of the Bond, and dealt with in accordance with the principle of the borrowing expenses.

(21) Provision

When an obligation related to the contingent events satisfies the following conditions, it is recognized by the Company as provision: (1) the obligation is the current obligation of the Company; (2) the fulfillment of the obligation is likely to cause economic benefits to flow out of the Company; (3) the amount of the obligation can be measured in a reliable way on the balance sheet date. The provision is measured on the basis of the best estimate of the expenditure required to perform the relevant current obligations. If all or part of the expenses required by the Company to settle provisions are expected to be compensated by a third party, the compensation amount is separately recognized as an asset when it is basically confirmed to be receivable, and the recognized compensation amount should not exceed the book value of provisions.

(22) Other comprehensive income

Other comprehensive income refers to the various gains and losses that were not recognized in the profits and losses under other accounting standards. They were presented in the following two ways:

1. Other comprehensive income refers those items that cannot be reclassified into profit and loss in the Reporting periods.

It mainly includes the changes caused by the re-measurement of the net liabilities or net assets of the defined income plan, and the share of other comprehensive income that cannot be reclassified under the equity method for the proportionate share into profit and loss in the subsequent accounting period of the investment.

2. Other comprehensive income items that can be reclassified into profit and loss when the specified conditions are met in subsequent accounting periods

It includes, under the equity method of calculation the share of other comprehensive income that will be reclassified into profit and loss in the subsequent accounting period, the changes in the fair value of the Available-for-Sale financial asset, and the gains or losses arising from reclassification of Held to Maturity investments to Available-for-Sale financial asset; gains or losses arising from cash flow hedging instruments under effective hedging; and the difference in the translation of foreign currency financial statements.

(23) Revenue

1. Sale of Goods

The Company recognizes revenue when the risks and economic benefits and rewards of the goods have been transferred to the customers. The Company no longer has the control rights and actual ownership of the goods. The economic benefit for the transferred goods is able to flow to the Company, the related revenue and cost of the goods can be measured reliably.

2. Provision of services

The revenue is recognized when the performance service is commenced and completed during the year, and upon the receipt of the consideration and payment evidence. For services performance commenced and completed in different accounting year, revenue is recognized based on the percentage of completion on the total amount of the performance contract, and can be measured reliably, the related value of performance service is able to flow into the company. The performance cost and the anticipated cost for the completion can be measured reliably.

3. Transfer of the rights to use assets

The interest income is recognized for the length of the usage period and the applicable interest rate. The income derived from the rights to use assets is based on the term of the contract or agreement, the length of time and method of calculation and satisfy the following conditions: (1) the corresponding economic benefits can flow to the Company; (2) the revenue can be measured reliably.

4. Contract Agreement

The contract is completed within the accounting year, upon completion the contract sum is realized. When the contract completion falls into different accounting year and the contract completion result can be measured reliably, the revenue and cost shall be apportioned according to the percentage of completion. If the result of the contract cannot be measured reliably, shall dealt with under special circumstances, if the cost is recoverable, the contract revenue amount is recognized on actual contract cost, the cost of the contract incurred is treated as expenses in the Reporting Period in which it is incurred. If the cost of the contract is not recoverable, it will be treated as expenses immediately, and no revenue is recognized.

(24) Government Grant

Government grants are transfer of monetary or non-monetary assets from the government to the Company at nil consideration, the Government grants is not part of the shareholders capital.

The government grants are recognized when the targets conditions stipulated in the relevant documents are satisfied, including:

1. Government grant is in the form of monetary assets, based on the actual amount received or receivable. If the government grant is in the form of non-monetary asset the value is based on the fair value of the asset. If the non-monetary asset cannot be measured reliably, it is accounted for in the name of the amount.

2. If the government grant related to the assets, it is offset against the book value of related cost or recognized as a deferred income. When the government grant is recognized as deferred income, the government grant is apportioned systematically according to the economic live of the asset over the period. Government grant in cash is directly included in the profit or loss in the Reporting Period. If the government grant related to income is used to compensate related cost or losses in the subsequent period, it is recognized as deferred income and included in the current profit and loss or offset the related cost. The government grant used to compensate the expenses or loss, occurred is directly included in the profit and loss in the Report Period or offset against the related cost.

3. For government grant related to the daily activities, based on the nature of the economic activities, included in other income or offset against the related cost. Government grant not related to daily activities of the Company is included in the non-operations income.

4. If the government grant is required to be returned, the following accounting treatments are adopted when the grant in the period when it is returned:

- a) adjust the book value of the asset when it was recognized;
- b) adjust against the balance of related deferred income, the surplus is included in the current profit and loss of the Reporting Period;
- c) On other circumstances, directly included in the profit and loss in the Reporting Period.

(25) Income Tax

The accounting for income tax is by adopting the balance sheet liability method.

The Company computing and recognizes the current year taxation (income tax payable for the period) and the deferred tax (deferred income tax expenses or income). On this basis, the income tax and the deferred tax are aggregated, the amount is recognized as income tax expense (or income) in the profit and loss statement, but does not include the income tax related to the business combination and the income tax directly attributable to the shareholders transactions.

(26) Deferred income tax assets and deferred income tax liabilities

On the balance sheet date, the Company based on the deductibility of the temporary difference and the applicable tax rate works out and recognizes the deferred tax assets and the corresponding deferred tax income; and in accordance with the temporary difference and the applicable tax rate, works out and recognizes the deferred tax liability and the corresponding deferred tax expenses.

1. Recognition of deferred tax assets

In recognition of the deferred income tax assets arising from the deductible temporary difference, subject to the limit of taxable income likely to be obtained to offset the deductible temporary difference in future and except the temporary difference arising from the special circumstances where deferred tax assets arising on the initial recognition of assets or liabilities will not be recognized, as follows:

- (1) The transaction is not a business combination;
- (2) The transaction does not affect the accounting profits or the amount of taxable income (or deductible losses).

2. The impairment of deferred tax assets

On the balance sheet date, the Company reviews the book value of the deferred income tax assets. If it is probable that no sufficient taxable income will be available in the future to offset the benefits of deferred tax assets, the deferred tax asset is written down to its book value. The impairment of deferred tax asset is charged to income tax expenses in the Reporting Period. The original amount of deferred tax asset that was included in the shareholders' funds will be deducted accordingly. When it is probable that sufficient taxable income will be available, the amount of deferred tax assets written down will be reversed.

3. The recognition of deferred tax liabilities

The Company recognizes all temporary timing differences as deferred tax liabilities except the deferred taxable incurred in the following transactions:

- (1) Initial recognition of goodwill
- (2) Initial recognition of assets for liabilities arising from transactions with the following characteristic:
- (3) the transaction is not a business combination;
- (4) The transactions does not affect the accounting profits or the taxable income when occurs (or deductible losses).

4. The Company temporary taxation differences related to investments in subsidiaries, associates and joint ventures, is recognized as deferred tax liabilities, but must meet the following conditions:

- (1) the timing of the temporary differences can be controlled;
- (2) the temporary differences are unlikely to be reversed in the foreseeable future.

(27) Leases

1. Accounting treatment of operating lease

The Company as a lessor: The rental income of the Company for renting out assets is recognized as income on a straight-line basis over the entire lease in the current period. The initial direct expenses related to lease transactions is included in the current expenses.

The Company as a lessee: the operating lease paid for the lease of assets is recognized as expense or related capital asset apportioned on a straight-line basis over the entire lease term. The initial direct cost associated with the lease transaction is recognized in the profit and loss.

2. Accounting treatment of finance lease

The Company as a lessor: on the date when the lease starts, the Company records the minimum financing receivable and the initial direct cost incurred as the receivable at the same time unguaranteed residue value of the finance leases. The sum of the minimum amount of the finance lease receivable and the direct cost related to the lease transactions and the unguaranteed residue value compared to the sum of the present value shall be recognized as unrealized finance income. The unrealized finance income is recognized as income and allocated in the respective period by applying the effective interest rate method.

The Company as a lessee, on the date when the lease starts, the Company adopts the fair value basis of the leased asset compared with present value of the minimum rental payable, the lesser value of the two is included as asset value of finance lease. The minimum lease payment amount is recorded as the long-term payable; the difference is recognized as unconfirmed finance expenses. The initial direct expense related to the transaction is included in the value of the leased assets. The Company adopts the effective interest method to the amortized unconfirmed finance expenses during the asset lease period. The Company applied the same accounts depreciation policy to depreciate the finance lease asset.

(28) Held for sale and discontinued operations

The non-current assets and the components of the Company, is classified as held for sale when the following two conditions are satisfied:

1. The Company has passed a resolution to dispose of the non-current assets or the component of the business;

2. The Company has signed an irrevocable transfer agreement with third party;

3. The transfer agreement for the non-current assets held for sale satisfied (excluding financial assets and deferred taxation assets) the above conditions and is completed within 1 year. The difference between book value and the fair value of the assets held for sale after deducting the related expenses treated as other current assets. The discontinued operations is classified as held for sale, is separately shown as an independent items in the financial statements and in the business operation.

5. Changes to accounting policies and estimates and errors correction**(1) Changes to accounting policies**

The Ministry of Finance issued the interpretation of ("Accounting Standards for Business Enterprise No. 13) (Cai Kwai (2019) No. 21), hereinafter refer to as Interpretation Guideline Note No. 13, and to be implemented from 1 January 2020, with no retrospective adjustment. The Company adopted the Interpretation Guideline No. 13 as from 1 January 2020, with no adjustment to the comparable period financial statement. The adoption of guideline Note No. 13 has no major impact on the Company's financial position or the operating results.

(2) Changes to accounting estimates

No change occurred to the major accounting estimates in the Reporting Period.

(3) Correction of previous accounting errors

No previous accounting errors were identified and corrected in the Reporting Period.

6. Main taxations

Tax	Tax Base	Tax Rate
Value-added tax	Based on value of goods sold or services performed at the appropriate tax rate and to deduct the appropriate input tax paid on the goods purchased or services incurred	3%、5%、6%、9%、13%
Construction Tax	On actual value added tax paid	5%、7%
Education expenses Tax	On actual value added tax paid	3%
Local education expenses Tax	On actual value added tax paid	2%
Income Tax	On tax payable on profits	5-25%(Note 2)

Note 1: Based on the Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax (No. 36 (2016)) and relevant regulations, the Company following subsidiaries has from 1 May 2016 changed from Business Tax to Value Added Tax.

- Guangdong Kaiyang Expressway Co., Ltd.
- Guangdong Jiangzhong Expressway Co. Ltd.
- Gd Humen Bridge Co., Ltd., the operators of the highway business revenue

Based on the "Express Highway Business Tax" to Value-Added Tax guideline of the Highway that commences construction from 1 May 2016, the tax rate is 3% on the road toll. On the construction services and facilities provided along the Highway, if the service agreement is signed prior to 1 May 2016, the simplified value-added tax rate is 5%. If the service contract is signed after 1 May 2016, the Value-Added Tax is applied. The Value-Added Tax rate is 11%.

Note 2: The Company is incorporated in Hong Kong, the Corporation rate is 16.5%. The withholding tax rate for income derived from China is 5%.

The following subsidiaries are classified as high-tech enterprises by the State, the income tax rate for high-tech company is 15%.

Guangzhou Xinyue Transportation Technology Co., Ltd.

Guangdong Xinyue Jiafu Asphalt Co., Ltd.

The enterprise income tax rate of other subsidiary is 25%.

7. Business Combination and Consolidated Financial Statements

(1) Details of subsidiaries

Main information of the subsidiaries within the scope of the consolidation of financial statements for the year:

Serial number	Name of enterprise	Level	Type of enterprise	Place of incorporation	Principal place of operation	Nature of business	Paid-in capital	Shareholding percentage	Percentage of voting right	Investment amount	Method of combination
1	Xin Yue Humen Co., Ltd.	3	3	BVI	Hong Kong	Highway investment	USD1	100%	100%	USD1	3
2	Xin Yue Hai Xin Sha Asphalt Company Limited	3	3	BVI	Hong Kong	Highway investment	USD1	100%	100%	USD1	3
3	Xin Yue (Guangzhou) Investment Co., Ltd.	3	1	Guangzhou, Guangdong	Guangzhou, Guangdong	Highway investment	USD42.07 million	100%	100%	USD42.07 million	1
4	Xin Yue (Guangzhou) Financial Leasing Company Limited	3	1	Guangzhou, Guangdong	Guangzhou, Guangdong	Finance leasing	USD10 million	100%	100%	USD10 million	1
5	Guangdong Kaiyang Expressway Co., Ltd.	3	1	Kaiping, Guangdong	Kaiping, Guangdong	Highway management and maintenance	CNY460 million	53%	53%	CNY1,296,928,900	2
6	Guangzhou Xin Yue Asphalt Co., Ltd.	4	1	Guangzhou, Guangdong	Guangzhou, Guangdong	Processing and sales of asphalt	CNY775 million	100%	100%	CNY775.00 million	1
7	Guangzhou Xinyue Transportation Technology Co., Ltd.	5	1	Guangzhou, Guangdong	Guangzhou, Guangdong	Professional consultation services on roads	CNY12 million	100%	100%	CNY4.50 million	1
8	Gd Humen Bridge Co., Ltd.	4	1	Dongguan, Guangdong	Dongguan, Guangdong	Highway management and maintenance	CNY273.90 million	36%	51% (Note)	CNY153,474,300	2
9	Guangdong Jiangzhong Expressway Co., Ltd.	4	1	Guangzhou, Guangdong	Guangzhou, Guangdong	Highway operation	CNY1,110 million	51%	51%	CNY620,208,600	2
10	Guangdong Nanyue Logistics Industrial Company Limited.	4	1	Guangzhou, Guangdong	Guangzhou, Guangdong	Trading	CNY180 million	100%	100%	CNY226,955,600	2
11	Guangdong Xinyue Jiafu Asphalt Co., Ltd.	5	1	Dongguan, Guangdong	Dongguan, Guangdong	Trading	CNY10 million	100%	100%	CNY10 million	2

Note: Type of company: 1. PRC local non-financial institution; 2. PRC local financial institution; 3. Overseas subsidiary; 4. Business unit; 5. Infrastructure unit.

Method of combination: 1. Established by investment; 2. Enterprise combined under common control; 3. Enterprise combined not under common control; 4. Others.

Note: Xin Yue Humen Co., Ltd., a wholly owned subsidiary of the Company holds 36% shares in Gd Humen Bridge Co., Ltd. (hereunder refer to as the "Humen Bridge Company"), and Guangdong Highway Construction Co., Ltd. holds 15% shares in the Humen Bridge Company. In November 2019, a Humen Bridge Cooperation Agreement was entered into between Xin Yue Humen Co., Ltd. and Guangdong Highway Construction Co., Ltd. Pursuant to the agreement, Guangdong Highway Construction Co., Ltd. shall adopt the policy in consistent on all major decisions in relation to the operations of the Humen Bridge Company. Thus, Xin Yue Humen Co., Ltd. is considered to have 51% control over the Humen Bridge Company effectively.

(2) Details of substantial non-wholly owned subsidiaries

1. Non-controlling shareholder

Serial Number	Name of enterprise	Shareholding percentage of non-controlling shareholders	Profit and loss for the current period attributable to the non-controlling shareholders	Dividends paid to the non-controlling shareholders during the current period	Cumulative non-controlling interests at the end of the year
1	Guangdong Kaiyang Expressway Co., Ltd. (the "Kaiyang Expressway")	47%	143,092,460.09	94,000,000.00	2,119,298,259.98
2	Gd Humen Bridge Co., Ltd. (the "Humen Bridge Company")	64%	150,118,048.88		528,524,054.76
3	Guangdong Jiangzhong Expressway Co., Ltd. (the "Jiangzhong Expressway")	49%	41,685,893.99		628,024,849.44

2. Major financial data

Item	Current period			Previous year		
	Kaiyang Expressway	Humen Bridge Company	Jiangzhong Expressway	Kaiyang Expressway	Humen Bridge Company	Jiangzhong Expressway
Current assets	647,957,790.23	149,372,255.41	312,268,309.70	754,533,049.53	116,441,073.74	166,062,286.05
Non-current assets	11,363,253,349.31	849,448,494.99	1,510,964,262.54	5,495,326,330.87	797,822,839.86	1,565,194,583.12
Total assets	12,011,211,139.54	998,820,750.40	1,823,232,572.24	6,249,859,380.40	914,263,913.60	1,731,256,869.17
Current liabilities	1,773,036,311.87	167,809,927.97	198,723,122.68	370,762,935.79	277,436,110.22	284,146,755.99
Non-current liabilities	5,729,029,593.67	100,404,256.32	342,826,083.33	2,974,403,253.36	102,968,352.45	250,500,000.00
Total liabilities	7,502,065,905.54	268,214,184.29	541,549,206.01	3,345,166,189.15	380,404,462.67	534,646,755.99
Operating income	642,395,195.01	468,140,567.56	370,326,698.72	1,025,269,613.29	1,060,018,856.95	492,560,456.77
Net profit	304,452,042.75	196,747,115.18	85,073,253.05	486,194,429.58	643,124,336.88	120,156,981.39
Total comprehensive income	304,452,042.75	196,747,115.18	85,073,253.05	486,194,429.58	643,124,336.88	120,156,981.39
Cash flows from operating activities	435,903,497.64	300,203,599.17	232,692,777.74	698,077,968.32	658,043,468.42	310,449,499.24

(3) New entities including in the consolidation in the current period**1. Newly added companies**

Compared to the previous year, for consolidation three newly companies are added for the consolidation in the current year: Guangdong Jiangzhong Expressway Co. Ltd. ("Jiangzhong"), Guangdong Nanyue Logistics Industrial Company Limited ("Nanyue Logistics") and Guangdong Xinyue Jiafu Asphalt Co., Ltd. ("Jiafu"), which are all consolidated under common control.

The subsidiaries, Nanyue Logistics and Jiafu have previously adopted the "Individual assessment method" in assessing the impairment of account receivable. The 2 subsidiaries are now adopting the same accounting policy on impairment on accounts receivable consistent with the Company to provide impairment on the basis of ageing analysis and the also applying the individual assessment on the receivable.

2. Reduction of consolidated companies

There were no reductions of consolidated companies as compared with the previous year.

(4) Details of companies consolidated under common control in the current period

Name of company	Date of combination	Net asset value in the book	Consideration	Actual controller	For the period from the beginning of the year to the date of combination			
					Income	Net profit	Net increase in cash	Net cash flow from operating activities
Guangdong Jiangzhong Expressway Co., Ltd.	2020/12/31	CNY 1,282,513,000	CNY 620,208,600	Guangdong Province Communications Group Company Limited	CNY 370,326,700	CNY 85,073,300	CNY 148,272,200	CNY 232,692,800
Guangdong Nanyue Logistics Industrial Company Limited	2020/08/31	CNY 260,179,600	CNY 226,955,600	Guangdong Province Communications Group Company Limited	CNY 1,625,755,900	CNY 32,202,700	CNY 63,723,400	CNY -53,495,900

8. Significant items in the consolidated financial statements**(1) Monetary funds / Bank balance and cash**

Item	Balance at the end of the year	Balance at the beginning of the year
Cash at hand	5,982.67	19,912.56
Bank balance	2,759,882,382.60	1,733,065,231.14
Other foreign currency funds	313,515.37	724,904.06
Total	2,760,201,880.64	1,733,810,047.76
Including: Total amount of money deposited abroad	503,090,766.68	622,755,249.75

— There were monetary funds with restricted right of use. Details are as follows:

Item	Balance at the end of the year	Balance at the beginning of the year
Specific properties repair funds	345,414.07	341,244.69
Total	345,414.07	341,244.69

— Details of other monetary funds are as follows:

Item	Balance at the end of the year	Balance at the beginning of the year
Funds in transit	303,178.00	722,172.00
Funds deposited in securities company account (HKD)	10,337.37	2,732.06
Total	313,515.37	724,904.06

(2) Bills receivable

1. Classification of bills receivable

Type	At the end of the year			At the beginning of the year		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Bank acceptance Draft	39,776,449.61		39,776,449.61	41,680,944.33		41,680,944.33
Trade acceptance Draft	13,717,879.21		13,717,879.21			
Total	53,494,328.82		53,494,328.82	41,680,944.33		41,680,944.33

2. There were no pledged bills at the end of the year.

3. Bills receivable that have been endorsed or discounted at the end of the year but not yet due as at the balance sheet date:

Type	Derecognized amount at the end of the year	Not yet derecognized amount at the end of the year
Bank acceptance Draft	5,000,000.00	
Trade acceptance Draft		
Total	5,000,000.00	

(3) Accounts receivable

Type	At the end of the year				At the beginning of the year			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Single provision for bad debts on a significant individual amount in accounts receivable					601,777,598.18	79.15	9,497,733.21	1.58
Provision for bad debts based on grouping of credit risk characteristics in accounts receivable	1,061,494,926.52	100.00	75,693,674.43	7.13	129,111,247.23	16.98	29,212,926.17	22.63
Provision for bad debts on single item in accounts receivable despite that the amount was not significant					29,426,247.58	3.87	134,295.19	0.46
Total	1,061,494,926.52	—	75,693,674.43	7.13	760,315,092.99	—	38,844,954.57	5.11

Note: The newly added subsidiary, Guangdong Nanyue Logistics Industrial Company Limited, made provision to bad debts by individual assessment of recoverability in the previous year. In the current reporting period, the holding company has unified the accounting policy, and provision for bad debts shall be determined based on credit risk characteristics grouping method.

- (1) The Company had no single provision for bad debts on a significant individual amount in accounts receivable during the reporting period.
 - (2) Provision for bad debts based on grouping of credit risk characteristics in accounts receivable.
- ① Provision of bad debts of accounts receivable using aging analysis method:

Aging	At the end of the year			At the beginning of the year		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year	928,464,838.59	94.55	35,037,204.73	57,204,088.42	69.81	4,670,512.48
1 to 2 years	27,276,872.68	2.78	14,446,682.29	2,774,795.56	3.39	2,578,526.10
2 to 3 years	1,451,483.95	0.15	1,451,483.95	1,657,080.93	2.02	1,657,080.93
Over 3 years	24,758,303.46	2.52	24,758,303.46	20,306,806.66	24.78	20,306,806.66
Total	981,951,498.68	—	75,693,674.43	81,942,771.57	—	29,212,926.17

② Provision for bad debts of accounts receivable using other grouping method:

Name of grouping	At the end of the year			At the beginning of the year		
	Book balance	Percentage of provision (%)	Provision for bad debts	Book balance	Percentage of provision (%)	Provision for bad debts
Amounts due from related parties	79,543,427.84			47,168,475.66		
Total	79,543,427.84			47,168,475.66	—	

(3) There was no provision for bad debts on single item despite that the amount was not significant in accounts receivable at the end of the year.

(4) There was no recovery or reverse of provision for bad debts during the reporting period.

(5) There was no accounts receivable being written off during the reporting period.

(6) At the end of the year, the top five balances of accounts receivable are as follow:

Name of debtor	Book balance	Proportion of total accounts receivable (%)	Provision for bad debts
China Railway 12th Bureau Group Co Ltd	89,771,259.21	8.46	612,125.72
Guangzhou Highway Co., Ltd.	116,043,994.43	10.93	7,437,747.47
China Railway Shanhaiguan Bridge Group Co., Ltd.	64,180,674.93	6.05	
CCCC Third Harbor Engineering Co., Ltd.	60,420,960.18	5.69	5,858,245.56
Poly Changda Engineering Co., Ltd.	47,202,991.74	4.45	15,241,130.80
Total	377,619,880.49	35.58	29,149,249.55

(7) During the reporting period, no accounts receivable of the Company was derecognized due to transfer of financial assets.

(4) Prepayment

1. Prepayment listed by age

Aging	At the end of the year			At the beginning of the year		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	194,796,813.43	98.02		682,472,438.68	92.89	
1 to 2 years	349,932.72	0.18		52,210,824.49	7.11	
2 to 3 years	3,558,994.46	1.79		30,075.75		
Over 3 years	33,725.75	0.01		3,650.00		
Total	198,739,466.36	—		734,716,988.92	—	

2. Significant prepayment aged over 1 year

Name of creditor	Name of debtor	Balance at the end of the year	Aging	Reason for not yet realized
Gd Humen Bridge Co., Ltd.	CCCC Highway Consultants Co., Ltd.	2,450,482.80	2 to 3 years	Prepayment for overhaul testing design fee
Guangdong Kaiyang Expressway Co., Ltd.	Yucal-Brown Traffic Consulting & Supervision Co., Ltd.	425,007.00	2 to 3 years	Prepayment for construction price to be deducted from progress payment
Guangdong Kaiyang Expressway Co., Ltd.	Guangdong Jiaoke Testing Co., Ltd.	573,651.00	2 to 3 years	Prepayment for construction price to be deducted from progress payment
Total		3,449,140.80	—	—

3. List of the top 5 prepayment recipient at the end of the year:

Name	Book balance	Proportion of total prepayment (%)	Provision for bad debts
Liuzhou Iron & Steel Co., Ltd.	43,070,281.74	21.67	
Guangzhou Baosteel Southern Trading Co., Ltd.	42,461,622.65	21.37	
Yangchun New Iron and Steel Co., Ltd.	35,967,495.34	18.10	
Sgis Songshan Co., Ltd.	25,676,745.13	12.92	
Panyu Chu Kong Steel Pipe (Zhuhai) Co., Ltd.	14,910,525.22	7.50	
Total	162,086,670.08	—	

(5) Other receivables

Item	Balance at the end of the year	Balance at the beginning of the year
Interest receivable		1,294,796.82
Dividend receivable	36,140,487.67	-
Other receivables	101,332,943.16	69,049,639.10
Total	137,473,430.83	70,344,435.92

1. Interest receivable

Item	Balance at the end of the year	Balance at the beginning of the year
Time deposit		1,121,376.82
Others		173,420.00
Total		1,294,796.82

2. Dividend receivable

Item	Balance at the end of the year	Balance at the beginning of the year	Reason for not yet recovered	Whether impairment has occurred and its judgement basis
Dividend receivable within 1 year	36,140,487.67			
Shell Road Solutions Xinyue(foshan) Co., Ltd.	36,140,487.67		Planned to be paid gradually in 2021	No
Total	36,140,487.67		—	—

3. Other receivables

Type	At the end of the year				At the beginning of the year			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Single provision for bad debts on a significant individual amount in other receivables					40,855,766.63	56.22		
Provision for bad debts based on grouping of credit risk characteristic in other receivables	103,578,734.21	98.53	2,245,791.05	2.17	20,126,558.63	27.69	2,025,395.68	10.06

Notes to the 2020 Consolidated Financial Statements

Type	At the end of the year				At the beginning of the year			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Provision for bad debts on single item in other receivables despite that the amount was not significant	1,540,446.88	1.47	1,540,446.88	100.00	11,696,118.83	16.09	1,603,409.31	13.71
Total	105,119,181.09	—	3,786,237.93	3.60	72,678,444.09	—	3,628,804.99	4.99

(1) Single provision for bad debts on a significant individual amount in other receivables: Nil

(2) Provision for bad debts based on grouping of credit risk characteristics in other receivables

① Provision of bad debts of other receivables using aging analysis method:

Aging	At the end of the year			At the beginning of the year		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	36,744,195.37	93.47		3,436,419.55	58.81	
1 to 2 years	15,119.00	0.04	755.95	180,224.60	3.08	9,011.23
2 to 3 years	175,707.64	0.45	35,141.53	34,013.70	0.58	6,802.74
Over 3 years	2,375,126.88	6.04	2,209,893.57	2,192,741.37	37.53	2,009,581.71
Total	39,310,148.89	100.00	2,245,791.05	5,843,399.22	100.00	2,025,395.68

Note: During the reporting period, interest receivable with age over 3 years amounting CNY173,420.00 was transferred to other receivables with a full provision of bad debts.

② Provision for bad debts of other receivables using other grouping method:

Name of grouping	At the end of the year			At the beginning of the year		
	Book balance	Proportion of provision (%)	Provision for bad debts	Book balance	Proportion of provision (%)	Provision for bad debts
Related parties within the scope of consolidation	9,398,422.29			2,979,866.81		
Deposit and warranty	54,870,163.03			11,303,292.60		
Total	64,268,585.32			14,283,159.41		

(3) Provision for bad debts on single item despite that the amount was not significant in other receivables at the end of the year.

Name of debtor	Book balance	Provision for bad debts	Aging	Proportion of provision (%)	Reason for provision of bad debts
Guangdong Xinguang International Sand Resource Development Co., Ltd.	1,280,000.00	1,280,000.00	Over 5 years	100.00	Entrusted loan, difficult to recover as equity has been transferred.
Chongqing Data Technology Co., Ltd.	260,446.88	260,446.88	Within 1 year	100.00	The overdue fine is not expected to be recovered as the debtor is undergoing bankruptcy process.
Total	1,540,446.88	1,540,446.88	—	—	—

(4) There was no recovery or reverse of provision for bad debts during the reporting period.

(5) There were no other receivables being written off during the reporting period.

(6) At the end of the year, the top five balances of other receivables are as follow:

Name of debtor	Nature	Book balance	Aging	Proportion of total other receivables (%)	Provision for bad debts
Hubei Trading Zhiyuan New Material Technology Co., Ltd.	Deposit	8,010,452.76	Within 1 year	7.62	
CCCC Third Harbor Engineering Co., Ltd.	Deposit	6,002,440.39	Within 2 years	5.71	
Guangdong Huiqing Expressway Co., Ltd.	Deposit	5,316,340.57	Within 2 years	5.06	
Guangdong No.2 Hydropower Engineering Co., Ltd.	Deposit	4,586,836.26	Within 1 year	4.36	
Road & Bridge International Co., Ltd.	Deposit	4,169,460.68	Within 1 year	3.97	
Total		28,085,530.66	—	26.72	

XIN YUE COMPANY LIMITED
Notes to the 2020 Consolidated Financial Statements

(6) Inventories

Item	At the end of the year			At the beginning of the year		
	Book balance	Provision for impairment loss	Book value	Book balance	Provision for impairment loss	Book value
Raw materials	125,804,703.50		125,804,703.50	159,262,913.08		159,262,913.08
Semi-finished products and work-in-progress				13,821,668.64		13,821,668.64
Amount due from customers for contract works				9,219,564.93		9,219,564.93
Stock goods (Finished products)	306,870,519.74		306,870,519.74	147,680,538.87		147,680,538.87
Others	203,593,552.83		203,593,552.83	89,633,683.07		89,633,683.07
Total	636,268,776.07		636,268,776.07	410,398,803.66		410,398,803.66

(7) Non-current assets due within 1 year

Item	Balance at the end of the year	Balance at the beginning of the year
Long-term receivables due within 1 year	172,308,185.00	55,613,828.00
Total	172,308,185.00	55,613,828.00

(8) Other current assets

Item	Balance at the end of the year	Balance at the beginning of the year
Input tax to be deducted	14,250,226.03	1,370,516.51
Tax prepaid (Value-added tax)	160,153.76	1,827,429.17
Corporate income tax overpaid	100,244.12	2,173,973.67
Accrued interest on entrusted loan	215,325.00	287,100.00
Total	14,725,948.91	5,659,019.35

(9) Available-for-sale financial assets

1. Details of available-for-sale financial assets

Item	Balance at the end of the year		Balance at the beginning of the year	
	Book balance	Provision for impairment loss	Book balance	Provision for impairment loss
Available-for-sale debt instruments				
Available-for-sale equity instruments	226,536,413.55		258,793,368.17	
Stated at fair value	226,536,413.55		258,793,368.17	
Stated at cost				
Others				
Total	226,536,413.55		258,793,368.17	

Note: The market value of the 13,201,086 B shares of Guangdong Provincial Expressway Development Company Limited (stock code: 200429) held at the end of the year was HKD57,160,702.38, based on the closing price of HKD4.33 per share, or CNY48,108,733.55 at the conversion rate of 0.84164. The market value of the 100,000,000 H shares of Chengdu Expressway Co., Ltd. (stock code: 1785) held at the end of the year was HKD212,000,000.00, based on the closing price of HKD2.12 per share, or CNY178,427,680.00 at the conversion rate of 0.84164. Total value at the end of the year was CNY226,536,413.55.

2. Available-for-sale financial assets stated at fair value at the end of the year.

Item	Available-for-sale equity instruments	Total
Costs of equity instruments / Amortised costs of debt instruments	219,428,381.00	219,428,381.00
Fair value	226,536,413.55	226,536,413.55
Changes in fair value accumulated in other comprehensive income	7,108,032.55	7,108,032.55
Impairment loss recognized		

(10) Long-term receivables

Item	Balance at the end of the year		Balance at the beginning of the year		Range of period end discount rate
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	
Finance lease	16,000,000.00		173,200,000.00		4.275-4.9
Including: Unrealized finance income	1,113,441.78		19,244,886.00		4.275-4.9
Shareholder's loan	42,026,164.85		39,098,262.85		5.225-5.655
Total	58,026,164.85		212,298,262.85		—

(11) Long-term equity investments

1. Classification of long-term equity investments

Item	Balance at the beginning of the year		Addition during the year		Reduction during the year		Balance at the end of the year
Investment in subsidiaries							
Investment in joint ventures	284,062,440.93		13,981,867.07		40,140,487.67		257,903,820.33
Investment in associates	172,513,583.58		222,267,602.59		22,413,555.27		372,367,630.90
Subtotal	456,576,024.51		236,249,469.66		62,554,042.94		630,271,451.23
Less: Provision for impairment loss on long-term equity investments							
Total	456,576,024.51		236,249,469.66		62,554,042.94		630,271,451.23

2. Breakdown of long-term equity investments

Investee	Cost of investment	Balance at the beginning of the year	Increase/Decrease during the year								Balance at the end of the year	Balance of provision for impairment loss at the end of the year
			Additional investment	Reduced investment	Investment gain or loss recognized under equity method	Adjustments to other comprehensive income	Changes in other equities	Dividends declared	Provision for impairment loss	Others		
Total	592,127,597.55	456,576,024.51	211,205,410.00		25,044,059.66				62,554,042.94		630,271,451.23	
1. Joint ventures	201,172,187.55	284,062,440.93			13,981,867.07				40,140,487.67		257,903,820.33	
Guangdong Haitan Bridge Co., Ltd.	176,175,409.13	220,328,576.94			1,388,872.85						221,717,449.79	
Shell Road Solutions Xinyue(foshan) Co., Ltd.	24,996,778.42	63,733,863.99			12,592,994.22				40,140,487.67		36,186,370.54	
2. Associates	390,955,410.00	172,513,583.58	211,205,410.00		11,062,192.59				22,413,555.27		372,367,630.90	
Guangdong Fanyu Bridge Co., Ltd.	137,000,000.00	172,513,583.58			11,062,192.59				22,413,555.27		161,162,220.90	
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	42,750,000.00	-									-	
Yunfu Guangyun Speedway Co., Ltd.	211,205,410.00		211,205,410.00								211,205,410.00	

3. Major financial information of significant joint ventures

Item	At the end of the year		At the beginning of the year	
	Guangdong Shantou Haiwan Bridge Co., Ltd.	Shell Road Solutions Xinyue(foshan) Co., Ltd.	Guangdong Shantou Haiwan Bridge Co., Ltd.	Shell Road Solutions Xinyue(foshan) Co., Ltd.
Current assets	116,741,691.23	214,072,066.18	34,211,503.85	176,693,655.28
Non-current assets	121,185,161.32	19,865,199.16	134,973,873.31	22,500,816.50
Total assets	237,926,852.55	233,937,265.34	169,185,377.16	199,194,471.78
Current liabilities	22,750,034.68	143,471,338.99	29,843,851.89	39,859,811.79
Non-current liabilities	1,541,700.00			
Total liabilities	24,291,734.68	143,471,338.99	29,843,851.89	39,859,811.79
Net assets	213,635,117.87	90,465,926.35	139,341,525.27	159,334,659.99
Share of net assets based on the shareholding ratio	64,090,535.36	36,186,370.54	41,802,457.58	63,733,863.99
Adjustments	157,626,914.43		178,526,119.36	
Book value of the equity investment in joint ventures	221,717,449.79	36,186,370.54	220,328,576.94	63,733,863.99
The fair value of equity investment with public market price				-
Business income	135,917,702.13	479,138,104.11	204,750,306.77	224,416,994.80
Finance costs	-85,715.94	766,645.17	-455,250.53	1,527,423.00
Income tax	24,797,766.85	10,316,231.87	40,616,902.22	506,082.89
Net profit	74,293,592.60	31,529,822.94	121,734,556.54	4,549,261.32
Other comprehensive income				
Total comprehensive income	74,293,592.60	31,529,822.94	121,734,556.54	4,549,261.32
Dividends received from joint ventures during the year		4,000,000.00	41,879,335.96	

Note: The adjustment on the difference between the book value of the share of net assets of Guangdong Shantou Haiwan Bridge Co., Ltd. calculated based on the shareholding ratio and the book value of long-term equity investments is the adjustment on the amortisation of premium.

4. Major financial information of significant associates

Item	At the end of the year			At the beginning of the year		
	Guangdong Panyu Bridge Co., Ltd.	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Yuntu Guangyuan Speedway Co., Ltd.	Guangdong Panyu Bridge Co., Ltd.	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Yuntu Guangyuan Speedway Co., Ltd.
Current assets	155,313,705.47	23,483,725.60	284,925,227.30	160,806,220.19	14,503,202.29	532,163,020.21
Non-current assets	254,871,560.94	549,043,546.14	808,364,324.38	280,914,929.98	559,804,458.65	691,186,397.53
Total assets	410,185,266.41	572,527,271.74	1,093,289,551.68	441,721,150.17	574,307,660.94	1,223,349,417.74
Current liabilities	28,901,355.99	212,775,871.41	45,664,862.11	43,935,379.82	193,884,680.24	245,784,675.27
Non-current liabilities		388,989,520.00	379,020,844.93		409,964,040.00	374,930,521.26
Total liabilities	28,901,355.99	601,765,391.41	424,685,707.04	43,935,379.82	603,848,720.24	620,715,196.53
Net assets	381,283,910.42	-29,238,119.67	668,603,844.64	397,785,770.35	-29,541,059.30	602,634,221.21
Share of net assets based on the shareholding ratio	114,385,173.13	-7,309,529.92	200,581,153.39	119,335,731.11	-6,430,437.98	
Adjustments	46,777,047.77	7,309,529.92	10,624,256.61	53,177,852.47	6,430,437.98	
Book value of the equity investment in associates	161,162,220.90		211,205,410.00	172,513,583.58		
The fair value of equity investment with public market price						
Business income	144,597,207.11	67,327,674.73	228,215,989.79	181,878,109.20	54,759,703.41	295,392,957.13
Net profit	60,151,497.76	302,939.63	84,787,626.64	109,974,987.64	-25,721,751.90	118,818,003.21
Other comprehensive income						
Total comprehensive income	60,151,497.76	302,939.63	84,787,626.64	109,974,987.64	-25,721,751.90	118,818,003.21
Dividends received from associates during the year	22,413,555.27			22,105,506.83		

(12) Fixed assets

Item	Balance at the end of the year	Balance at the beginning of the year
Fixed assets	13,357,509,002.32	3,701,430,892.13
Fixed assets to be written off		1,104,446.94
Total	13,357,509,002.32	3,702,535,339.07

1. Details of fixed assets

Item	Road properties	Houses and buildings	Machines	Transportation tools	Electronic equipment	Office equipment	Others	Total
Original book value								
1. At the beginning of the year	10,270,267,381.22	502,813,929.87	605,813,831.47	43,363,720.51		26,404,286.78	135,347,842.46	11,584,010,992.31
2. Additional during the year	9,090,393,364.62	110,901,009.78	857,446,154.21	3,102,160.56		3,242,828.51	11,880,274.42	10,076,965,792.10
(1) Purchase			3,269,787.41	3,102,160.56		3,242,828.51	10,688,929.52	20,303,706.00
(2) Transferred from construction in progress	9,090,393,364.62	110,901,009.78	854,176,366.80				1,191,344.90	10,056,662,086.10
(3) Completion adjustment								
(4) Others								
3. Reduction during the year	20,968,556.34	442,241.02	20,106,452.95	2,434,889.00		1,664,035.86	5,784,400.08	51,400,575.25
(1) Disposal or retirement	20,968,556.34		20,106,452.95	2,434,889.00		1,664,035.86	5,784,400.08	50,958,334.23
(2) Completion adjustment		442,241.02						442,241.02
4. Balance at the end of the year	19,339,692,189.50	613,272,698.63	1,443,153,532.73	44,030,992.07		27,983,079.43	141,443,716.80	21,609,576,209.16
—、Accumulated Depreciation								

XIN YUE COMPANY LIMITED
Notes to the 2020 Consolidated Financial Statements

Item	Road properties	Houses and buildings	Machineries	Transportation tools	Electronic equipment	Office equipment	Others	Total
At the beginning of the year	7,001,541,260.10	303,003,110.77	456,202,082.54	31,795,856.82		17,787,772.09	54,206,614.60	7,864,536,696.72
2. Additional during the year	356,496,370.48	26,320,860.97	16,819,871.08	2,719,746.49		2,564,082.37	11,295,225.67	416,216,157.06
(1) Provision	356,496,370.48	26,320,860.97	16,819,871.08	2,719,746.49		2,564,082.37	11,295,225.67	416,216,157.06
(2) Re-classification								
(3) Consolidation adjustment								
3. Reduction during the year	18,015,902.17		18,680,455.66	2,339,437.60		1,587,509.38	5,695,354.23	46,318,659.04
(1) Disposal or retirement	18,015,902.17		18,680,455.66	2,339,437.60		1,587,509.38	5,695,354.23	46,318,659.04
(2) Reduction by disposal of subsidiaries								
4. Balance at the end of the year	7,340,021,728.41	329,323,971.74	454,341,497.96	32,176,165.51		18,764,345.08	59,806,486.04	8,234,434,194.74
Provision for impairment loss								
1. At the beginning of the year			14,949,481.91					18,043,403.46
2. Additional during the year		3,093,921.55	856,795.80	35,550.65			14,569.55	906,916.00
(1) Provision			856,795.80	35,550.65			14,569.55	906,916.00
3. Reduction during the year			1,317,307.36					1,317,307.36
(1) Disposal or retirement			1,317,307.36					1,317,307.36
(2) Finalization adjustment								
4. Balance at the end of the year		3,093,921.55	14,488,970.35	35,550.65			14,569.55	17,633,012.10
Book value								
Book value at the end of the year	11,999,670,461.09	280,854,805.34	974,323,064.42	11,819,275.91		9,218,734.35	81,622,661.21	13,357,509,002.32
Book value at the beginning of the year	3,268,726,121.12	196,716,897.55	134,662,267.02	11,567,863.89		8,616,514.69	81,141,227.86	3,701,430,892.13

2. The Company had no obsolete fixed assets at the end of the year.

3. Details of fixed assets with ownership certificate not yet obtained

Project	Book value	Reason for ownership certificate not yet obtained
Road properties	11,999,670,461.09	According to the actual practice of the toll road operations, road properties shall be handed over to the government authority free of charge upon the expiration of the approved toll fee collection period, thus the Company is not planning to apply for the ownership certificate.
Transportation ancillary facilities (Houses)	233,629,260.57	According to the actual practice of the toll road operations, the ancillary houses shall be handed over to the government authority free of charge upon the expiration of the approved toll fee collection period, thus the Company is not planning to apply for the ownership certificate.

For the details of the assets with restricted ownerships and rights of use at the end of the reporting period, please refer to Note 8 (47).

Details of fixed assets to be written off

Item	Book value at the end of the year	Book value at the beginning of the year	Reason for going to be written off
Electrical equipment, safety equipment, etc.		1,104,446.94	Has reached the end of the useful life
Total		1,104,446.94	—

(13) Construction in progress

1. Details of construction in progress

Item	Balance at the end of the year		Balance at the beginning of the year	
	Book balance	Provision for impairment loss	Book balance	Provision for impairment loss
Shenyang-Haikou National Expressway Shuikou-Baisha Section Reconstruction and Expansion Project			3,710,304,834.58	
Zhongshan Xinlong to Jiangmen Longwan Section Reconstruction and Expansion Project	127,104,729.65		1,318,156.88	
Road maintenance works	46,549,790.42		21,239,997.79	
Sling Replacement Project for Suspension Bridge	18,031,834.32			
Bridge overhaul	12,836,542.89		119,618.68	
Dehumidification System Project for the Main Cable of Suspension Bridge	11,164,151.49			
Reinforcement and Maintenance Project for the West Anchor (Phase 2)	7,429,022.00			
The Tung Chung Base Project	4,327,500.00		2,867,500.00	
Vortex Induced Vibration Treatment Project for Suspension Bridge	3,916,645.00			
Tung Chung Comprehensive Maintenance Base	897,106.13		767,943.12	
Anti-Glare Board Reconstruction Project along the roadbed	842,711.14			
Expansion Project for the Weiyuan Toll Station	452,036.00			
Construction of the Dehumidification System Project for the Main Cable of Suspension Bridge	267,686.00			
Fire Protection Reservoir Project	101,834.86		648,595.07	
Maintenance and Reinforcement Project for the Guangji Bridge #3 of Taiping Bridge and the East Approach Bridge of Humen Bridge			16,900,221.30	
				3,710,304,834.58
				1,318,156.88
				21,239,997.79
				119,618.68
				2,867,500.00
				767,943.12
				648,595.07
				16,900,221.30

XIN YUE COMPANY LIMITED
Notes to the 2020 Consolidated Financial Statements

Item	Balance at the end of the year		Balance at the beginning of the year	
	Book balance	Provision for impairment loss	Book value	Book balance
Structure Anti-Corrosion Coating Project				10,544,764.21
Traffic Safety Facilities Renovation Project				7,582,073.90
Project of Demolition of Toll Station for Provincial Boundary of Expressway				6,428,602.70
Sling Replacement Project for Suspension Bridge				6,414,370.62
Reinforcement and Maintenance Project for Pier#75 of the Taiping Bridge				5,715,550.80
Dehumidification System for the Main Cable of Suspension Bridge				3,832,442.90
Power Supply Reconstruction and Power Monitoring Project for Humen Bridge (Phase 1)				2,321,348.97
Project of Renewal of Emergency Generator in the Power Distribution Room				1,755,350.60
Sewage Treatment Reconstruction Project for the Service Building of Nansha Car Parking Area of the Humen Bridge of Guanfo Expressway				3,158.00
Project materials				
Total	233,921,589.90	-	233,921,589.90	3,798,764,530.12

2. Details of changes in significant construction in progress during the year

Name of project	Budget	Balance at the beginning of the year	Addition during the year	Amount transferred into fixed assets during the year	Other reduction of amount during the year	Balance at the end of the year	Proportion of cumulative input to budget (%)	Progress of construction (%)	Accumulated amount of interest capitalized	Including: Amount of interest capitalized during the year	Ratio of interest capitalized during the year	Source of funds
2018-2020 Tung Chung Maintenance Base	4,330,000.00	2,867,500.00	1,460,000.00	-	-	4,327,500.00	99.94	99.94	-	-	-	Own funds
Reconstruction and Expansion Project for Zhongshan Xinlong to Jiangmen Longwan Section	10,697,064,575.00	1,318,156.88	125,786,572.77	-	-	127,104,729.65	1.19	1.19	-	-	-	Own funds and bank loans
Marking restoration and road sign addition project	1,540,000.00	-	1,540,167.98	1,540,167.98	-	-	100.00	100.00	-	-	-	Own funds

XIN YUE COMPANY LIMITED
Notes to the 2020 Consolidated Financial Statements

Name of project	Budget	Balance at the beginning of the year	Addition during the year	Amount transferred into fixed assets during the year	Other reduction of amount during the year	Balance at the end of the year	Proportion of cumulative input to budget (%)	Progress of construction (%)	Accumulated amount of interest capitalized	Including: Amount of interest capitalized during the year	Ratio of interest capitalized during the year	Source of funds
Reconstruction and Expansion Project for Shenyang-Haikou National Expressway Shuikou-Baisha Section	11,863,537,372.00	3,710,304,834.58	5,924,374,209.99	9,343,490,123.57	291,188,921.00	-	87.15	87.15	266,194,439.30	171,169,685.31	4.27	Capital injection from shareholders and bank loans
Tung Chun Comprehensive Maintenance Base	2,300,000.00	767,943.12	129,163.01	-	-	897,106.13	39	39.00	-	-	-	Self-funded

XIN YUE COMPANY LIMITED

Notes to the 2020 Consolidated Financial Statements

Name of project	Budget	Balance at the beginning of the year	Addition during the year	Amount transferred into fixed assets during the year	Other reduction of amount during the year	Balance at the end of the year	Proportion of cumulative input to budget (%)	Progress of construction (%)	Accumulated amount of interest capitalized	Including: Amount of interest capitalized during the year	Ratio of interest capitalized during the year	Source of funds
Sewage Treatment Reconstruction Project for the Service Building of Nansha Car Parking Area of the Humen Bridge of Guangfo Expressway	1,470,000.00	3,158.00	1,188,186.90	1,191,344.90	-	-	81.04	100.00	-	-	-	Self-funded
Power Supply Reconstruction and Power Monitoring Project for Humen Bridge (Phase 1)	3,680,000.00	2,321,348.97	575,709.95	2,897,057.92	-	-	80.92	100.00	-	-	-	Self-funded
Reinforcement and Maintenance Project for Pier#75 of the Taiping Bridge	5,500,000.00	5,715,550.80	-	5,715,550.80	-	-	103.92	100.00	-	-	-	Self-funded

XIN YUE COMPANY LIMITED
Notes to the 2020 Consolidated Financial Statements

Name of project	Budget	Balance at the beginning of the year	Addition during the year	Amount transferred into fixed assets during the year	Other reduction of amount during the year	Balance at the end of the year	Proportion of cumulative input to budget (%)	Progress of construction (%)	Accumulated amount of interest capitalized	Including: Amount of interest capitalized during the year	Ratio of interest capitalized during the year	Source of funds
Project of Renewal of Emergency Generator in the Power Distribution Room	2,570,000.00	1,755,350.60	312,325.21	2,067,675.81	-	-	80.45	100.00	-	-	-	Self-funded
Structure Anti-Corrosion Coating Project	13,118,000.00	10,544,764.21	5,060,829.52	15,605,593.73	-	-	118.96	100.00	-	-	-	Self-funded
Slings Replacement Project for Suspension Bridge	32,500,000.00	6,414,370.62	-	6,414,370.62	-	-	19.74	100.00	-	-	-	Self-funded
Traffic Safety Facilities Renovation Project	8,500,000.00	7,582,073.90	2,960,240.00	10,542,313.90	-	-	124.03	100.00	-	-	-	Self-funded
Dehumidification System for the Main Cable of Suspension Bridge	18,500,000.00	3,832,442.90	-	3,832,442.90	-	-	20.72	100.00	-	-	-	Self-funded

XIN YUE COMPANY LIMITED
Notes to the 2020 Consolidated Financial Statements

Name of project	Budget	Balance at the beginning of the year	Addition during the year	Amount transferred into fixed assets during the year	Other reduction of amount during the year	Balance at the end of the year	Proportion of cumulative input to budget (%)	Progress of construction (%)	Accumulated amount of interest capitalized	Including: Amount of interest capitalized during the year	Ratio of interest capitalized during the year	Source of funds
Road maintenance works	49,044,000.00	21,239,997.79	25,309,792.63	-	-	46,549,790.42	94.91	94.91	-	-	-	Self-funded
Project of Demolition of Toll Station for Provincial Boundary of Expressway	26,710,000.00	6,428,602.70	19,248,184.28	25,676,786.98	-	-	96.13	100.00	-	-	-	Self-funded
Guangji Bridge #3 of Taijing Bridge	9,300,000.00	16,900,221.30	1,234,559.70	18,134,781.00	-	-	195	100.00	-	-	-	Self-funded
Expansion Project for the Weyuan Toll Station	420,000.00	-	452,036.00	-	-	452,036.00	107.63	3.25	-	-	-	Self-funded
Anti-Glare Board Reconstruction Project along the roadbed	900,000.00	-	842,711.14	-	-	842,711.14	93.63	93.63	-	-	-	Self-funded

XIN YUE COMPANY LIMITED
Notes to the 2020 Consolidated Financial Statements

Name of project	Budget	Balance at the beginning of the year	Addition during the year	Amount transferred into fixed assets during the year	Other reduction of amount during the year	Balance at the end of the year	Proportion of cumulative input to budget (%)	Progress of construction (%)	Accumulated amount of interest capitalized	Including: Amount of interest capitalized during the year	Ratio of interest capitalized during the year	Source of funds
Sling Replacement Project for the entire Suspension Bridge	27,630,000.00	-	18,031,834.32			18,031,834.32	65.26	65.26				Self-funded
Vortex Induced Vibration Treatment Project for Suspension Bridge	24,540,000.00	-	3,916,645.00			3,916,645.00	15.96	15.96				Self-funded
Dehumidification System Project for the Main Cable of Suspension Bridge	5,800,000.00	-	11,431,837.49			11,431,837.49	197.1	65.26				Self-funded
Reinforcement and Maintenance Project for the West Anchor (Phase 2)	10,400,000.00	-	7,429,022.00			7,429,022.00	71.43	71.43				Self-funded
Total	22,809,253,947.00	3,797,996,316.37	6,151,284,026.89	9,437,108,210.11	291,188,921.00	220,983,212.15	—	—	256,194,439.30	171,169,685.31		

3. The Company did not provide impairment loss on construction in progress.

(14) Intangible assets

Item	Land use right	Toll road operating authorization	Software use right	Total
Original book value				
1. Balance at the beginning of the year	175,440,966.01		34,224,293.85	209,665,259.86
2. Addition during the year		108,017,886.46	2,731,074.91	110,748,961.37
(1) Purchase			1,336,180.91	1,336,180.91
(2) Transferred from construction in progress			1,394,894.00	1,394,894.00
(3) Others		108,017,886.46		108,017,886.46
3. Reduction during the year				
(1) Disposal or retirement				
(2) Reduction by disposal of subsidiaries				
4. Balance at the end of the year	175,440,966.01	108,017,886.46	36,955,368.76	320,414,221.23
Accumulated amortisation:				
1. Balance at the beginning of the year	33,200,150.57		27,839,169.55	61,039,320.12
2. Addition during the year	2,809,668.12	8,191,453.24	2,636,190.88	13,637,312.24
(1) Provision	2,809,668.12	8,191,453.24	2,636,190.88	13,637,312.24
(2) Increase in consolidation				
3. Reduction during the year				
(1) Disposal or retirement				
(2) Reduction by disposal of subsidiaries				
4. Balance at the end of the year	36,009,818.69	8,191,453.24	30,475,360.43	74,676,632.36
Provision for impairment loss				
1. Balance at the beginning of the year	24,560,042.71		-	24,560,042.71
Addition during the year				
(1) Provision				
(2) Increase in consolidation				

Item	Land use right	Toll road operating authorization	Software use right	Total
3. Reduction during the year				
(1) Disposal or retirement				
(2) Reduction by disposal of subsidiaries				
4. Balance at the end of the year	24,560,042.71		-	24,560,042.71
Book value				
Book value at the end of the year	114,871,104.61	99,826,433.22	6,480,008.33	221,177,546.16
Book value at the beginning of the year	117,680,772.73		6,385,124.30	124,065,897.03

(15) Expenses for long-term amortisation

Item	Balance at the beginning of the year	Addition during the year	Amortised during the year	Other reduction	Balance at the end of the year	Reason for other reduction
Video surveillance project for rented warehouse	308,182.04	415,889.48	258,610.15		465,461.37	
Office building Project	51,902.22		15,570.60		36,331.62	
Total	360,084.26	415,889.48	274,180.75		501,792.99	

(16) Deferred tax assets and deferred tax liabilities

1. Disclosure of deferred tax assets and deferred tax liabilities without offsetting with each other.

Item	Balance at the end of the year		Balance at the beginning of the year	
	Deferred tax Assets/Liabilities	Deductible/taxable temporary difference	Deferred tax Assets/Liabilities	Deductible/taxable temporary difference
Deferred tax assets	29,426,093.28	120,996,037.14	21,951,679.67	90,826,514.22
Provision for impairment loss of assets	22,415,439.03	92,606,071.72	12,365,170.84	52,132,393.85
Deductible temporary difference in employee remuneration payable	3,016,475.20	12,413,249.26	4,751,943.48	19,355,858.99
Intangible assets amortisation difference	722,145.71	2,888,582.84	798,212.81	3,192,851.23
Deductible temporary difference formed by deferred income	591,606.25	2,366,425.00	18,750.00	75,000.00
Fixed assets depreciation accounting and tax difference	2,571,674.67	10,286,698.64	3,738,036.52	14,952,146.08
Other accounting tax differences	108,752.42	435,009.68	279,566.02	1,118,264.07
Deferred tax liabilities	108,496,948.97	867,702,829.60	98,826,741.33	698,065,685.18
Withholding income tax for dividends	27,107,189.57	542,143,792.00	18,922,419.97	378,448,399.73
Fixed assets with book values greater than the tax base	81,389,759.40	325,559,037.60	79,904,321.36	319,617,285.45

XIN YUE COMPANY LIMITED
Notes to the 2020 Consolidated Financial Statements

2. Breakdown of unrecognized deferred tax assets

Item	Balance at the end of the year	Balance at the beginning of the year
Deductible temporary difference	154,452.75	1,432,497.13
Deductible losses	125,629,448.14	132,759,661.89
Total	125,783,900.89	134,192,159.02

3. The deductible losses of unrecognized deferred tax will expire in the following years:

Year	Balance at the end of the year	Balance at the beginning of the year	Remarks
2020	-	27,139,319.85	
2021	27,527,620.26	27,527,620.26	
2022	26,486,966.39	26,486,966.39	
2023	25,479,073.98	25,479,757.98	Subject to the declaration of correction
2024	23,461,365.07	26,125,997.41	Subject to the declaration of correction
2025	22,674,422.44		Subject to the final settlement
Total	125,629,448.14	132,759,661.89	

(17) Other non-current assets

Item	Balance at the end of the year	Balance at the beginning of the year
Prepayment for the expansion and reconstruction of Zhongjiang Expressway		4,093,854.00
Asset appreciation appraisal for Kaiyang Expressway (Note 1)	74,203,490.86	80,184,196.40
Entrusted loan	180,000,000.00	240,000,000.00
Input tax to be deducted (Note 2)		261,028,420.53
Total	254,203,490.86	585,306,470.93

Note 1: Other non-current assets are the value of the appreciation of assets determined during the acquisition of the equity interest of Guangdong Kaiyang Expressway Co., Ltd.. Since the appreciated value could not be allocated to the subject company's tangible assets or liabilities for amortisation, in accordance with the regulations on the treatment of differences in debit balance in a long-term equity investment in a subsidiary arising from a business combination not under common control, the Company recognized the appreciated value as "Other non-current assets", and the amount is amortised over the period from the date of acquisition to the expiry of business.

Note 2: The input tax to be deducted was reduced to project inspection and acceptance of the expansion project of Kaiyang Expressway of the subsidiary Guangdong Kaiyang Expressway Co., Ltd.. It is expected that the simplified tax calculation shall be applicable and the input tax to be deducted shall be transferred into fixed assets.

(18) Short-term loan

1. Classification of short-term loan

Item	Balance at the end of the year	Balance at the beginning of the year
Pledge loan		
Mortgage loan		
Guaranteed loan		
Credit loan	1,858,384,798.25	92,977,273.41
Total	1,858,384,798.25	92,977,273.41

2. The Company had no overdue short-term loan during the year.

(19) Bills payable

Type	Balance at the end of the year	Balance at the beginning of the year
Trade Acceptance Draft		-
Bank Acceptance Draft	464,940,000.00	260,348,015.04
Letter of Credit	158,120,721.16	47,070,104.27
Total	623,060,721.16	307,418,119.31

(20) Accounts payable

Aging	Balance at the end of the year	Balance at the beginning of the year
Within 1 year	1,974,471,090.43	376,075,880.34
1 to 2 years	35,467,548.59	20,805,868.88
2 to 3 years	5,811,129.00	3,402,789.92
Over 3 years	10,158,033.69	12,447,846.21
Total	2,025,907,801.71	412,732,385.35

Significant accounts receivable aged over 1 year:

Name of debtor	Balance at the end of the year	Reason for outstanding
Poly Changda Engineering Co., Ltd.	7,372,232.16	Unsettled
Guangzhou Lulutong Co., Ltd.	4,284,640.00	Unsettled
Guangdong Highway Construction Co., Ltd.	4,090,949.79	Funds reserved for land certificate
Guangdong United Electronic Fee-Collecting Co., Ltd.	3,456,633.30	Labour compensation received on behalf
China Marine Shipping Agency Guangdong Co., Ltd. - Dongguan Branch	2,650,124.48	Unsettled
Zhonglu Hi-Tech Traffic Testing and Inspection Certification Co., Ltd.	1,994,650.80	Overhaul project inspection and design fees
Guangdong Xinyue Transportation Investment Co., Ltd. - Headquarter	1,052,320.52	Project costs
Total	24,901,551.05	

(21) Receipt in advance

Aging	Balance at the end of the year	Balance at the beginning of the year
Within 1 year	67,920,504.04	98,770,927.72
Over 1 year	3,332,543.23	1,123,027.74
Total	71,253,047.27	99,893,955.46

Significant amount of receipt in advance aged over 1 year:

Name of debtor	Balance at the end of the year	Reason for unrealisation
Shanghai Civil Engineering Group Co., Ltd. Of CREC	1,000,000.00	Project not yet completed
Guangdong Highway Engineering Construction General Company	979,285.00	Project not yet completed
Zhongtie No.1 Bureau Group Xinyun Engineering Co.,Ltd.	577,515.96	Project not yet completed
Chengzhi Supply Chain Co., Ltd	416,009.67	Project not yet completed
Total	2,972,810.63	—

(22) Employee benefits payable

1. Breakdown of employee benefits payable

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
1. Short-term salaries	36,477,464.69	299,192,503.51	305,434,970.68	30,234,997.52
2. Post-employment benefit – Deposit plan setup	191,354.95	21,043,604.29	21,084,687.42	150,271.82
3. Dismissal benefit	1,022,400.00			1,022,400.00
4. Other benefits due within 1 year				
5. Others	53,600.00			53,600.00
Total	37,744,819.64	320,236,107.80	326,519,658.10	31,461,269.34

2. Breakdown of short-term salaries

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
1. Salaries, bonuses, allowances and subsidies	19,984,021.84	228,452,501.33	236,386,190.83	12,050,332.34
2. Staff welfare expenses		23,090,021.70	23,090,021.70	
3. Social security expenses		13,203,530.19	13,203,530.19	
Including: Medical insurance		10,403,105.58	10,403,105.58	
Work injury insurance		72,277.30	72,277.30	
Maternity insurance		1,553,581.86	1,553,581.86	
Others		1,174,565.45	1,174,565.45	
4. Housing fund		24,460,683.10	24,460,683.10	
5. Labour union fund and employee education fund	16,263,462.45	7,877,992.90	6,186,770.57	17,954,684.78
6. Short-term paid absense				
7. Short-term profit sharing plan				
8. Other remuneration	229,980.40	2,107,774.29	2,107,774.29	229,980.40
Total	36,477,464.69	299,192,503.51	305,434,970.68	30,234,997.52

3. Breakdown of deposit plan setup

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
1. Basic retirement insurance	191,354.95	2,841,605.89	2,882,689.02	150,271.82
2. Unemployment insurance		-20,575.54	-20,575.54	
3. Corporate annuity		18,222,573.94	18,222,573.94	
Total	191,354.95	21,043,604.29	21,084,687.42	150,271.82

(23) Taxes and levies payable

Item	Balance at the beginning of the year	Payable for the year	Paid during the year	Balance at the end of the year
Value-added tax	27,044,977.29	78,261,773.65	86,015,935.77	19,290,815.17
Corporate income tax	76,161,251.51	263,705,390.96	210,621,333.46	129,245,309.01
Urban maintenance and construction tax	4,339,541.02	6,649,254.04	5,393,485.92	5,595,309.14
Property tax	59,827.14	3,498,172.74	3,557,999.88	
Land holding tax		1,850,089.74	1,850,089.74	
Personal income tax	1,936,122.89	4,253,967.96	4,052,565.90	2,137,524.95
Education surcharge	3,140,968.39	5,197,246.02	4,289,524.32	4,048,690.09
Other taxes	3,559,727.30	7,844,517.80	7,263,618.39	4,140,626.71
Total	116,242,415.54	371,260,412.91	323,044,553.38	164,458,275.07

(24) Other payables

Item	Balance at the end of the year	Balance at the beginning of the year
Interest payable	10,590,396.64	6,791,580.51
Dividend payable		117,478,822.49
Other payables	243,456,538.29	328,165,051.95
Total	254,046,934.93	452,435,454.95

1. Details of interest payable

Item	Balance at the end of the year	Balance at the beginning of the year
Interest on long-term borrowings repayable by instalments	8,392,522.59	5,400,373.67
Corporate bonds interest		
Interest on short-term borrowings	2,177,399.05	1,391,206.84
Other interest expense	20,475.00	-
Total	10,590,396.64	6,791,580.51

2. Dividend payable

Item	Balance at the end of the year	Balance at the beginning of the year
Ordinary share dividend		-
Dividend for preference shares classified as equity and dividend for perpetual bonds		-
Others		117,478,822.49
Total		117,478,822.49

3. Other payables

(1) List of other payables sorted by nature

Item	Balance at the end of the year	Balance at the beginning of the year
Payable to the Department of Transportation	8,699,141.88	11,956,835.11
Project quality deposit payable	10,359,423.35	11,592,595.98
Project performance bond payable	88,489,824.00	85,486,673.15
Bid bond payable	47,831,993.29	3,320,000.08
Toll fee payable		4,659,136.13
Progress payment for agent construction projects		133,145,297.00
Collection and payment of technical expenses completion acceptance and information management on behalf	140,000.00	140,000.00
Collection and payment of completion document preparation fee and insurance fee on behalf	384,387.00	436,619.00
Temporary deduction of project price such as excellence project price and safety production guarantee fee, etc.	17,659,325.59	16,315,569.24
Current accounts between group companies and related parties	20,603,353.15	32,778,307.25
Land acquisition and demolition fees payable	10,000,000.00	10,000,000.00
Deposits	617,143.75	725,775.00
Other temporary receipts	17,566,128.00	17,090,202.22
Others	1,105,818.28	518,041.79
Payable to the Department of Transportation of Jiangmen	20,000,000.00	
Total	243,456,538.29	328,165,051.95

(2) Significant other payables aged over 1 year

Name of debtor	Balance at the end of the year	Reason for outstanding
Demolition fees for Dongguan and Panyu	10,000,000.00	Fees for land acquisition during the construction period
Guangdong Guanyue Road & Bridge Co., Ltd.	21,729,630.00	Project performance bond, deposit for wages of migrant workers, etc.
China Railway 12th Bureau Group Co Ltd	17,615,243.00	Project performance bond, deposit for wages of migrant workers, etc.
Poly Changda Engineering Co., Ltd. - Headquarter	35,230,131.71	Project performance bond, deposit for wages of migrant workers, etc.
Guangdong Gaoen Expressway Co., Ltd.	5,662,163.00	Project quality deposit, warranty not yet expired
Total	90,237,167.71	—

(25) Non-current liabilities due within 1 year

Item	Balance at the end of the year	Balance at the beginning of the year
Long-term borrowings due within 1 year	87,813,226.27	200,325,652.33
Bonds due within 1 year		-
Long-term payables due within 1 year		-
Other long-term liabilities due within 1 year		-
Total	87,813,226.27	200,325,652.33

(26) Long-term borrowings

Item	Balance at the end of the year	Balance at the beginning of the year	Interest rate range at the end of the year (%)
Pledge loan	245,000,000.00	154,500,000.00	4.15
Mortgage loan	1,805,558.74	2,255,176.19	
Guaranteed loan	-	-	
Credit loan	6,256,975,160.00	3,126,950,120.00	1.27-3.6
Total	6,503,780,718.74	3,283,705,296.19	—

1. Details of pledge loan

Borrower	Lender	Balance of long-term loan	Non-current liabilities due within 1 year	Balance of loan	Pledged assets
Guangdong Jiangzhong Expressway Co., Ltd.	Industrial and Commercial Bank of China	245,000,000.00	84,500,000.00	329,500,000.00	100% toll collection right of Zhanjiang Expressway

2. Details of mortgage loan

Borrower	Lender	Balance of long-term loan	Non-current liabilities due within 1 year	Balance of loan	Guarantor (pledge & mortgage)
Xin Yue Company Limited	Bank of China	885,905.87	165,330.79	1,051,236.66	Mortgage of 46E, Queen's Terrace
Xin Yue Company Limited	Bank of China	919,652.87	147,895.48	1,067,548.35	Mortgage of 46E, Queen's Terrace
Total		1,805,558.74	313,226.27	2,118,785.01	

(27) Long-term payable

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Long-term payable	262,373,144.45	39,000,000.00	8,450,417.13	292,922,727.32
Special payables				
Total	262,373,144.45	39,000,000.00	8,450,417.13	292,922,727.32

1. Balance of the top 5 creditors of long-term payables

Item	Balance at the end of the year	Balance at the beginning of the year
Guangdong Road and Bridge Construction Development Co., Ltd.	100,000,000.00	100,000,000.00
Guangdong Province Communications Group Company Limited	55,884,896.00	59,479,792.00
Guangdong Highway Construction Co., Ltd.	98,037,831.32	102,893,352.45
Guangdong Panyu Bridge Co., Ltd.	39,000,000.00	
Total	292,922,727.32	262,373,144.45

(28) Deferred income

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Government subsidies	3,999,488.03	11,514,900.00	1,349,822.64	14,164,565.39
Total	3,999,488.03	11,514,900.00	1,349,822.64	14,164,565.39

Breakdown of government subsidies are as follows:

Item	Balance at the beginning of the year	Additional subsidies during the year	Recognized as other income during the year	Recognized as non-operating income during the year	Balance at the end of the year	Asset-related or income-related
Specific subsidies for inspection equipment at the Kaiyang entrance	1,498,932.00		531,197.73		967,734.27	Asset-related
Subsidies for withdrawal of Kaiyang provincial toll stations		5,672,100.00			5,672,100.00	Asset-related
Electric scale at Humen Bridge over-weight control station	75,000.00		37,500.00		37,500.00	Asset-related
Subsidies for withdrawal of Humen Bridge provincial toll stations		2,451,500.00	122,575.00		2,328,925.00	Asset-related
Subsidies for withdrawal of Jiangzhong provincial toll stations		3,391,300.00	565,216.67		2,826,083.33	Asset-related
Subsidies for construction of Nanyue Freight Station	2,425,556.03		93,333.24		2,332,222.79	Asset-related
Total	3,999,488.03	11,514,900.00	1,349,822.64		14,164,565.39	

(29) Paid-in Capital (or Share Capital)

Name of investor	Balance at the beginning of the year		Increase during the year	Decrease during the year	Balance at the end of the year	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Total	27,375,340.00	100.00	-	-	27,375,340.00	100.00
Guangdong Province Communications Group Company Limited	27,375,340.00	100.00	-	-	27,375,340.00	100.00

(30) Capital Reserves

Item	Balance at the beginning of the year	Addition during the year	Reduction during the year	Balance at the end of the year
Share Premium	946,265,674.51		847,164,265.85	99,101,408.66
Other capital reserves				
Total	946,265,674.51		847,164,265.85	99,101,408.66
Including: State-owned exclusive capital reserves				

Note: When the Company was preparing its consolidated financial statements for the year ended 31 December 2020, the financial statements of Guangdong Jiangzhong Expressway Co., Ltd. and Guangdong Nanyue Logistics Industrial Company Limited were included into the financial statements of Xin Yue (Guangzhou) Investment Co., Ltd., a subsidiaries of the Company, as they were under common control. An opening adjustment of RMB847,164,265.85 was made to the capital reserves for the difference occurred in equity. At the end of the Reporting Period, the amount has been settled and therefore was deducted from the Capital Reserves.

(31) Retained Earnings

Item	Current year	Previous year
Balance at the beginning of the Year	4,088,701,689.50	3,500,588,903.23
Addition during the Year	436,350,441.00	588,112,786.27
Including: Net profit for the Year	436,350,441.00	588,112,786.27
Other adjustments	-	-
Reduction during the Year	-	-
Including: Provision for surplus reserves for the Year	-	-
Provision of general risk reserves for the Year	-	-
Dividend declared for the Year	-	-
Transferred to share capital	-	-
Other reductions	-	-
Balance at the end of the Year	4,525,052,130.50	4,088,701,689.50

(32) Operating income and operating costs

Item	During the Year		During the previous Year	
	Income	Costs	Income	Costs
1. Subtotal of principal business	6,536,460,668.91	5,274,954,813.64	6,170,877,408.07	4,062,090,413.52
Material processing and sales	4,982,495,905.93	4,621,953,774.96	3,555,386,296.34	3,252,471,080.60
Toll fees	1,418,522,153.84	555,687,496.07	2,506,831,491.54	732,367,208.98
Construction and maintenance	84,552,494.71	78,789,401.61	71,085,732.79	64,607,548.68
Storage business	31,948,463.57	11,309,936.31	15,406,282.27	7,015,178.79
Finance lease	9,202,622.72	-	11,895,156.57	483,962.26
Others	9,739,028.14	7,214,204.69	10,272,448.56	5,145,434.21
2. Subtotal of other business income	63,508,412.01	29,373,939.85	72,166,067.96	39,889,454.68
Entrusted management	31,875,899.11	23,678,669.96	34,804,516.08	28,606,942.22
Leasing business	23,624,139.04	71,056.62	23,913,073.81	61,124.13
Others	8,008,373.86	5,624,213.27	13,448,478.07	11,221,388.33
Total	6,599,969,080.92	5,304,328,753.49	6,243,043,476.03	4,101,979,868.20

(33) Costs of Operations

Item	During the Year	During the previous Year
Employees' salaries	24,149,271.67	25,771,724.51
Business expenses	2,177,024.00	2,140,962.61
Depreciation	1,146,772.17	1,632,215.70
Insurance	1,154,115.89	793,656.83
Others	11,070,548.41	6,923,138.08
Total	39,697,732.14	37,261,697.73

(34) Administrative expenses

Item	During the Year	During the previous Year
Employees' salaries	101,525,713.36	111,660,578.98
Insurance	61,320.33	60,340.53
Depreciation	12,335,739.87	12,055,049.32
Repairing expenses	7,716,674.76	4,397,848.91
Amortisation of intangible assets	2,853,412.27	3,480,748.65
Loss in inventories	389,953.74	-1,867,784.67
Entertainment expenses	2,377,948.09	2,891,850.89
Travelling expenses	1,375,079.77	1,753,216.11
Office expenses	16,751,528.87	16,577,737.88
Conference expenses	54,002.74	108,567.84
Litigation fees	22,869.00	60,703.74
Professional fees	1,847,378.89	1,494,788.73
Including: Annual audit fee	1,323,899.89	1,071,654.29
Consultation fee	1,106,281.83	821,988.78
Board expenses	16,243.00	10,950.20
Sewage charges	123,745.63	159,616.65
Others	21,523,192.34	23,122,670.27
Total	170,081,084.49	176,788,872.81

(35) Research and development costs

Item	During the Year	During the previous Year
Labour costs	9,384,615.38	8,717,070.26
Material consumption	4,963,417.28	4,665,649.15
Depreciation and amortisation	182,347.87	158,541.11
Others	557,212.79	533,623.93
Total	15,087,593.32	14,074,884.45

(36) Finance costs

Item	During the Year	During the previous Year
Interest expense	50,748,660.60	46,511,521.63
Less: Interest income	18,047,529.28	31,299,554.75
Exchange difference	-25,347,601.39	3,616,868.89
Handling fee, discount interest and others	13,696,586.07	8,582,832.97
Total	21,050,116.00	27,411,668.74

(37) Other income

Item	During the Year	During the previous Year
Asset-related government subsidy	1,349,822.64	37,500.00
Income-related government subsidy (High tech enterprise rewards)	1,340,000.00	
Income-related government subsidy (Hong Kong epidemic employment subsidy)	631,628.01	
Income-related government subsidy Haizhu District Finance Bureau Key Enterprise Certification Award)	60,000.00	
Income-related government subsidy (Withholding tax handling fee)	51,686.61	
Income-related government subsidy (10% deduction from input tax)	27,403.61	32,789.38
Income-related government subsidy (Intellectual property patent funding)	18,100.00	
Income-related government subsidy (Job stabilization subsidy)		162,888.88
Total	3,478,640.87	233,178.26

(38) Investment income

Source of production of investment income	During the Year	During the previous Year
Investment income from long-term investment calculated by equity method	25,044,059.66	48,147,169.49
Investment income from available-for-sale financial assets, etc.	15,079,115.05	19,689,469.85
Others	3,025,025.57	90,743.56
Total	43,148,200.28	67,927,382.90

Note: Others were investment income obtained from entrusted loan and amortisation of the premium on the acquisition of the equity of Kaiyang.

(39) Impairment loss on assets

Item	During the Year	During the previous Year
Loss on bad debts	-37,006,152.80	5,357,655.24
Impairment loss on fixed assets	-906,916.00	-14,949,481.91
Total	-37,913,068.80	-9,591,826.67

(40) Gain/(Loss) from disposal of fixed assets

Item	During the Year	During the previous Year	Amount included in the non-recurring profit or loss
Gain or loss on disposal of fixed assets		-79,204.22	
Total		-79,204.22	

(41) Non-operating income

Item	During the Year	During the previous Year	Amount included in the non-recurring profit or loss
Gain on damage or retirement of non-current assets	44,717.23	326.21	44,717.23
Government subsidies non related to the daily operation of the Company		94,401.24	
Revision of the customs import value-added tax	212,719.95		212,719.95
Compensation income	3,826,135.61	2,698,199.27	3,826,135.61
Payables written-off	1,588,609.65		1,588,609.65
Others	466,453.00	797,428.45	466,453.00
Total	6,138,635.44	3,590,355.17	6,138,635.44

(42) Non-operating expenses

Item	During the Year	During the previous Year	Amount included in the non-recurring profit or loss
Total losses on retirement of non-current assets	4,261,150.97	2,514,574.40	4,261,150.97
Donations	-	254,255.48	-
Road repair expenses	1,103,096.00	1,305,870.93	1,103,096.00
Compensation, penalty and fine	60,727.86	291,554.17	60,727.86
Others	95,064.60	173,774.72	95,064.60
Total	5,520,039.43	4,540,029.70	5,520,039.43

(43) Income tax expense

1. Breakdown of income tax

Item	During the Year	During the previous Year
Income tax for the current period	265,171,386.94	481,421,984.05
Deferred tax adjustment	3,654,936.65	-5,098,581.57
Others		5,842,337.11
Total	268,826,323.59	482,165,739.59

2. Reconciliation of income tax from net profit

Item	During the Year
Net profit	1,040,073,167.55
Tax at applicable income tax rate	259,420,613.10
Effect of different tax rates applicable to subsidiaries	-21,268,696.36
Effect of adjustments in tax provision in respect of prior years	2,029,409.05
Tax effect of income not taxable for tax purpose	12,114,731.36
Tax effect of expenses not deductible for tax purpose	1,367,748.60
Utilisation of tax losses and deferred tax assets previously not recognised	-150,000.00
Tax effect of tax losses and deferred tax assets not recognized for the Year	5,668,605.62
Others	9,643,912.22
Income tax expense	268,826,323.59

(44) Other comprehensive income attributable to shareholders of the holding company

1. Other comprehensive income items, income tax effect and reclassification to profit or loss

Item	During the Year			During the previous Year		
	Amount before tax	Income tax	Amount after tax	Amount before tax	Income tax	Amount after tax
1. Items that will not be reclassified to profit or loss						
2. Items that may be reclassified subsequently to profit or loss						
(1) Change in fair value of available-for-sale financial assets	-32,256,954.62		-32,256,954.62	-4,966,860.23		-4,966,860.23
Less: Other comprehensive income recognised in the previous period transferred to profit or loss in the current period						
Subtotal	-32,256,954.62		-32,256,954.62	-4,966,860.23		-4,966,860.23
(2) Exchange difference on translation of financial statements in foreign currencies						
Less: Other comprehensive income recognised in the previous period transferred to profit or loss in the current period						
Subtotal						
3. Total other comprehensive income	-32,256,954.62		-32,256,954.62	-4,966,860.23		-4,966,860.23

2. Adjustments in other comprehensive income

Item	Gain or loss in the change in fair value of available-for-sale financial assets	Subtotal
1. Balance at the beginning of the previous year	44,331,847.40	44,331,847.40
2. Increase/(decrease) during the previous year	-4,966,860.23	-4,966,860.23
3. Balance at the beginning of the current year	39,364,987.17	39,364,987.17
4. Increase/(decrease) during the current year	-32,256,954.62	-32,256,954.62
5. Balance at the end of the current year	7,108,032.55	7,108,032.55

(45) Consolidated cash flow statement

1. Reconciliation between net profit and operating cash flows:

Supplementary information	During the Year	During the previous Year
1. Adjustments from net profit to operating cash flows:		
Net profit	771,246,843.96	1,439,966,526.43
Add: Provision for impairment of assets	37,913,068.80	9,591,826.67
Depreciation of fixed assets, oil and gas and biological productive assets	342,571,901.70	477,195,886.60
Amortisation of intangible assets	13,489,709.42	5,636,027.63
Expenses for long-term amortisation	274,180.75	245,295.65
(Gain)/Loss from disposal of fixed assets, intangible assets and other long-term assets	-42,117.23	95,384.28
(Gain)/Loss on retirement of fixed assets	4,258,550.97	2,491,234.95
(Gain)/Loss on change in fair value		
Finance costs/(income)	13,076,850.36	55,797,812.14
(Gain)/Loss on investments	-43,148,200.28	-67,927,382.90
(Increase)/Decrease in deferred tax assets	-7,474,413.61	-5,079,955.21
Increase/(decrease) in deferred tax liabilities	9,670,207.64	-6,622,082.59
(Increase)/Decrease in inventories	-225,869,972.41	-243,042,367.85
(Increase)/Decrease in receivables for operating events	-332,657,714.80	-381,856,530.44
Increase/(Decrease) in payables for operating events	540,209,115.99	240,698,428.72
Others		-10,277,103.02
Net movement in operating cash flows	1,123,518,011.26	1,516,913,001.06
2. Substantial non-cash investment and financing activities:	-	-
Capitalization of debts	-	-
Convertible debts with maturity date within one year	-	-
Finance lease converted into fixed assets		
3. Movements in cash and cash equivalents		
Cash at the end of the year	2,759,846,836.07	1,731,944,546.61
Less: Cash at the beginning of the year	1,731,944,546.61	2,542,737,647.45
Add: Cash equivalents at the end of the year	355,044.57	1,865,501.15
Less: Cash equivalents at the beginning of the year	1,865,501.15	11,625,214.14
Net increase in cash and cash equivalents	1,026,391,832.88	-820,552,813.83

2. Cash for acquisition and from disposal of subsidiaries during the year

Item	Amount
1. Cash and cash equivalents paid for business combinations during the year	847,164,265.85
Less: Cash and cash equivalent held in the subsidiaries as at the respective date of acquisition	
Add: Cash and cash equivalents paid for the business combinations executed in previous years	
Cash paid for acquisition of subsidiaries	847,164,265.85
2. Cash and cash equivalents received from disposal of subsidiaries during the year	
Less: Cash and cash equivalents held by the subsidiaries as at the respective date of disposal	
Add: Cash and cash equivalents received for subsidiaries disposed of in previous years	
Cash received for disposal of subsidiaries	

3. Composition of cash and cash equivalents

Item	At the end of the year	At the beginning of the year
1. Cash	2,759,846,836.07	1,731,944,546.61
Including: Cash in hand	5,982.67	19,912.56
Bank deposits that can be used at any time	2,759,840,853.40	1,731,202,462.05
Foreign currencies that can be used at any time		722,172.00
Deposits at central bank that can be used at any time		
Interbank deposits		
Interbank borrowings		
2. Cash equivalents	355,044.57	1,865,501.15
Including: Bond investments with maturity date within three months		
3. Cash at cash equivalents at the end of the year	2,760,201,880.64	1,733,810,047.76
Including: Restricted cash and cash equivalents held by the holding company or the subsidiaries within the Group	345,414.07	8,708,244.29

(46) Foreign currencies

Item	Balance in foreign currency at the end of the year	Exchange rate	Balance in RMB at the end of the year
Monetary funds	—	—	501,965,270.22
Including: USD	19,716,093.08	6.5249	128,645,535.74
EURO			
HKD	443,583,334.70	0.8416	373,319,734.48
Accounts receivable	—	—	77,694,300.15
Including: USD	11,878,131.20	6.5249	77,503,618.27
EURO			
HKD	226,570.68	0.8416	190,681.88
Short-term borrowings	—	—	1,255,911,606.98
Including: USD	179,581,542.55	6.5249	1,171,751,606.98
EURO			
HKD	100,000,000.00	0.8416	84,160,000.00
Long-term borrowings	—	—	523,069,084.31
Including: USD			
EURO			
HKD	621,517,448.09	0.8416	523,069,084.31

(47) Assets with restricted ownerships and rights of use

Item	Book value at the end of the year	Reason of restrictions
Money funds	345,414.07	Special maintenance funds for real estates
Fixed assets	11,347,113,914.63	
Including: Kaiyang Expressway Properties	10,277,267,168.11	The toll collection rights and the income of the Shuikou-Baisha section of Shenhai National Expressway were pledged to the bank for securing long-term borrowings
Jiנגgao Expressway Properties	1,068,528,224.69	100% of the toll collection right of Zhongjiang expressway
Xinyue Properties	1,318,521.83	Mortgage loan
Intangible assets	6,417,570.01	
Including: The land-use-right of Xinyue Properties	6,417,570.01	Mortgage loan

9. Contingent events**(1) Guarantee events****1. Guarantee for companies outside the Group**

Name of guarantor	Name of the guaranteee	Guarantee method	Counter-guarantee	Guaranteed amount (RMB10 thousand)	Actual guaranteed amount (CNY10 thousand)	Guarantee period
Xin Yue (Guangzhou) Investment Co., Ltd.	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Jointly and severally liable	No	9,225.00	8,375.00	2013-6-25 to 2027-12-24
Total				9,225.00	8,375.00	

(2) Litigation events**10. Events after the balance sheet date**

As at the Report Date, there was no event after the balance sheet date that is subject to the disclosure requirements.

11. Related parties and related party transactions

(1) Basic information of the holding company of the Company

Name of the holding company	Place of incorporation	Nature of business	Registered share capital	Percentage of shareholding in the Company	Percentage of voting right in the Company
Guangdong Province Communications Group Company Limited	Guangzhou	Equity management; group restructuring and allocation improvement; financing via pledge and mortgage, transfer of shares and transform of shares, etc; operating and investment; construction of transportation infrastructure; Operation of highways and the relevant properties; technology development, application, consultation and service; highway transportation of passengers and cargos and modern logistics businesses; relevant business in overseas; value-added telecommunication businesses.	CNY26,800 million	100.00	100.00

(2) Basic information of the subsidiaries of the Company

Name of the related party	Nature of shareholder	Place of incorporation	Nature of business
Xin Yue Humen Co., Ltd.	Foreign enterprise	BVI	Project investment
Xin Yue (Guangzhou) Investment Co., Ltd.	Foreign investment	Guangzhou	Project investment
Xin Yue (Guangzhou) Financial Leasing Company Limited	Foreign investment	Guangzhou	Finance lease services
Xin Yue Hai Xin Sha Asphalt Company Limited	Foreign enterprise	BVI	Project investment
Guangzhou Xin Yue Asphalt Co., Ltd.	Foreign investment	Guangzhou	Manufacturing and processing of asphalt, sales of products and storage of asphalt
Guangzhou Xinyue Transportation Technology Co., Ltd.	State-owned	Guangzhou	Research and development of transportation technology; research, development and application of computer software, asphalt materials, technology and relevant technical consultation, technology transfer and after-sales services; wholesale and retail trade (except for national franchised products)
Guangdong Kaiyang Expressway Co., Ltd.	State-owned	Jiangmen	Investment in construction, operation and management of the Kaiping-Yangjiang section of the Guangdong Expressway, the main trunk of the Tongsan National Road, and related supporting facilities.
Gd Humen Bridge Co., Ltd.	Foreign investment	Dongguan	Management and maintenance of expressways
Guangdong Jiangzhong Expressway Co., Ltd.	State-owned	Guangzhou	Investment in construction, operation and management of the Jiangzhong Expressway, Jianghe Expressway Phase 2 and the development of supporting projects.
Guangdong Nanyue Logistics Industrial Company Limited	State-owned	Guangzhou	General freight, special cargo transportation (container), intermodal and warehouse and storage services, etc.
Guangdong Xinyue Jiafu Asphalt Co., Ltd.	State-owned	Dongguan	Processing of asphalt, manufacturing and sales of construction materials, etc.

(3) Associates and joint ventures of the Company

Name of the related party	Place of incorporation	Percentage of shareholding by the Company	Nature of business
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Wuzhou, Guangxi	25%	Cargo port
Guangdong Shantou Haiwan Bridge Co., Ltd.	Shantou, Guangdong	30%	Highway management and maintenance
Guangdong Panyu Bridge Co., Ltd.	Guangzhou, Guangdong	30%	Highway management and maintenance
Shell Road Solutions Xinyue(foshan) Co., Ltd.	Foshan, Guangdong	40%	Crude oil processing and petroleum product manufacturing

(4) Other related parties that do not have a control relationship

Name of entity	Relationship
Dongguan Weisheng International Logistics Limited	Common ultimate beneficial owner
Guangdong Boda Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Oriental Thought Co., Ltd.	Common ultimate beneficial owner
Guangdong Gaoen Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Xinlu Advertising Co., Ltd.	Common ultimate beneficial owner
Guangdong Gaosu Science and Technology Investment Co., Ltd.	Common ultimate beneficial owner
Guangdong Guangfozhao Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Guanghui Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Guangle Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Hualu Traffic Technology Co., Ltd.	Common ultimate beneficial owner
Guangdong Huiqing Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Jiaoke Testing Co., Ltd.	Common ultimate beneficial owner
Guangdong Jindaoda Expressway Economic Development Co., Ltd.	Common ultimate beneficial owner
Guangzhou Newsoft Technology Co., Ltd.	Common ultimate beneficial owner
Guangdong Leatop REAL Estate Investment Co., Ltd.	Common ultimate beneficial owner
Guangdong United Electronic Fee-Collecting Co., Ltd.	Common ultimate beneficial owner
Guangzhou Lulutong Co., Ltd.	Common ultimate beneficial owner

XIN YUE COMPANY LIMITED

Notes to the 2020 Consolidated Financial Statements

Name of entity	Relationship
Guangdong Luoyang Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Maozhan Expressway Co., Ltd.	Common ultimate beneficial owner
Guang Dong Meihe Expressway Ltd.	Common ultimate beneficial owner
Guangdong Meiping Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Shanfen Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Provincial Expressway Development Co., Ltd.	Common ultimate beneficial owner
Guangdong Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Highway Construction Co., Ltd.	Common ultimate beneficial owner
Guangdong Communications Group Finance Co., Ltd.	Common ultimate beneficial owner
Guangdong Road and Bridge Construction Development Co., Ltd.	Common ultimate beneficial owner
Guangdong Taishan Coastal Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Tongyi Expressway Service Area Co., Ltd.	Common ultimate beneficial owner
Guangdong Guantong Expressway Luchan Operation Co., Ltd.	Common ultimate beneficial owner
Guangdong Xinyue Transportation Investment Co., Ltd.	Common ultimate beneficial owner
Guangdong Yangmao Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Yuedong Expressway Industrial Development Co., Ltd.	Common ultimate beneficial owner
Guangdong Yueyun Transportation Company Limited	Common ultimate beneficial owner
Guangdong Yueyun Traffic Rescue Co., Ltd.	Common ultimate beneficial owner
Guangdong Zhaoyang Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Zihui Expressway Co., Ltd.	Common ultimate beneficial owner
Guangfo Expressway Co., Ltd.	Common ultimate beneficial owner
Dongguan Guangshenzhu Expressway Co., Ltd.	Common ultimate beneficial owner
Guangzhou Yueyun Transportation Co., Ltd.	Common ultimate beneficial owner
JING-ZHU Expressway GUANG-ZHU Section Co., Ltd.	Common ultimate beneficial owner
Yunfu Guangyun Speedway Co., Ltd.	Common ultimate beneficial owner
Guangdong Province Communications Planning & Design Institute Co., Ltd.	Joint stock company of the Communications Group

Notes to the 2020 Consolidated Financial Statements

Name of entity	Relationship
Poly Changda Engineering Co., Ltd.	Joint stock company of the Communications Group
Foshan Guangsan Expressway Co., Ltd.	Joint stock company of the Communications Group
Guangdong Feida Traffic Engineering Co., Ltd.	Joint stock company of the Communications Group
Guangdong Changxin Asphalt Concrete Co., Ltd.	Subsidiary of the joint stock company of the Communications Group
Zhongshan Mayor New Concrete Co., Ltd.	Subsidiary of the joint stock company of the Communications Group
Guangdong Nanyue Transportation Huaiyang Expressway Management Center	Other substantial influence
Guangdong Nanyue Transportation Longhuai Expressway Management Center	Other substantial influence
Guangdong Nanyue Transportation Qingyun Expressway Management Center	Other substantial influence
Guangdong Nanyue Transportation Renbo Expressway Management Center	Other substantial influence

(5) Related party transactions

1. Sales of goods to related parties

Name of related party	During the Year	During the previous Year
Poly Changda Engineering Co., Ltd.	264,207,859.03	83,956,946.08
Guangdong Boda Expressway Co., Ltd. – Boshen Branch	3,299,790.20	81,658.41
Guangdong Chaohui Expressway Co., Ltd.	18,216,184.34	
Guangdong Spring Tide Expressway Co., Ltd.	117,268,386.38	
Guangdong Panyu Bridge Co., Ltd.	676,618.64	923,630.66
Guangdong Guangfozhao Expressway Co., Ltd.	2,723,519.77	762,284.39
Guangdong Guanghui Expressway Co., Ltd.	11,859,711.50	2,871,754.31
Guangdong Hualu Expressway Co., Ltd.	71,658,569.68	
Guangdong Huiqing Expressway Co., Ltd.		3,297,989.12
Guangzhou Lulutong Co., Ltd.	7,697,406.20	4,572,619.46
Guangdong Maozhan Expressway Co., Ltd.		43,209.11
Guangdong Meiping Expressway Co., Ltd.		48,896,765.05
Guangdong Shanfen Expressway Co., Ltd.	16,948,049.56	15,448,838.10

XIN YUE COMPANY LIMITED

Notes to the 2020 Consolidated Financial Statements

Name of related party	During the Year	During the previous Year
Guangdong Provincial Expressway Development Co., Ltd. – Fokai Branch	4,045,864.68	67,079,771.95
Guangdong Expressway Co., Ltd. – Jingzhubei Branch	1,953,558.84	2,697,884.45
Guangdong Expressway Co., Ltd. – Taishan Branch	3,140,834.20	26,875,891.84
Guangdong Expressway Co., Ltd. – Yuegan Branch	13,841,789.38	22,541,684.06
Guangdong Expressway Co., Ltd. – Zhanjiang Branch	26,686,448.67	18,071,267.31
Guangdong Highway Construction Co., Ltd. – Humen 2 nd Bridge Branch		39,053,594.16
Guangdong Highway Construction Co., Ltd. – Nanhuan Section Branch		4,889,529.41
Guangdong Road and Bridge Construction Development Co., Ltd. – Erguang Branch	494,653.08	1,012,971.88
Guangdong Road and Bridge Construction Development Co., Ltd. – Guanghe Branch	4,781,227.30	3,725,579.95
Guangdong Road and Bridge Construction Development Co., Ltd. – Guangshao Branch	976,787.37	619,343.96
Guangdong Road and Bridge Construction Development Co., Ltd. – Shanzhan Branch	1,323,717.70	2,378,033.51
Guangdong Road and Bridge Construction Development Co., Ltd. – Yunwu Branch	1,284,316.91	5,843,077.96
Guangdong Nanyue Transportation Longhuai Expressway Management Center – Lianyin Management Office		4,224,121.20
Guangdong Nanyue Transportation Longhuai Expressway Management Center – Yinhuai Management Office	52,465,050.90	7,625,310.75
Guangdong Nanyue Transportation Qingyun Expressway Management Center	12,073,361.65	118,416,958.39
Guangdong Nanyue Transportation Renbo Expressway Management Center – Renxin Management Office		19,785,481.27
Guangdong Nanyue Transportation Renbo Expressway Management Center – Xinbo Management Office		27,420,040.12
Guangdong Taishan Coastal Expressway Co., Ltd.	6,194,692.36	1,668,029.20
Guangdong Yangmao Expressway Co., Ltd.		16,238.94
Guangdong Yuedong Expressway Industrial Development Co., Ltd.	7,425,199.12	4,107,330.36
Guangdong Yueyun Transportation Company Limited	94,573,940.79	213,942,125.37
Guangdong Zihui Expressway Co., Ltd.	201,629,073.71	
Guangfo Expressway Co., Ltd.	200,071.48	333,128.23
Dongguan Guangshenzhu Expressway Co., Ltd.	5,709,361.22	2,347,983.51
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	159,223.34	161,835.49
Shell Road Solutions Xinyue(foshan) Co., Ltd.	28,083,291.37	22,777,860.35
Yunfu Guangyun Speedway Co., Ltd.	578,495.86	300,794.92

2. Provision of leasing and services to related parties

Name of related party	Project	During the Year	During the previous Year
Guangzhou Lululong Co., Ltd.	Project maintenance	22,300,674.28	17,164,536.67
Poly Changda Engineering Co., Ltd.	Project maintenance	8,956,662.80	
Guangdong Road and Bridge Construction Development Co., Ltd. - Erguang Branch	Project maintenance	1,765,396.59	6,359,216.50
Guangdong Road and Bridge Construction Development Co., Ltd. - Luda Branch	Project maintenance	1,580,255.04	10,507,440.35
Guangdong Guanyue Road & Bridge Co., Ltd.	Project maintenance	1,084,096.10	
Guangdong Road and Bridge Construction Development Co., Ltd. - Tianshan Branch	Project maintenance	772,744.95	1,902,710.09
Guangdong Road and Bridge Construction Development Co., Ltd. - Yunwu Branch	Project maintenance		18,788,191.69
Guangdong Guanghui Expressway Co., Ltd.	Project maintenance		2,155,547.70
Guangdong Provincial Expressway Development Co., Ltd. - Fokai Branch	Project maintenance		3,098,543.11
Guangdong Expressway Co., Ltd. - Yuegan Branch	Project maintenance		1,179,328.18
Guangdong Tongyi Expressway Service Area Co., Ltd.	Right-of-use of assets	7,352,972.82	6,604,317.88
Guangzhou Newsoft Technology Co., Ltd.	Rent	387,657.03	323,501.79
Guangdong Xinyue Transportation Investment Co., Ltd.	Service fee		884.96
Foshan Guangsan Expressway Co., Ltd.	Service fee		145,283.02
Guangdong Feida Traffic Engineering Co., Ltd.	Service fee		884.96
Guangzhou Lululong Co., Ltd.	Service fee		884.96
Guangdong Luoyang Expressway Co., Ltd.	Service fee		144,069.91
Guangdong Maozhan Expressway Co., Ltd.	Service fee	127,358.49	145,283.02
Guangdong Province Expressway Construction Co., Ltd. - Zhuhai Section Branch	Service fee	88,870.75	100,201.70
Guangdong Expressway Co., Ltd. - Fokai Branch	Service fee	127,358.49	145,283.02
Guangdong Expressway Co., Ltd. - Taishan Branch	Service fee		183,354.44
Guangdong Expressway Co., Ltd. - Zhanjiang Branch	Service fee		145,283.02
Guangdong Highway Construction Co., Ltd.	Service fee		145,283.02
Guangdong Taishan Coastal Expressway Co., Ltd.	Service fee	69,155.66	79,651.42
Guangdong Yangmao Expressway Co., Ltd.	Service fee		145,283.02
Guangdong Yueyun Traffic Rescue Co., Ltd.	Service fee	62,860.95	62,860.95
Guangdong Zhaoyang Expressway Co., Ltd.	Service fee		73,854.62

XIN YUE COMPANY LIMITED

Notes to the 2020 Consolidated Financial Statements

Name of related party	Project	During the Year	During the previous Year
Guangfo Expressway Co., Ltd.	Service fee	127,358.49	145,283.02
Poly Changda Engineering Co., Ltd.	Service fee	5,905.34	6,051.75
Guangdong Feida Traffic Engineering Co., Ltd.	Service fee		943.40
Guangdong Xinlu Advertising Co., Ltd.	Service fee	1,351,535.32	1,140,540.10
Guangdong Hualu Traffic Technology Co., Ltd.	Service fee		44.25
Guangdong Jiaoke Testing Co., Ltd.	Service fee		471.70
Guangzhou Newsoft Technology Co., Ltd.	Service fee		44.25
Guangdong United Electronic Fee-Collecting Co., Ltd.	Service fee	19,490.29	227,839.62
Guangdong Xinyue Transportation Investment Co., Ltd.	Service fee		2,278.16
Guangdong Yueyun Transportation Company Limited	Service fee	4,945,823.27	5,221,639.27
JING-ZHU Expressway GUANG-ZHU Section Co., Ltd.	Service fee	708,791.82	1,090,005.86
Guangzhou Lulutong Co., Ltd.	Service fee		
Guangdong Shantou Haiwan Bridge Co., Ltd.	Service fee	16,981.13	
Guangdong Gaintop Highway Engineering Construction Group Co., Ltd.	Service fee	943.40	
Guangdong United Electronic Fee-Collecting Co., Ltd.	Management fee	465,106.89	1,200,649.59
Shell Road Solutions Xinyue(foshan) Co., Ltd.	Management consultation service		59,642.87
Guangdong Xinlu Advertising Co., Ltd.	Advertising costs	304,228.57	404,711.40
Guangdong Gausu Science and Technology Investment Co., Ltd.	Professional fees		106,194.69
Guangdong Leatop REAL Estate Investment Co., Ltd.	Interest income from finance lease	8,256,639.62	9,596,679.84
Guangdong Highway Construction Co., Ltd. - Zhuhai Section Branch	Interest income from finance lease	756,191.58	1,873,232.88
Dongguan Weisheng International Logistics Limited	Interest income from finance lease	112,174.53	148,436.30
Maoming Asphaltum Storage & Transportation Centre	Interest income from finance lease	77,616.98	

XIN YUE COMPANY LIMITED
Notes to the 2020 Consolidated Financial Statements

3. Purchasing goods and accepting services from related parties

Name of related parties	During the Year	During the previous Year
Shell Road Solutions Xinyue(foshan) Co., Ltd.	252,616,217.81	95,548,532.20
Dongguan Weisheng International Logistics Limited	57,439,561.31	28,793,883.16
Guangdong Weisheng Traffic Industrial Co., Ltd.	64,800.00	-
Guangdong Jiaoke Testing Co., Ltd.	663,207.55	1,315,603.78
Guangdong Oriental Thought Co., Ltd.	1,913,404.03	259,800.00
Shell Road Solutions Xinyue(foshan) Co., Ltd.	5,545,211.32	17,034,109.08
Guangdong Chaohui Expressway Co., Ltd.	12,762,023.98	
Guangdong Zihui Expressway Co., Ltd.	191,752,506.15	
Guangdong Hualu Expressway Co., Ltd.	57,529,742.17	
Guangdong Spring Tide Expressway Co., Ltd.	99,617,878.91	
Guangdong Yueyun Transportation Company Limited	90,236,852.15	
Guangdong Highway Machine Material Company	-	9,241,288.39
Guangdong Guantong Expressway Luchan Operation Co., Ltd.	-	83,390.75
Total	770,141,405.38	152,276,607.36

4. Acceptance of engineering services from related parties

Name of related party	During the Year	During the previous Year
Guangdong Jiaoke Testing Co., Ltd.	16,309,280.07	6,352,142.03
Guangdong United Electronic Fee-Collecting Co., Ltd.	3,693,529.16	5,726,871.13
Poly Changda Engineering Co., Ltd.	1,980,443,548.25	1,130,458,342.47
Dongguan Weisheng International Logistics Limited	1,383,462.27	
Guangdong Oriental Thought Co., Ltd.	2,690,574.86	836,950.00
Guangdong Feida Traffic Engineering Co., Ltd.	57,577,649.01	12,816,288.10
Guangdong Gaoen Expressway Co., Ltd.	-	105,171,557.67
Guangdong Xinlu Advertising Co., Ltd.	-	97,187.05
Guangdong Gaosu Science and Technology Investment Co., Ltd.	288,000.00	640,800.00
Guangdong Hualu Traffic Technology Co., Ltd.	17,724,505.89	8,529,674.01
Guangzhou Newsoft Technology Co., Ltd.	439,400.00	486,900.00
Guangdong United Electronic Fee-Collecting Co., Ltd.	-	5,508,488.76
Guangzhou Lufutong Co., Ltd.	1,483,693.58	-
Guangdong Highway Construction Co., Ltd.	696,948.23	-
Guangdong Province Communications Planning & Design Institute Co., Ltd.	2,681,701.88	1,414,681.28
Guangdong Guantong Expressway Luchan Operation Co., Ltd.	-	944,053.05
Guangdong Xinkuitong Intelligent Information Development Co., Ltd.	32,400.00	-
Guangdong Xinyue Transportation Investment Co., Ltd.	90,834,402.76	34,289,859.95
Guangdong Yueyun Transportation Company Limited	383,181.77	693,814.28
Guangdong Yueyun Traffic Rescue Co., Ltd.	1,890,000.00	1,890,000.00
Guangzhou Yueyun Transportation Co., Ltd. - Keyun Branch	164,800.00	171,285.00
JING-ZHU Expressway GUANG-ZHU Section Co., Ltd.	498,990.42	969,708.24

5. Rent paid to related parties for property leasing

Name of related party	During the Year	During the previous Year
Guangdong Leatop REAL Estate Investment Co., Ltd.	6,137,452.00	6,137,452.00

6. Loans from and borrowing fees paid to related parties

Name of related party	During the Year	During the previous Year
Guangdong Communications Group Finance Co., Ltd.	13,498,725.42	15,860,250.00

7. Interest income from related parties

Name of related party	During the Year	During the previous Year
Guangxi Xijiang Lingang Chishui Port Co., Ltd.		1,505,382.08

8. The balances of claims and debts between the Company and the related parties

Nature	Name of related party	Balance at the end of the year	Balance at the beginning of the year
1. Accounts receivable		97,084,558.64	127,037,386.77
	Poly Changda Engineering Co., Ltd. – 4 th Branch	15,241,130.80	15,241,130.80
	Guangdong Baomao Expressway Co., Ltd.	1,032,241.43	1,032,241.43
	Guangdong Spring Tide Expressway Co., Ltd.	10,458,998.38	
	Guangdong Guanghui Expressway Co., Ltd.	684,486.00	2,396,326.00
	Guangdong Guangle Expressway Co., Ltd.	784,857.02	5,858,598.26
	Guangdong Hualu Expressway Co., Ltd.	17,222,154.24	
	Guangzhou Lulutong Co., Ltd.	4,547,283.22	4,098,733.77
	Guangdong Meiping Expressway Co., Ltd.	800,537.46	800,537.46
	Guangdong Pingxing Expressway Co., Ltd.	1,435,841.32	2,435,841.32
	Guangdong Shanfen Expressway Co., Ltd.	1,630,620.00	11,813,672.00
	Guangdong Provincial Expressway Development Co., Ltd. - Fokai Branch	101,324.11	101,324.11
	Guangdong Provincial Expressway Development Co., Ltd. – Yunwu Branch	2,047,912.90	2,047,912.90
	Guangdong Expressway Co., Ltd. - Jingzhubei Branch		3,048,609.42
	Guangdong Expressway Co., Ltd. - Yuegan Branch	16,857,175.00	1,994,019.00

XIN YUE COMPANY LIMITED

Notes to the 2020 Consolidated Financial Statements

Nature	Name of related party	Balance at the end of the year	Balance at the beginning of the year
	Guangdong Expressway Co., Ltd. - Yuegan Branch	38,918.00	38,918.00
	Guangdong Highway Construction Co., Ltd. - Humen 2nd Bridge Branch		875,990.37
	Guangdong Highway Construction Co., Ltd. - Nanhuai Section Branch	0.16	0.85
	Guangdong Road and Bridge Construction Development Co., Ltd. - Erguang Branch	648,910.98	789,946.54
	Guangdong Road and Bridge Construction Development Co., Ltd. - Luda Branch		653,988.00
	Guangdong Road and Bridge Construction Development Co., Ltd. - Tianshan Branch		62,219.00
	Guangdong Nanyue Transportation Longhuai Expressway Management Center - Liinyin Management Office	1,300,000.00	1,300,000.00
	Guangdong Xinyue Transportation Investment Co., Ltd.	2,995,566.10	19,550,202.04
	Guangdong Yunmao Expressway Co., Ltd.	9,273,450.89	49,904,266.96
	Guangdong Changxin Asphalt Concrete Co., Ltd.	1,000,000.00	1,000,000.00
	Guangdong Zihui Expressway Co., Ltd.	853,554.01	
	Dongguan Guangshenzhu Expressway Co., Ltd.	8,129,595.34	1,992,907.95
	JING-ZHU Expressway GUANG-ZHU Section Co., Ltd.	1.28	0.59
2. Deposits paid		714,837.36	225,694,268.87
	Poly Changda Engineering Co., Ltd.		209,652,972.42
	Guangdong Feida Traffic Engineering Co., Ltd.		3,911,214.00
	Guangdong Hualu Traffic Technology Co., Ltd.		3,292,500.60
	Guangdong Jiaoke Testing Co., Ltd.	573,651.00	3,505,875.00
	Guangdong United Electronic Fee-Collecting Co., Ltd.	102,839.10	40,525.85
	Guangdong Xinyue Transportation Investment Co., Ltd.		5,291,181.00
	Guangdong Guangwu E-commerce Co., Ltd.	38,347.26	
3. Other receivables		9,398,422.29	18,739,549.77
	Guangdong Changxin Asphalt Concrete Co., Ltd. - Guangzhou Branch		1,129,180.89
	Guangdong Boda Expressway Co., Ltd. - Boshen Branch	0.01	
	Guangdong Xinlu Advertising Co., Ltd.	765,628.93	684.00
	Guangdong Huiqing Expressway Co., Ltd.	5,316,340.57	5,316,340.57
	Guangzhou Newsoft Technology Co., Ltd.	216,580.12	
	Guangdong Leatop REAL Estate Investment Co., Ltd.	879,878.00	879,878.00
	Guangzhou Lulutong Co., Ltd.	1,050,756.00	

XIN YUE COMPANY LIMITED

Notes to the 2020 Consolidated Financial Statements

Nature	Name of related party	Balance at the end of the year	Balance at the beginning of the year
	Guang Dong Meihe Expressway Ltd.	30,600.00	30,600.00
	Guangzhou Communications Engineering Co., Ltd.	30,128.00	27,528.00
	Guangdong Road and Bridge Construction Development Co., Ltd. - Erguang Branch	175,722.01	
	Guangdong Road and Bridge Construction Development Co., Ltd. - Luda Branch	395,268.00	
	Guangdong Road and Bridge Construction Development Co., Ltd. - Tianshan Branch	87,487.00	
	Guangdong Road and Bridge Construction Development Co., Ltd. - Yunwu Branch	100,000.00	100,000.00
	Guangdong Nanyue Transportation Huaiyang Expressway Management Center		800,000.00
	Guangdong Nanyue Transportation Qingyun Expressway Management Center		6,979,916.40
	Guangdong Tongyi Expressway Service Area Co., Ltd.		884,435.77
	Guangdong Xinyue Transportation Investment Co., Ltd.		1,740,952.49
	Guangdong Yueyun Transportation Company Limited	350,033.65	350,033.65
	Guangdong Zihui Expressway Co., Ltd.		500,000.00
4. Non-current assets due within one year		172,308,185.00	70,613,828.00
	Dongguan Weisheng International Logistics Limited	1,225,911.00	835,529.00
	Guangdong Leatop REAL Estate Investment Co., Ltd.	171,000,000.00	9,500,000.00
	Guangdong Nanyue Logistics Industrial Company Limited		15,117,986.00
	Guangdong Highway Construction Co., Ltd. - Zhuhai Section Branch		45,160,313.00
	Maoming Asphaltum Storage & Transportation Centre	82,274.00	
5. Long-term receivable		24,708,729.16	176,825,000.00
	Dongguan Weisheng International Logistics Limited	1,000,000.00	2,200,000.00
	Guangdong Leatop REAL Estate Investment Co., Ltd.		171,000,000.00
	Guangdong Highway Construction Co., Ltd. - Zhuhai Section Branch		
	Guangxi Xijiang Lingang Chishui Port Co., Ltd	8,708,729.16	3,625,000.00
	Maoming Asphaltum Storage & Transportation Centre	15,000,000.00	
6. Other non-current assets		180,215,325.00	180,215,325.00
	Guangdong Provincial Expressway Development Co., Ltd.	36,043,065.00	36,043,065.00
	Guangdong Highway Construction Co., Ltd.	144,172,260.00	144,172,260.00
7. Short-term borrowings		198,000,000.00	-
	Guangdong Communications Group Finance Co., Ltd.	198,000,000.00	

XIN YUE COMPANY LIMITED

Notes to the 2020 Consolidated Financial Statements

Nature	Name of related party	Balance at the end of the year	Balance at the beginning of the year
8. Accounts payable		171,868,858.06	111,131,896.75
	Poly Changda Engineering Co., Ltd.	23,763,486.76	52,809,217.85
	Dongguan Weisheng International Logistics Limited	45,935,655.25	8,641,969.78
	Guangdong Oriental Thought Co., Ltd.	1,410,082.25	516,678.50
	Guangdong Feida Traffic Engineering Co., Ltd.	17,145.00	376,173.73
	Guangdong Gaosu Science and Technology Investment Co., Ltd.		
	Guangdong Hualu Traffic Technology Co., Ltd.	1,197,628.90	65,305.13
	Guangdong Jiaoke Testing Co., Ltd.	2,794,889.00	
	Guangdong Jindaoda Expressway Economic Development Co., Ltd.	17,680.00	17,680.00
	Guangzhou Newsoft Technology Co., Ltd.	170,235.00	179,450.00
	Guangdong United Electronic Fee-Collecting Co., Ltd.	4,226,238.13	4,155,412.61
	Guangzhou Lulutong Co., Ltd.	226,535.00	
	Guangdong Fokai Speedway Co., Ltd.	473,898.00	
	Guangdong Highway Machine Material Company	0.01	0.01
	Guangdong Highway Construction Co., Ltd.	4,090,949.79	4,090,949.79
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	1,199,325.39	283,737.08
	Guangdong Xinyue Transportation Investment Co., Ltd.	30,244,630.71	5,536,681.90
	Shell Road Solutions Xinyue(foshan) Co., Ltd.	49,859,233.87	32,015,554.59
	Maoming Asphaltum Storage & Transportation Centre	6,241,245.00	2,443,085.78
9. Receipt in advance		34,798,903.48	32,389,330.90
	Poly Changda Engineering Co., Ltd. – Zhuhai Hengqin Branch	8,000,000.00	
	Gd Humen Bridge Co., Ltd.		1,942,478.92
	Guangdong Nanyue Logistics Industrial Company Limited		3.98
	Guangdong Yueyun Transportation Company Limited	12,681,293.28	30,446,848.00
	Guangdong Yunmao Expressway Co., Ltd.	14,117,610.20	
10. Other payables		70,478,483.55	75,628,790.99
	Poly Changda Engineering Co., Ltd.	47,959,694.33	43,153,860.97
	Dongguan Weisheng International Logistics Limited	430,000.00	100,000.00
	Guangdong Oriental Thought Co., Ltd.	81,270.84	40,368.84
	Guangdong Feida Traffic Engineering Co., Ltd.	1,220,825.07	1,426,689.68

XIN YUE COMPANY LIMITED

Notes to the 2020 Consolidated Financial Statements

Nature	Name of related party	Balance at the end of the year	Balance at the beginning of the year
	Guangdong Gaoen Expressway Co., Ltd.	5,662,163.00	5,662,163.00
	Guangdong Xinlu Advertising Co., Ltd.	78,145.44	100,477.58
	Guangdong Gaosu Science and Technology Investment Co., Ltd.	30,820.00	34,989.00
	Guangdong National Defense Transportation Material Co., Ltd.	694,611.00	694,611.00
	Guangdong Hualu Traffic Technology Co., Ltd.	1,223,211.00	206,401.00
	Guangdong Jiaoke Testing Co., Ltd.	1,329,000.00	892,000.00
	Guangzhou Newsoft Technology Co., Ltd.	287,516.40	302,688.74
	Guangdong United Electronic Fee-Collecting Co., Ltd.		38.00
	Guangzhou Lulutong Co., Ltd.	34,061.04	
	Guangdong Expressway Co., Ltd.	226,933.90	226,933.90
	Guangdong Highway Construction Co., Ltd.	6,604.63	6,604.63
	Guangdong Province Communications Planning & Design Institute Co., Ltd.		31,014.00
	Guangdong Province Communications Group Company Limited	60,699.90	60,699.90
	Guangdong Tongyi Expressway Service Area Co., Ltd.	172,025.00	172,025.00
	Guangdong Guantong Expressway Luchan Operation Co., Ltd.	944,053.05	944,053.05
	Guangdong Xinyue Transportation Investment Co., Ltd.	2,504,385.78	1,789,938.52
	Guangdong Yueyun Transportation Company Limited	3,184,194.25	9,174,459.77
	JING-ZHU Expressway GUANG-ZHU Section Co., Ltd.	4,348,268.92	10,608,774.41
11. Dividend payable		-	64,639,981.43
	Guangdong Highway Construction Co., Ltd.		19,542,319.97
	Guangdong Province Communications Group Company Limited		45,097,661.46
12. Interest payable		373,184.50	454,575.00
	Guangdong Panyu Bridge Co., Ltd.	20,475.00	
	Guangdong Communications Group Finance Co., Ltd.	352,709.50	454,575.00
13. Non-current liabilities due within one year		3,000,000.00	3,000,000.00
	Guangdong Communications Group Finance Co., Ltd.	3,000,000.00	3,000,000.00
14. Long-term borrowings		139,000,000.00	442,000,000.00
	Guangdong Communications Group Finance Co., Ltd.	139,000,000.00	442,000,000.00
15. Long-term payables		292,922,727.32	262,373,144.45

XIN YUE COMPANY LIMITED

Notes to the 2020 Consolidated Financial Statements

Nature	Name of related party	Balance at the end of the year	Balance at the beginning of the year
	Guangdong Panyu Bridge Co., Ltd.	39,000,000.00	
	Guangdong Highway Construction Co., Ltd.	98,037,831.32	102,893,352.45
	Guangdong Province Communications Group Company Limited	55,884,896.00	59,479,792.00
	Guangdong Road and Bridge Construction Development Co., Ltd.	100,000,000.00	100,000,000.00

12. Notes to the financial statements of the holding company

(1) Accounts receivable

Category	At the end of the year				At the beginning of the year			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Single provision for bad debts on a significant individual amount in accounts receivable	-	-	-	-	-	-	-	-
Provision for bad debts based on grouping of credit risk characteristic in accounts receivable	77,694,309.22	100	190,690.95	0.25	77,931,173.39	100.00	202,957.48	0.26
Provision for bad debts on single item in accounts receivable despite that the amount was not significant	-	-	-	-	-	-	-	-
Total	77,694,309.22	100.00	190,690.95	0.25	77,931,173.39	100.00	202,957.48	0.26

(1) There was no single provision for bad debts on a significant individual amount at the end of the year.

(2) Provision for bad debts based on a combination of credit risk characteristics.

Provision of bad debts of accounts receivable using aging analysis method:

Aging	At the end of the year			At the beginning of the year		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year						
1 to 2 years						
2 to 3 years						
Over 3 years	190,690.95	100.00	190,690.95	202,957.48	100.00	202,957.48
Total	190,690.95	—	190,690.95	202,957.48	—	202,957.48

Provision for bad debts of accounts receivable using other grouping method

Name of grouping	At the end of the year			At the beginning of the year		
	Book balance	Percentage of provision (%)	Provision for bad debts	Book balance	Percentage of provision (%)	Provision for bad debts
Amount due from related party	77,503,618.27			77,728,215.91		
Total	77,503,618.27			77,728,215.91		

(3) There was no provision for bad debts on single item despite that the amount was not significant in accounts receivable at the end of the year.

(4) There was no recovery or reverse of provision for bad debts during the reporting period.

(5) There was no accounts receivable being written off during the reporting period.

(6) At the end of the year, the top five balances of accounts receivable are as follow:

Name of debtor	Book balance	Proportion of total accounts receivable (%)	Provision for bad debts
Guangzhou Xin Yue Asphalt Co., Ltd.	77,503,618.27	99.75	
Houston Machinery Company Limited	190,690.95	0.25	190,690.95
Total	77,694,309.22	100.00	190,690.95

(7) During the reporting period, no accounts receivable of the Company was derecognized due to transfer of financial assets.

(2) Other receivables

Item	Balance at the end of the year	Balance at the beginning of the year
Interest receivable		1,121,376.82
Dividend receivable		-
Other receivables	4,915,154.32	4,921,417.79
Total	4,915,154.32	6,042,794.61

1. Interest receivable

(1) Classification of interest receivable

Item	Balance at the end of the year	Balance at the beginning of the year
Time deposit		1,121,376.82
Entrusted loan		
Others		
Total		1,121,376.82

(2) The Company has no significant overdue interest during the reporting period.

2. Other receivables

Category	Closing balance				Opening balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Single provision for bad debts on a significant individual amount in other receivables								
Provision for bad debts based on grouping of credit risk characteristics in other receivables	5,157,512.91	100.00	242,358.59	4.70	5,179,366.53	100.00	257,948.74	4.98
Provision for bad debts on single item in other receivables despite that the amount was not significant								
Total	5,157,512.91	100.00	242,358.59	4.70	5,179,366.53	100.00	257,948.74	4.98

(1) Single provision for bad debts on a significant individual amount in other receivables: Nil

(2) Provision for bad debts based on grouping of credit risk characteristics in other receivables

XIN YUE COMPANY LIMITED
Notes to the 2020 Consolidated Financial Statements

Provision of bad debts of other receivables using aging analysis method:

Aging	At the end of the year		At the beginning of the year	
	Book balance	Percentage (%)	Book balance	Percentage (%)
Within 1 year				
1 to 2 years				
2 to 3 years				
Over 3 years	242,358.59	100.00	257,948.74	100.00
Total	242,358.59	—	257,948.74	—

Provision for bad debts of other receivables using other grouping method

Name of grouping	At the end of the year		At the beginning of the year	
	Book balance	Percentage of provision (%)	Book balance	Percentage of provision (%)
Related parties within the scope of consolidation	4,915,154.32		4,921,417.79	
Deposit and warranty				
Total	4,915,154.32		4,921,417.79	

(3) Provision for bad debts on single item despite that the amount was not significant in other receivables at the end of the year: Nil.

(4) There was no recovery or reverse of provision for bad debts during the reporting period.
(5) There was no accounts receivable being written off during the reporting period.

(6) At the end of the year, the top five balances of other receivables are as follow:

Name of debtor	Nature	Book balance	Aging	Proportion of total other receivables (%)	Provision for bad debts
Xin Yue (Guangzhou) Investment Co., Ltd.	Current account	4,226,619.31	Within 1 year	81.95	
Guangzhou Xin Yue Asphalt Co., Ltd.	Tax withheld or payment on behalf	557,786.89	Within 1 year	10.82	
Guangdong Nanyue Logistics Industrial Company Limited	Demurrage	128,148.12	2 to 3 years	2.48	
The Incorporated Owners of 118 Connaught Road West	Deposit	72,724.43	over 3 years	1.41	72,724.43
The Hongkong Electric Company, Limited	Deposit	22,050.97	over 3 years	0.43	22,050.97
Total		5,007,329.72		97.09	94,775.40

(3) Long-term equity investments

1. Classification of long-term equity investment

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Investment in subsidiaries	679,149,891.06			679,149,891.06
Investment in joint ventures				
Investment in associates	853,113,270.31	441,644,928.08	50,000,000.00	1,244,758,198.39
Subtotal	1,532,263,161.37	441,644,928.08	50,000,000.00	1,923,908,089.45
Less: Provision for impairment loss on long-term equity investments	338,089,991.69	-	-	338,089,991.69
Total	1,194,173,169.68	441,644,928.08	50,000,000.00	1,585,818,097.76

XIN YUE COMPANY LIMITED
Notes to the 2020 Consolidated Financial Statements

2. Detailed breakdown of long-term equity investments

Investee	Cost of investment	Balance at the beginning of the year	Changes during the year							Balance at the end of the year	Provision for impairment loss at the end of the year		
			Additional investment	Reduced investment	Gain or loss from investment recognized under the equity method	Adjustments in other comprehensive income	Other changes in equity	Dividend declared	Provision for impairment loss			Others	
Total	1,277,478,889.79	1,532,263,161.37	375,000,000.00		66,644,928.08				50,000,000.00	-	-	1,923,908,089.45	338,089,991.69
1. Subsidiaries	679,149,899.37	679,149,891.06										679,149,891.06	338,089,991.69
Xin Yue (Guangzhou) Financial Leasing Company Limited	68,931,000.00	68,931,000.00										68,931,000.00	
Xin Yue Haiwan Co., Ltd	338,090,000.00	338,089,991.69										338,089,991.69	338,089,991.69
Xin Yue Humen Co., Ltd.	8.31	8.31										8.31	

XIN YUE COMPANY LIMITED

Notes to the 2020 Consolidated Financial Statements

Investee	Cost of investment	Balance at the beginning of the year	Changes during the year								Balance at the end of the year	Provision for impairment loss at the end of the year			
			Additional investment	Reduced investment	Gain or loss from investment recognized under the equity method	Adjustments in other comprehensive income	Other changes in equity	Dividend declared	Provision for impairment loss	Others					
Xin Yue Hai Xin Sha Asphalt Company Limited	7.77	7.77											7.77		
Xin Yue (Guangzhou) Investment Co., Ltd.	272,128,883.29	272,128,883.29												272,128,883.29	
2. Associates	598,328,990.42	853,113,270.31	375,000,000.00		66,644,928.08	-					50,000,000.00			1,244,758,198.39	
Guangdong Kaiyang Expressway Co., Ltd.	598,328,990.42	853,113,270.31	375,000,000.00		66,644,928.08						50,000,000.00			1,244,758,198.39	

(4) Operating income and operating costs

Item	During the current period		During the previous period	
	Income	Costs	Income	Costs
Subtotal of principal business	1,058,857,532.81	1,041,839,383.39	536,816,713.96	529,057,451.17
Including: Trading of asphalt	1,058,857,532.81	1,041,839,383.39	536,816,713.96	529,057,451.17
Total	1,058,857,532.81	1,041,839,383.39	536,816,713.96	529,057,451.17

13. Other significant events

Major acquisitions during the year

(1) In August 2020, a share transfer agreement was entered into between Xin Yue (Guangzhou) Investment Co., Ltd. ("Party B" or the "Investment Company"), a subsidiary of the Company, and Guangzhou Yueyun Investment Management Co., Ltd. ("Party A" or the "Yueyun Investment"), a subsidiary of the Communications Group, for which, Party B shall acquire the 100% equity interest of Guangdong Nanyue Logistics Industrial Company Limited (the "Target Company" from Party A. The consideration was CNY226,955,636.42, which was determined based on the net asset value of the Subject Company as of 31 March 2020. The acquisition has been completed and the consideration has been fully settled

(2) In December 2020, the Investment Company entered into a State-owned property transfer agreement with Shenzhen Expressway Co., Ltd. via the Shenzhen United Property and Equity Exchange for the acquisition of 25% equity interest in Guangdong Jiangzhong Expressway Co., Ltd. at a consideration of CNY309,090,000.00. In December 2020, the Investment Company entered into a share transfer agreement with Guangdong Highway Construction Co., Ltd., a subsidiary of the Communications Group, for the acquisition of 26% equity interest in Guangdong Jiangzhong Expressway Co., Ltd. at a consideration of CNY311,118,629.43.

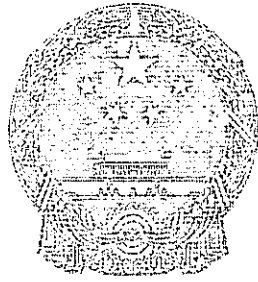
The above-mentioned acquisitions have been completed and the consideration of the share transfers has been fully settled, and as such, the Investment Company was holding a total of 51% equity interest in Guangdong Jiangzhong Expressway Co., Ltd..

(3) In December 2020, the Investment Company entered into a State-owned property transfer agreement with Shenzhen Expressway Co., Ltd. via the Shenzhen United Property and Equity Exchange for the acquisition of 30% equity interest in Yunfu Guangyun Speedway Co., Ltd. at a consideration of CNY210,910,000.00. The share transfer has been completed and the consideration has been fully settled.

14. Approval of the financial statements

The financial statements have been approved by the Board of Directors of the Company.

Xin Yue Company Limited
25 February 2021

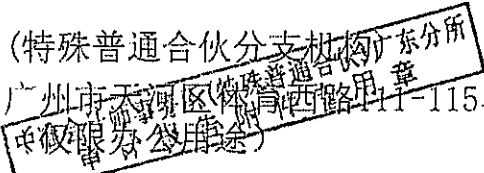


营业执照

(副本)

编号 S0152015021400 (1-1)

统一社会信用代码 91440101068678272Q

名称	中准会计师事务所（特殊普通合伙）广东分所
类型	(特殊普通合伙分支机构) 广东分所
营业场所	广州市天河区体育西路111-115单号楼23楼D2、E房 
负责人	李慧琦
成立日期	2013年12月09日
营业期限	2013年12月09日至 长期
经营范围	商务服务业（具体经营项目请登录广州市商事主体信息公示平台查询。依法须经批准的项目，经相关部门批准后方可开展经营活动。）



登记机关



证书序号: 5041106

说 明

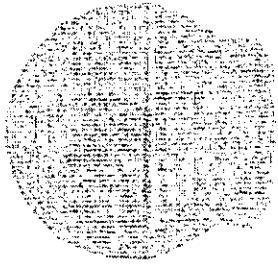
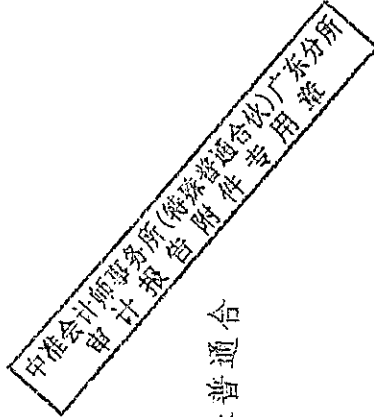
- 1、《会计师事务所分所执业证书》是证明会计师事务所经财政部门依法审批，准予持证分所执行行业业务的凭证。
- 2、《会计师事务所分所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所分所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所分所终止或执业许可注销的，应当向财政部门交回《会计师事务所分所执业证书》。



发证机关:

二〇一〇年三月十六日

中华人民共和国财政部制



中准会计师事务所分所

执业证书

名称: 中准会计师事务所(特殊普通合伙) 广东分所

负责人: 李慧琦

经营场所: 广州市天河区体育西路 111-115 单号楼 23 楼

D2、E 房(仅限办公用途)

分所执业证书编号: 110001704401

批准执业文号: 粤财会[2010]1 号

批准执业日期: 2010 年 01 月 25 日



姓名: 李慧琦
 Full name: Li Huiqi
 性别: 女
 Sex: Female
 出生日期: 1997年11月23日
 Date of birth: 1997-11-23
 工作单位: 北京中恒信会计师事务所(普通合伙)广东分所
 Working unit: Beijing Zhonghengxin CPAs Guangdong Branch
 身份证号码: 440106199711230022
 Identity card No: 440106199711230022

证书编号: 440106410002
 No. of Certificate: 440106410002

批准注册协会: 广东省注册会计师协会
 Authorized Institute of CPAs: Guangdong Institute of CPAs

发证日期: 一九九七年一月二十二日
 Date of Issuance: 1997-01-22

2019年4月30日续发

中准会计师事务所(特殊普通合伙)广东分所
 审计报告附件专用章

年度检验登记
 Annual Renewal Registration

本证书经检验合格, 继续有效一年。
 This certificate is valid for another year after this renewal.

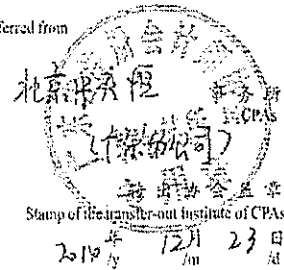


李慧琦(440106410002), 已通过广东省注册会计师协会2020年任职资格检查。通过文号: 粤注协(2020)132号。

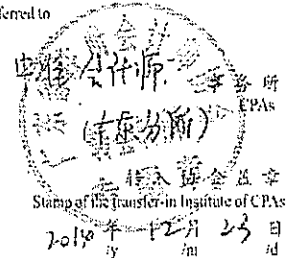


注册会计师工作单位变更事项登记
 Registration of the Change of Working Unit by a CPA

同意调出
 Agree the holder to be transferred from



同意调入
 Agree the holder to be transferred to





姓名: 黄绍丹
 Full Name: _____
 性别: 女
 Sex: _____
 出生日期: 1977-07-25
 Date of Birth: _____
 工作单位: 中准会计师事务所(特殊普通合伙)
 Working Unit: 中准会计师事务所(特殊普通合伙)广东分所
 身份证号: 445102197707250325
 Identification No: _____

证书编号: 110001492704
 No. of Certificate

注册会计师协会: 广东省注册会计师协会
 Authorized Institute of CPAs

发证日期: 2006年 07月 23日
 Date of Issuance: 年 月 日

换发

中准会计师事务所(特殊普通合伙)广东分所
 审计报告附件专用章

年度检验登记
 Annual Renewal Registration

本证书经检验合格, 继续有效一年。
 This certificate is valid for another year after
 this renewal.



黄绍丹(110001492704), 已通过广东省注册会计师协会2020
 年任职资格检查。通过文号: 粤注协(2020)132号。



110001492704

Xin Yue Company Limited

2019 Annual Auditor's Report

Guanghui shen zi[2020] G19031480010 号

Contents:

Auditor's Report.....	1-3
Balance Sheet.....	4-7
Income Statement.....	8-9
Cash Flow Statement.....	10-11
Statement of Changes in Equity.....	12-13
Notes to the Financial Statements.....	14-103

Auditor's Report

Guanghui shen zi[2020] G19031480010 号

To the shareholders of Xin Yue Company Limited

1) OPINION

We have audited the consolidated financial statements of Xin Yue Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Group give a true and fair view of the financial position of the Company and the consolidated financial position of the Group and the Company as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended. The notes to the financial statements including all significant accounting policies have been properly prepared in according with the Accounting Standards for Business Enterprise.

2) BASIS FOR OPINION

We conducted our audit in accordance with Auditing Standards of the Chinese Institute of Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (the "Code") of the Chinese Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company (the "management") are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprise, design and implement the internal control as the management determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparation the consolidated financial statements, the management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors of the Company are responsible in supervising the preparation of the financial report.

4) AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in according with Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- d) Conclude on the appropriateness of the management use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Xin Yue Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Xin Yue Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



February, 10, 2020

Consolidated Balance Sheet

Xin Yue Company Limited

Unit: CNY

Assets	Note 8	2019.12.31	2018.12.31
Current Assets:			
Monetary assets / Bank balance and cash	1	1,467,336,440.03	2,264,456,871.28
Financial assets at fair value through profit or loss		-	-
Notes receivable		-	-
Accounts receivable	2	96,788,013.24	98,748,702.30
Prepayment	3	589,291,428.34	445,463,933.12
Other receivables	4	16,895,288.94	17,721,129.41
Inventories	5	248,243,766.39	103,280,608.60
Assets held for sale		-	-
Non-current assets due within one year	6	70,613,828.00	12,512,192.00
Other current assets	7	336,114,308.11	296,154,463.17
Total Current Assets		2,825,283,073.05	3,238,337,899.88
Non-current Assets:			
Available-for-sale financial assets	8	258,793,368.17	69,053,745.57
Held-to-maturity investment		-	-
Long-term receivables	9	212,298,262.85	261,827,182.90
Long-term equity investments	10	456,576,024.51	472,413,697.81
Investment properties		-	-
Fixed assets	11	2,268,821,159.33	2,564,948,116.46
Construction in progress	12	3,793,930,278.17	984,087,503.42
Productive biological assets		-	-
Oil and gas assets		-	-
Intangible assets	13	45,799,961.19	48,082,124.93
Development expenditure		-	-
Goodwill		-	-
Long-term deferred expenses	14	360,084.26	474,209.91
Deferred tax assets	15	16,189,274.69	11,660,792.37
Other non-current assets	16	341,212,616.93	116,626,866.64
Total Non-current Assets		7,393,981,030.10	4,529,174,240.01
Total Assets		10,219,264,103.15	7,767,512,139.89

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Consolidated Balance Sheet (Continued)

Xin Yue Company Limited

Unit: CNY

Liabilities and Owners' Equity	Note 8	2019.12.31	2018.12.31
Current Liabilities:			
Short-term loan		-	-
Financial liabilities at fair value through profit or loss		-	-
Notes payable	17	47,070,104.27	15,837,015.47
Accounts payable	18	229,151,068.93	119,588,108.30
Receipt in advance	19	12,656,728.28	11,207,867.47
Employee benefits payable	20	29,933,427.15	22,942,499.84
Taxes payable	21	76,349,660.41	167,719,457.00
Other payables	22	417,591,898.11	280,185,682.56
Liabilities held for sale		-	-
Non-current liabilities due within one year	23	2,325,652.33	395,309,767.79
Other current liabilities		-	-
Total Current Liabilities		815,078,539.48	1,012,790,398.43
Non-current Liabilities:			
Long-term borrowings	24	3,033,205,296.19	1,052,524,535.69
Bonds payable		-	-
Long-term payable	25	262,373,144.45	265,087,088.60
Long-term employee benefits payable			
Contingent liabilities		-	-
Deferred income	26	1,573,932.00	1,612,500.00
Deferred tax liabilities	15	98,826,741.33	105,448,823.92
Other non-current liabilities			
Total Non-current Liabilities		3,395,979,113.97	1,424,672,948.21
Total Liabilities		4,211,057,653.45	2,437,463,346.64
Owner's equity:			
Paid-in capital (or Share capital)	27	27,375,340.00	27,375,340.00
Capital reserves	28	108,435,628.70	152,315,628.70
Less: Treasury stock		-	-
Other comprehensive income		39,364,987.17	44,331,847.40
Specific reserves		-	-
Surplus reserves		-	-
Retained earnings	29	4,089,418,688.06	3,561,868,963.74
Equity attributable to the shareholders of the holding company		4,264,594,643.93	3,785,891,779.84
Non-controlling interests		1,743,611,805.77	1,544,157,013.41
Total Owners' Equity		6,008,206,449.70	5,330,048,793.25
Total Liabilities and Owners' Equity		10,219,264,103.15	7,767,512,139.89

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Balance Sheet of the Holding Company

Xin Yue Company Limited

Unit: CNY

Assets	Note 12	2019.12.31	2018.12.31
Current Assets:			
Monetary assets / Bank balance and cash		623,576,649.15	630,519,633.48
Financial assets at fair value through profit or loss		-	-
Notes receivable		-	-
Accounts receivable	1	77,728,215.91	-
Prepayment		31,764.28	114,846.74
Other receivables	2	6,042,794.61	4,721,317.23
Inventories		-	-
Assets held for sale		-	-
Non-current assets due within one year		-	-
Other current assets		-	-
Total Current Assets		707,379,423.95	635,355,797.45
Non-current Assets:			
Available-for-sale financial assets		258,793,368.17	69,053,745.57
Held-to-maturity investment		-	-
Long-term receivables		1,205,198,587.97	1,194,256,462.61
Long-term equity investments	3	1,194,173,169.68	1,276,112,687.82
Investment properties		-	-
Fixed assets		10,537,613.16	11,050,385.90
Construction in progress		-	-
Productive biological assets		-	-
Oil and gas assets		-	-
Intangible assets		39,302,996.25	39,730,733.37
Development expenditure		-	-
Goodwill		-	-
Long-term deferred expenses		-	-
Deferred tax assets		-	-
Other non-current assets		-	-
Total Non-current Assets		2,708,005,735.23	2,590,204,015.27
Total Assets		3,415,385,159.18	3,225,559,812.72

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Balance Sheet of the Holding Company (Continued)

Xin Yue Company Limited

Unit: CNY

Liabilities and Owners' Equity	Note 12	2019.12.31	2018.12.31
Current Liabilities:			
Short-term loan		-	-
Financial liabilities at fair value through profit or loss		-	-
Notes payable		47,070,104.27	15,837,015.47
Accounts payable		16,059,140.55	-
Receipt in advance		-	-
Employee benefits payable		3,985,684.47	2,832,655.28
Taxes payable		-	-
Other payables		1,580,819,304.34	1,436,440,668.73
Liabilities held for sale		-	-
Non-current liabilities due within one year		325,652.33	309,767.79
Other current liabilities		-	-
Total Current Liabilities		1,648,259,885.96	1,455,420,107.27
Non-current Liabilities:			
Long-term borrowings		140,205,296.19	2,524,535.69
Bonds payable		-	-
Long-term payable		159,479,792.00	158,179,680.00
Long-term employee benefits payable			
Contingent liabilities		-	-
Deferred income			
Deferred tax liabilities		18,922,419.97	12,844,989.60
Other non-current liabilities		-	-
Total Non-current Liabilities		318,607,508.16	173,549,205.29
Total Liabilities		1,966,867,394.12	1,628,969,312.56
Owner's equity:			
Paid-in capital (or Share capital)		27,375,340.00	27,375,340.00
Capital reserves		25,939,205.26	315,419,196.95
Less: Treasury stock		-	-
Other comprehensive income		39,364,987.17	44,331,847.40
Specific reserves		-	-
Surplus reserves		-	-
Retained earnings		1,355,838,232.63	1,209,464,115.81
Total Owners' Equity		1,448,517,765.06	1,596,590,500.16
Total Liabilities and Owners' Equity		3,415,385,159.18	3,225,559,812.72

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Consolidated Income Statement

Xin Yue Company Limited

Unit: CNY

Item	Note 8	For the year ended 31 December 2019	For the year ended 31 December 2018
I. Total Revenue	30	3,065,782,878.43	3,976,410,177.89
Including: Operating income	30	3,065,782,878.43	3,976,410,177.89
II. Total Cost of Operations		1,447,024,719.17	1,579,823,849.63
Including: Operating costs	30	1,299,196,754.64	1,447,630,857.36
Taxes and levies		14,445,444.94	17,053,230.76
Selling expenses	31	14,874,649.94	12,753,992.21
Administrative expenses	32	125,366,257.72	113,349,065.57
Research and development costs	33	3,559,600.33	1,915,046.10
Finance costs	34	-10,417,988.40	-12,878,342.37
Including: Interest expenses		21,320,075.19	26,027,892.56
Interest income		30,199,124.48	31,899,982.53
Add: Other income	35	56,192.00	295,935.41
Gain/(loss) on investments	36	58,988,118.78	46,427,461.13
Including: Share of profits or loss of associates and joint ventures		48,147,169.49	48,802,521.71
Gain/(loss) in changes in fair value		-	-
Impairment loss on assets	37	-8,262,572.88	-24,373,213.67
Gain/(loss) on disposal of assets	38	-79,204.22	235,242.19
III. Operating profit/(loss)		1,669,450,692.94	2,419,171,753.32
Add: Non-operating income	39	2,426,522.35	13,735,399.45
Less: Non-operating expenses	40	2,216,432.56	6,469,800.54
IV. Profit/(loss) before taxation		1,669,670,782.73	2,426,437,352.23
Less: Income tax expense	41	422,905,807.47	607,308,184.06
V. Net profit/(loss)		1,246,764,975.26	1,819,129,168.17
(1) Categorized by continuity:		—	—
Including: Net profit/(loss) from continuing operations		1,246,764,975.26	1,819,155,860.09
Net profit/(loss) from discontinued operations		-	-26,691.92
(2) Categorized by ownership:		—	—
Including: Net profit/(loss) attributable to the shareholders of the holding company		527,549,724.32	676,709,824.17
Net profit attributable to non-controlling interests		719,215,250.94	1,142,419,344.00
VI. Other comprehensive income, net of tax		-4,966,860.23	-5,873,359.86
Other comprehensive income attributable to the shareholders of the holding company, net of tax		-4,966,860.23	-5,873,359.86
(1) Other comprehensive income that will not be reclassified to profit or loss		-	-
1. Remeasurement of defined benefit pension plans		-	-
2. Other comprehensive income that will not be reclassified to profit or loss under equity method		-	-
(2) Other comprehensive income that may be reclassified to profit or loss		-4,966,860.23	-5,873,359.86
1. The share of the invested unit in other comprehensive income that will not be reclassified to profit or loss under equity method-		-	-
2. Changes in fair value of available-for-sale financial assets		-4,966,860.23	-5,873,359.86
3. Gain or loss arising from reclassification from held-to-maturity investment to available-for-sale financial assets		-	-
4. The gain or loss in the effective portion of cash flow hedge		-	-
5. Exchange difference arising on translation of foreign operations		-	-
6. Others		-	-
Other comprehensive income attributable to non-controlling interests, net of tax		-	-
VII. Total Comprehensive Income	42	1,241,798,115.03	1,813,255,808.31
Including: Total comprehensive income attributable to shareholders of the holding company		522,582,864.09	670,836,464.31
Total comprehensive income attributable to non-controlling interests		719,215,250.94	1,142,419,344.00
VIII. Earnings per share:		—	—
Basic earnings per share		-	-
Diluted earnings per share		-	-

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Income Statement of the Holding Company

Xin Yue Company Limited

Unit: CNY

Item	Note 12	For the year ended 31 December 2019	For the year ended 31 December 2018
I. Operating Income	4	536,816,713.96	733,658,246.16
Less: Operating costs	4	529,057,451.17	718,150,043.43
Taxes and levies		145,893.47	126,886.03
Selling expenses		516,209.47	552,713.75
Administrative expenses		17,660,272.74	16,450,646.92
Research and development costs		-	-
Finance costs		-38,269,102.08	-52,029,622.06
Including: Interest expenses		5,806,311.30	7,941,442.38
Interest income		-30,721,486.16	-22,091,442.70
Add: Other income		-	-
Gain/(loss) on investments		127,229,943.40	406,369,169.98
Including: Share of profits or loss of associates and joint ventures			
Gain/(loss) in changes in fair value		-	-
Impairment loss on assets		-6,788.77	-338,106,222.01
Gain/(loss) on disposal of assets		-	-
II. Operating profit/(loss)		154,929,143.82	118,690,526.06
Add: Non-operating income		332,738.93	14,240.00
Less: Non-operating expenses		5,578.29	3,979.56
III. Profit/(loss) before taxation		155,256,304.46	118,700,786.50
Less: Income tax expense		8,882,187.64	11,239,432.65
IV. Net profit/(loss)		146,374,116.82	107,461,353.85
(1) Net profit/(loss) from continuing operations			
(2) Net profit/(loss) from discontinued operations ²			
V. Other comprehensive income, net of tax		-4,966,860.23	-5,873,359.86
(1) Other comprehensive income that will not be reclassified to profit or loss			
1. Remeasurement of defined benefit pension plans			
2. Other comprehensive income that will not be reclassified to profit or loss under equity method			
(2) Other comprehensive income that may be reclassified to profit or loss		-4,966,860.23	-5,873,359.86
1. The share of the invested unit in other comprehensive income that will not be reclassified to profit or loss under equity method-			
2. Changes in fair value of available-for-sale financial assets		-4,966,860.23	-5,873,359.86
3. Gain or loss arising from reclassification from held-to-maturity investment to available-for-sale financial assets			
4. The gain or loss in the effective portion of cash flow hedge			
5. Exchange difference arising on translation of foreign operations			
6. Others			
VI. Total Comprehensive Income		141,407,256.59	101,587,993.99

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Consolidated Cash Flow Statement

Xin Yue Company Limited

Unit: CNY

Item	Note 8	For the year ended 31 December 2019	For the year ended 31 December 2018
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		3,203,648,070.81	4,229,772,177.86
Refund of taxes and levies		256,780.77	-
Cash received for other operating activities	42	67,814,150.93	90,227,553.31
Subtotal of cash inflow from operating activities		3,271,719,002.51	4,319,999,731.17
Payment for purchase of commodities and services		1,073,159,551.97	1,212,336,234.00
Cash paid to and on behalf of employees		184,119,182.69	167,986,134.75
Payment of taxes and levies		619,315,488.27	739,677,434.39
Payment for other operating activities	42	84,867,440.46	296,285,517.75
Sub-total of cash outflow from operating activities		1,961,461,663.39	2,416,285,320.89
Net cash inflow/(outflow) from operating activities		1,310,257,339.12	1,903,714,410.28
II. Cash flows from investing activities:			
Cash received from returns on investments		-	-
Dividends received		83,674,312.64	286,324,861.26
Cash received from disposal of fixed assets, intangible assets and other long-term assets		159,880.26	1,013,792.43
Proceeds from disposal of subsidiaries and other operating units		-	-
Proceeds from other investing related activities	42	294,942,236.86	79,188,495.59
Subtotal of cash inflow from investing activities		378,776,429.76	366,527,149.28
Cash paid to acquire fixed assets, intangible assets and other long-term assets		3,119,844,242.95	1,375,584,168.05
Payment for investments		238,586,482.83	-
Cash paid to acquire subsidiaries and other business units		-	-
Payment for other investing activities	42	95,235,377.55	325,420,260.72
Subtotal of cash outflow from investing activities		3,453,666,103.33	1,701,004,428.77
Net cash inflow/(outflow) from investing activities		-3,074,889,673.57	-1,334,477,279.49
III. Cash flow from financing activities:			
Capital contributions received		325,271,285.40	177,353,405.02
Including: Cash received from capital contributions by non-controlling interest of subsidiaries		-	-
Cash received from borrowings		2,281,934,800.00	1,050,000,000.00
Cash received from issuance of bonds		-	-
Cash received from other financing activities		-	-
Subtotal of cash inflow from financing activities		2,607,206,085.40	1,227,353,405.02
Repayment of borrowings		697,311,020.52	272,278,949.22
Dividends and interests paid		944,593,382.03	1,170,491,464.68
Including: Dividends paid to non-controlling interests by subsidiaries		-	-
Cash payments relating to other financing activities	42	1,916,250.17	-
Subtotal of cash outflow from financing activities		1,643,820,652.72	1,442,770,413.90
Net cash inflow/(outflow) from financing activities		963,385,432.68	-215,417,008.88
IV. Effect of foreign exchange rate changes on cash and cash equivalents		4,126,470.52	19,883,558.78
V. Net increase/(decrease) in cash and cash equivalents		-797,120,431.25	373,703,680.69
Add: Cash and cash equivalents at beginning of year		2,264,456,871.28	1,890,753,190.59
VI. Cash and cash equivalent at end of year		1,467,336,440.03	2,264,456,871.28

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Cash Flow Statement of the Holding Company

Xin Yue Company Limited

Unit: CNY

Item	Note 12	For the year ended 31 December 2019	For the year ended 31 December 2018
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		462,226,690.62	762,352,167.56
Refund of taxes and levies		-	-
Cash received for other operating activities		152,865,086.38	257,427,151.84
Subtotal of cash inflow from operating activities		615,091,777.00	1,019,779,319.40
Payment for purchase of commodities and services		482,692,457.89	731,430,882.94
Cash paid to and on behalf of employees		9,922,225.28	10,608,000.40
Payment of taxes and levies		1,344,341.92	2,399,732.67
Payment for other operating activities		5,334,863.38	5,356,512.45
Sub-total of cash outflow from operating activities		499,293,888.47	749,795,128.46
Net cash inflow/(outflow) from operating activities		115,797,888.53	269,984,190.94
II. Cash flows from investing activities:			
Cash received from returns on investments		-	-
Dividends received		35,718,180.82	93,645,374.57
Cash received from disposal of fixed assets, intangible assets and other long-term assets		-	-
Proceeds from disposal of subsidiaries and other operating units		-	-
Proceeds from other investing related activities		-	-
Subtotal of cash inflow from investing activities		35,718,180.82	93,645,374.57
Cash paid to acquire fixed assets, intangible assets and other long-term assets		4,093.90	44,832.81
Payment for investments		294,706,482.83	-
Cash paid to acquire subsidiaries and other business units		-	-
Payment for other investing activities		377.55	154,548.24
Subtotal of cash outflow from investing activities		294,710,954.28	199,381.05
Net cash inflow/(outflow) from investing activities		-258,992,773.46	93,445,993.52
III. Cash flow from financing activities:			
Capital contributions received		-	-
Cash received from borrowings		134,934,800.00	-
Cash received from issuance of bonds		-	-
Cash received from other financing activities		-	84,310,000.00
Subtotal of cash inflow from financing activities		134,934,800.00	84,310,000.00
Repayment of borrowings		311,020.52	170,278,949.22
Dividends and interests paid		3,581,592.63	6,018,192.48
Cash payments relating to other financing activities		-	190,000,000.00
Subtotal of cash outflow from financing activities		3,892,613.15	366,297,141.70
Net cash inflow/(outflow) from financing activities		131,042,186.85	-281,987,141.70
IV. Effect of foreign exchange rate changes on cash and cash equivalents		5,209,713.75	23,665,906.44
V. Net increase/(decrease) in cash and cash equivalents		-6,942,984.33	105,108,949.20
Add: Cash and cash equivalents at beginning of year		630,519,633.48	525,410,684.28
VI. Cash and cash equivalent at end of year		623,576,649.15	630,519,633.48

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Consolidated Statement of Changes in Equity

Item	For the year ended 31 December 2019							For the year ended 31 December 2018							Unit CNY	
	Attributable to the shareholders of the holding company				Total equity	Attributable to the shareholders of the holding company				Total equity						
	Paid-in capital	Capital reserves	Other comprehensive income	Specific reserves		Surplus reserves	Retained earnings	Non-controlling interest	Paid-in capital		Capital reserves	Other comprehensive income	Specific reserves	Surplus reserves		Retained earnings
I. Balance as at the end of the prior year	27,375,340.00	152,315,628.70	44,331,847.40	-	-	3,561,668,963.74	1,544,157,013.41	5,330,048,793.25	27,375,340.00	200,201,959.09	50,205,207.26	-	-	3,097,123,886.32	614,620,591.83	3,969,727,384.50
Add: Adjustment for change in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior year errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of this year	27,375,340.00	152,315,628.70	44,331,847.40	-	-	3,561,668,963.74	1,544,157,013.41	5,330,048,793.25	27,375,340.00	200,201,959.09	50,205,207.26	-	-	3,097,123,886.32	614,620,591.83	3,969,727,384.50
III. Changes in equity during the year ("+" for increase)	-	-43,860,000.00	-4,596,859.23	-	-	527,549,724.32	199,454,792.36	670,157,658.45	-47,896,330.39	-5,873,359.85	-5,873,359.85	-	-	454,745,077.42	929,335,021.59	1,340,321,408.75
(I) Total comprehensive income	-	-	-4,956,660.23	-	-	527,549,724.32	719,215,250.94	1,241,798,115.03	-	-5,873,359.86	-5,873,359.86	-	-	676,709,824.17	1,142,419,344.00	1,813,265,808.31
(II) Capital increased and reduced by shareholders	-	-43,860,000.00	-	-	-	-	409,641,012.59	335,761,012.98	-47,896,330.39	-	-	-	-	-211,954,746.75	1,009,432,527.49	749,581,490.35
1. Capital increased by owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributions from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payments included in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-43,860,000.00	-	-	-	-	409,641,012.59	335,761,012.98	-47,896,330.39	-	-	-	-	-211,954,746.75	1,009,432,527.49	749,581,490.35
(III) Appropriation of profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within the shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses from surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance as at the end of this year	27,375,340.00	108,455,628.70	39,564,987.17	-	-	4,089,418,688.06	1,743,611,805.77	6,008,206,449.70	27,375,340.00	152,315,628.70	44,331,847.40	-	-	3,561,668,963.74	1,544,157,013.41	5,330,048,793.25

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Statement of Changes in Equity of the Holding Company

Unit: CNY

Item	For the year ended 31 December 2019						For the year ended 31 December 2018							
	Paid-in capital	Capital reserves	Other comprehensive	Specific reserves	Surplus reserves	Retained earnings	Total equity	Paid-in capital	Capital reserves	Other comprehensive	Specific reserves	Surplus reserves	Retained earnings	Total equity
I. Balance as at the end of the prior year	27,375,340.00	315,419,196.95	44,331,847.40	-	-	1,209,464,115.81	1,596,590,500.16	27,375,340.00	315,419,196.95	50,205,207.26	-	-	1,102,002,761.96	1,495,002,506.17
Add: Adjustment for change in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior year errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the year	27,375,340.00	315,419,196.95	44,331,847.40	-	-	1,209,464,115.81	1,596,590,500.16	27,375,340.00	315,419,196.95	50,205,207.26	-	-	1,102,002,761.96	1,495,002,506.17
III. Changes in equity during the year ("-" for decrease)	-	-289,479,991.69	-4,966,860.23	-	-	146,374,116.82	-148,072,735.10	-	-	-5,873,359.86	-	-	107,461,353.85	101,587,993.99
(I) Total comprehensive income	-	-	-4,966,860.23	-	-	146,374,116.82	141,407,256.59	-	-	-5,873,359.86	-	-	107,461,353.85	101,587,993.99
(II) Capital increased and reduced by shareholders	-	-289,479,991.69	-	-	-	-	-289,479,991.69	-	-	-	-	-	-	-
1. Capital increased by owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributions from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payments included in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-289,479,991.69	-	-	-	-	-289,479,991.69	-	-	-	-	-	-	-
(III) Appropriation of profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within the shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses from surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance as at the end of the year	27,375,340.00	25,939,205.26	39,364,987.17	-	-	1,355,838,232.63	1,448,517,765.05	27,375,340.00	315,419,196.95	44,331,847.40	-	-	1,209,464,115.81	1,595,590,500.16

Corporate Legal Representative:

Person In-Charge of Accounting Affairs:

Head of Accounting Department:

Xin Yue Company Limited
Notes to the 2019 Consolidated Financial Statements
(Unless otherwise stated, the amounts are expressed in Renminbi)

1. The Company's background

Xin Yue Company Limited (hereinafter refer to as "the Company") was incorporated in Hong Kong in November 1980. The company was restructured as a financing subsidiary in Hong Kong by Guangdong Province Communications Group Company Limited in October 1996. The paid up capital is US\$3.61million. Li Junfeng is the legal representative.

The company's business registration No. 0700813 and the registered address is Room 1801-02, 118 Connaught Road West, Hong Kong.

The Parent Company, Guangdong Province Communications Group Company Limited holds 100% of the Company share capital.

Guangdong Province Communications Group Company Limited (hereinafter refer to as "the ultimate Group") was approved for registration by General Office of Guangdong Provincial Party Committee and the Guangdong Provincial People's Government in May 2000. The ultimate Group was jointly formed by the enterprises de-linked from the Department of Communications of Guangdong Province and the General Office of the Standing Committee of Guangdong Provincial People's Congress, and 126 entities of the Guangdong Railway Group. The Group is a large state-owned enterprise wholly owned by Guangdong Province. In June 2004, the Company was re-organized under the management of State Owned Assets Supervision and Administration Commission of Guangdong Provincial People's Government, as a special organization directly under Guangdong Provincial People's Government. The main business scope of the ultimate Group includes highway investment and operation of highway, transportation and logistics, engineering construction, scientific research and design supervision and other related industries.

The corporate governance structure of the company is as follows: The Board comprises of 6 directors, including 1 Chairman and 1 vice chairman, 1 general manager and 3 deputy general managers. The general manager is under the leadership of the Board and is accountable to the Board of Directors.

The organizational structure of the company: the company established the party supervision department, administration department, investment operation department, finance department and legal affairs department.

The Company principally engaged in investment holding business, has invested directly or indirectly in several enterprises engaged in the operation and maintenance of toll roads and bridges operating within the People's Republic of China. The Company's subsidiaries are engaged principally in the construction of buildings and facilities, construction materials and investment in highway operation.

2. Basis of preparation of Financial Statements

The financial statements have been prepared on a going concern basis, based on the actual transactions and events and in accordance with the Accounting Standards for Business Enterprises, applications guidelines and other relevant regulations for confirmation and measurements in the preparation of financial statements.

3. Statement on compliance with Accounting Standards for Business Enterprise

The financial statements of the Company are prepared in compliance with the requirements of the Accounting Standards for Business Enterprise truly and completely reflect the Company's financial status, the operating results and cash flow and others related information during the Reporting Period.

4. Principal Accounting Policies and Accounting Estimates

1) Accounting Period

The Company financial year is based on the calendar year and the financial year is from January 1 to December 31.

2) Base currency for book-keeping

The Company's functional currency is in Renminbi.

3) Accounting principles and accounting bases

The Company adopts historical cost convention as basis for measurement. When there are reliable methods of measurement on the accounting elements and the methods of measurement are in compliance with the requirements of the Accounting Standards for Business Enterprises can adopt the revalued cost model, realizable value, cash value and fair value as basis for measurement.

4) Business Combination

1. Accounting treatments for consolidation of enterprises under common control

The enterprises involve for business combination before and after the business combination, are under a common control or under different but same ultimate control, and the control is not on temporary basis, is a business combination under common control. Under normal circumstances, enterprises combination under common control referred to as intra group enterprises combination, apart from this, the enterprises combination will not be considered as enterprises combination under common control.

The book value of the assets and liabilities of the enterprise acquired by the Company is consolidated in the Company's financial statements at the book value. For the business acquisition under common control, the Company shares of the proportion of the acquired enterprise's shareholders' funds is the initial cost of the long-term equity investment at the date of acquisition. The accounting treatment of the long-term equity investment is in accordance with accounting policy of long-term equity investment. For Business Combination under common control through merger and absorption, the Company will account for assets and liabilities of the acquired enterprise at its book value. The difference between the net assets value of the acquired company and the consideration paid for the acquisition (or the total value of the shares issued) is adjusted to capital reserve, and when the capital reserve is insufficient to offset against the difference, it is adjusted to the retained earnings.

The relating direct expense incurred by the Company in the business combination, including audit fees, assessment and valuation fees, legal expenses etc., is recognized in profit and loss in the Reporting Period in when they are incurred. The transaction cost including agency fees, commission incurred for the issuance of loan stock or the assuming of legal liabilities obligations is accounted for and recognized as the initial cost of the issuance of loan stock. The handling fees, commission and other related cost incurred in the issued of equity shares is to offset against the Company's share premium from the shares issued, when the share premium is insufficient to offset against the expenses, the difference is charged to the retained earnings.

When the holding and subsidiary relationship subsisted upon business combination under common control, the holding company when prepares the consolidated financial statements, shall include the consolidated financial statements, the consolidated income statement and consolidated cash flow statement. The book value of assets and liabilities of the subsidiary company are consolidated in the consolidated financial statements. The transactions between the holding and its subsidiary, prior to the date of consolidation and the balance sheet date are regarded as internal transactions are eliminated in accordance with the accounting principle of the consolidated financial statements. The transactions between the holding and its subsidiary after the date of business combination including the realized profit and cash flow generated are eliminated in accordance to the principles and accounting standards for the preparation of consolidated financial statements.

2. Accounting treatment for business combinations involving enterprise not under common control

The parties involved in the business combinations are not under the control of an enterprise or several common enterprises before or after the business combinations, is a business combination not under common control.

The recognition of the cost in enterprise combinations: The cost of business combinations incurred by the investing party includes the payment of cash and non-cash assets, the issuance debt instruments or undertake the debts obligations, the issuance of equity securities is measured on a fair value basis at the date of acquisition. The direct cost incurred in the business combination is included in the profit and loss account in the Reporting Period. When the business combination is realized through multiple stages of transactions, the cost of business combination is the aggregated sum of the cost of each stage of business combination.

For the long-term equity investment acquired through business combination involving enterprises not under common control, the Company's cost of investment at the date of acquisition (not including the dividend and profits from the investee company) is recognized as the initial cost of the long-term equity investment. For business combination not under common control, the identifiable assets and liabilities that are acquired and that meets the criteria for recognition; the fair value of the acquired assets and liabilities are recognizes as the Company's assets and liabilities at the date of acquisition. When the Company acquired the controlling equity or the identifiable assets and liabilities through non-monetary assets as consideration, the difference between the fair value of the non-monetary assets at the date of acquisition and the net book value of the acquired assets and liabilities is included as assets as gains and losses in the Reporting Period.

When the cost of acquisition of business combination involving enterprise not under common control is greater than the fair value of the net identifiable assets of the acquired company, the difference is recognized as goodwill in the holding company's financial statements. In the merger acquisition, the difference is recognized as goodwill in the holding company's financial statement, the difference is stated as goodwill in the consolidated financial statements.

When the cost of acquisition is lower than the identifiable fair value of the net assets acquired the Company recognizes the difference as profit (non-operating income) in the Reporting Period. When the business combination resulted through merger, the difference is included in the holding company's separate income statement in the Reporting Period. On consolidation of the subsidiary, the difference is recognized in the consolidated income statement of the Reporting Period.

(5) Method for preparing consolidated financial statements

The basis of consolidation the Company's consolidated financial statements is determined on the basis of control. Control means the Company is able to determine the financial and operating policies of the acquired entity and derives benefits from the business operations. The acquired entity is a subsidiary of the Company.

The basis of consolidation is based on the financial statements of the Company and the financial statement of its subsidiaries, prepared by the Company on equity accounting method after adjusting the long-term equity investments in the subsidiaries, the intra group transactions are eliminated, the minority shareholders' interests in the equity and the share of the profits and loss are separately shown in the consolidated financial statements.

On consolidation of a subsidiary not under common control, when the cost of acquisition is greater than the identifiable fair value of the net assets of the subsidiary, the difference is not adjusted to the initial cost of acquisition but shown as goodwill in the consolidated financial statements.

When a new subsidiary is added during the Reporting Period, and the new subsidiary is under common control, the opening balance of consolidated balance sheet is adjusted. The revenue, expenses and profit of the new subsidiary from the beginning of the Reporting Period to the year end date be included in the consolidated income statement and the comparable period cash flow in the consolidated cash flow statement. If the consolidation of the subsidiary is not under common control, the consolidated financial statement at the opening of the Reporting Period is not to be adjusted. The subsidiary revenue, expenses and profit from the date of acquisition to the end of the Reporting Period are to be included in the consolidated income statement. The comparable period of the subsidiary cash flow is included in the consolidated cash flow statement. For subsidiary disposed of during the period, whether under common control or not under common control, there will be no adjustments to the opening balance of the consolidated financial statements. The subsidiary revenue, expenses, profits from the beginning period to the date of disposal is included in the consolidated income statement and also the cash flow of the comparable period in the consolidated cash flow statement.

If the subsidiary adopted accounting policy is not consistent with the Company the financial statements of the subsidiary will be adjusted in line with the Company's accounting policy when prepare the consolidated financial statement. For the acquired subsidiary under non-common control business combination, the fair value of the identifiable assets and liability and contingent liability of the subsidiary at the acquisition date are adjusted accordingly.

The transactions between the Company and its subsidiaries, the intra group balance and the profit or loss between the companies are eliminated on consideration.

The minority shareholding interests include the proportion share of shareholding owned by the minority from the date of acquisition and the changes in their shareholdings are included according to their shareholding ratio. When the minority shares of the loss in the subsidiary exceeding the balance of their initial equity, the difference is offset against the minority equity interests.

(6) The accounting treatment and classification of associated company and joint venture

1. Joint operation divides into associate and joint venture
2. The company as a joint operator in the association recognizes in relation to its interest in the joint operations as follows:
 - (1) Recognize its owned asset and the proportion share of the assets held jointly;
 - (2) Recognize its own liability and the share of the proportion of the liability incurred jointly;
 - (3) Recognize its revenue from the sale of its shares of the proportion of output from joint operation;
 - (4) Based on the Company share of revenue on the proportion of the sales of asset;
 - (5) Recognize its own expenses and the proportion share of any expenses incurred jointly.

(7) Criteria for determining cash and cash equivalents

The cash shown in the cash flow statement refer to the cash on hand which can be readily used for payment.

Cash and cash equivalents refer to short term holdings (generally due within 3 months from the date of purchase) and with strong liquidity that can easily convert into known amount of cash, with low risk of changes in value.

(8) Method of translation of foreign currency

1. For non-functional currency economic business, the foreign currency business transactions are translated to the Company's functional currency at the date of transaction at the daily mid-exchange rate published by the People's Bank of China ("PBOC"). The month-end balance of the foreign currencies is converted at the month-end mid-market exchange rate published by PBOC. The difference between the converted foreign currency and the book value as recorded is treated at "Finance expense – Exchange differences" and dealt with in Income Statements of the Reporting Period. The exchange difference arising from borrowing currency loan related to the construction of fixed assets is dealt with in accordance with the principle of capitalization of borrowing costs.

2. Accounting treatment of translation of foreign currency financial statements:

When the Company's overseas subsidiary, joint venture enterprise, associated enterprise and branches adopt the currency different from the Company's functional currency, the Company when consolidating the overseas financial statements, shall first convert the oversea operating units' financial statements to Company's accounting functional currency. Before the conversion of overseas operations, the Company shall adjust the accounting policies and accounting periods of all overseas operation in consistent with the Company in the consolidated financial statements.

The assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date. The shareholders' equity except for the retained earnings, are translated at the exchange rate at the date of occurrence of event.

The average monthly exchange rate is used for income and expenses items in the income statement

The difference arising from the translation of foreign currency financial statements and when included in the consolidated financial statements, shown separately as "other comprehensive income" in the consolidated financial statements.

(9) Financial Instruments

1. Classification of financial assets

The Company divides the financial assets into 4 categories at the time of recognition according to the business nature, the risk management policy.

(1) Financial assets at fair value through profit or loss, this includes transactional financial assets and those designated as "Financial assets at fair value through profit and loss. The gain or loss arising from changes in fair value is treated as gain or loss in the financial assets in the Reporting Period;

(2) Held to maturity asset the maturity date is fixed and the redeemable value is fixed or determinable. The Company has clear intention and ability to hold the investment until its maturity and it is not a financial derivative;

(3) Receivable amount

The receivables that are not quoted in an active market and are non-derivative financial assets, with fixed or determinable date for redemption.

(4) Financial assets available for sale

1. Classification of financial liabilities:

The Company in accordance to the nature of business and its risk management policy divides the financial liabilities into 2 categories and designated at the time of initial recognitions:

(1) The financial liabilities are measured at fair value this include the transactional financial liability and those designated as financial liability at fair value, and the change in fair value is treated as gain or loss is included in the financial liabilities in the Reporting Period;

(2) Other financial liabilities

2. The measurement of financial assets and financial liabilities

(1) Initial measurement

When the financial assets and liabilities are recognized at the inception, the value shall be measured at fair value basis and the changes in value include as gain or loss in the financial assets or liabilities in the Reporting Period. The related expenses are charged directly in the profit or loss in the Reporting Period. The expenses related to other categories of financial assets and liabilities are included as the initial recognized value.

(2) The subsequent measurement of financial assets

The financial assets are measured based on subsequent fair value and the changes are included in the financial assets in the Reporting Period but will not deduct the transaction cost that may arise in the future disposal.

Financial assets available for sale: The subsequent measurement is based on fair value, except for hedging purposes; the changes in value are directly included in the shareholder funds. When the financial assets are de-recognized or disposed of, the change in value is included in the profit or loss in the Reporting Period.

Investment held until maturity, the receivable amount: To adopts effective interest rate method and carries out subsequent measurement on the balance of the amortised cost. Gains or losses arising from impairment, amortization or on derecognition is included in the profit and loss of the Reporting Period, excluding the financial assets which are designated for hedging purpose.

(3) The measurement of financial liabilities at the subsequent period

To adopt effective interest method to measure the balance of amortized financial liabilities in subsequent measurement.

3. Recognition basis and measurement method on the transfer of financial assets:

When all the risks and rewards of the financial assets ownership are transferred, such financial assets shall be derecognized. When the risks and rewards of the financial assets are retained, the transfer is not be recognized as the termination of financial assets.

When the transfer of financial assets in whole meets the conditions of derecognition, the difference between the following two amounts shall be included as gain or loss in the current Reporting Period:

(1) The carrying amount of the transferred financial assets;

(2) The consideration received for the transferred financial assets, compared to the accumulated sum of the change in fair value originally included in the shareholder's funds.

When the financial asset is partially transferred and the transferred part meets the conditions for derecognition, the carrying amount of the financial assets before transfer shall be allocated between the derecognition portion and the continuing recognition portion, according to the respective fair values on the transfer date, and the differences between the two amounts shall be included as gain or loss in the Reporting Period as follows:

(1) the carrying amount of the derecognized portion on the derecognition date;

(2) The consideration received for the derecognition portion and the amount of the corresponding derecognized portion of the accumulated sum in fair value originally included in the shareholders' fund.

If the transfer of the financial assets does not meet the conditions for derecognition, the financial assets shall continue to be recognized and the considerations received shall be recognized as financial liabilities.

4. Impairment of financial assets

At the balance sheet date, assess the fair value of the other financial assets apart from those whose changes in value which have been included in the Reporting Period, against its book value, if there are reliable and objective evidence to support that the value of financial asset is impaired, to make provision for impairment loss.

When financial assets available for sale is impaired and even though the financial asset has not been derecognized, the accumulated losses as measured by its fair value that has been included in the shareholders' funds is to be reversed and treated as losses in the Reporting Period. The accumulated losses as reversed out is the initial cost of the financial asset, reduced by the return of capital and the amortized amount, the current fair value of the financial assets and the balance of impairment amount.

When the balance of the amortized financial asset is impaired, the book value financial asset is measured on the basis of the discount value, the amortized amount as recognized as loss include in the profit and loss of the Reporting Period.

(10) Accounts Receivable

The Company reviews the account receivable and other receivable based on the individual assessment of each receivable for impairment test. For the accounts receivable and other receivable where the amount due is significant (significant is where each individual due is in excess of RMB3 million), the Company will identify and evaluate each individual case for impairment test. For other receivables which are of lesser significant when there is objective evidence to indicate the recoverability, the Company will also apply the individual evaluation test to assess for impairment. The balance of the remaining accounts receivable is based on ageing of the accounts receivable (except where there is a dispute on the quantity and amount which has resulted to a delay in payment, the receivable of the debts of the same customer will be based on the ageing of the debt, in accordance with maximum ageing provision rate for bad debts provision).

Under the method of ageing of receivable, the Company makes impairment provision for its following subsidiary companies: Xin Yue Hai Xin Sha Asphalt Company Limited and Xin Yue Humen Co., Ltd., according to the ratio of the ageing analysis as follows:

Age	% of Provision
Within credit term	0
Credit term – 120 days	5
121 days – 183 days	15
184 days – 273 days	30
274 days – 365 days	50
366 days – 548 days	70
549 days – 730 days	90
Over 731 days	100

Under the ageing analysis method, the following subsidiaries, Guangdong Kaiyang Expressway Co., Ltd., Gd Humen Bridge Co., Ltd., Xin Yue (Guangzhou) Financial Leasing Company Limited and Xin Yue (Guangzhou) Investment Co., Ltd., make provision for bad debts as follows:

Age	% of Provision
Within 1 year	0
1-2 years	5
2-3 years	20
3-4 years	30
4-5years	50
Over 5 years	80

Unless there is evidence to support there is significant uncertainty on the recoverability, there will not be requirement to make provision for:

- (1) The accounts receivable of the intra group business units within Guangdong Province Communications Group;
- (2) The Retention money, quality performance deposit, contract deposit, including the contractual deposits and quality performance deposits.

11) Inventories

1. Classification of inventories

The Company inventories refer to the finished products, merchandise inventories held for sale or products in the process of production for sale, and consumable raw materials use in the process of production. The Company's inventories are sub-divided into raw materials and finished products.

2. Valuing of inventory based on goods receipt

The inventories are valued at actual cost at the time and recorded when goods are received.

3. Inventories costing method

The inventories, with the exception of construction works in progress, are valued on the weighted average method.

Consumable inventories and the packing materials with lower unit price are valued at one-off amortising method as and when the goods are delivered for use.

4. Inventories system

The Company adopts a perpetual system of inventory management.

5. Basis for determining the provision for impairment loss on inventories

The Company inventories are measured at the lower of cost and net realizable value, whichever is lower. When the inventories are obsolete, damaged wholly or partially damaged and the realizable value is less than the cost, the difference between the cost and net realizable value, a provision for loss will be made. Where there are large quantities of lower value inventories, a provision is made for the difference between the cost and net realizable value based on the categories of inventories in store.

6. Bases for determining the realizable value of the inventories

The inventories net realizable value is based on goods produced under normal production, using the estimated selling price less the anticipated production cost and estimated selling expenses.

(12) Long-term Investments**1. The classification of long-term equity investments**

Long-term equity investment includes the Company long-term equity investments in its subsidiary, associates and joint ventures.

2. Recognition of investment cost**(1) For long-term investment through business combination involving enterprises under common control.**

The cash paid, the transfer of non-cash assets and the assuming of liabilities or the issue of equity shares as consideration. On consolidation date, the book value of the acquired shareholders' funds shall be recognized as the initial cost of investments. The difference between the initial cost of the long-term equity investment and the cash paid, the transfer of non-monetary assets the book value of the liabilities incurred or assumed is adjusted to capital reserve and when the capital reserve is insufficient is adjusted to retained earnings.

The long-term equity investment on business combination under common control through multiple stages of acquisitions, the initial cost of investment is based on the percentage of shareholding of the book value of the acquired company's shareholders' funds. The book value of the acquired company shareholders' funds prior to the acquisition and the new investment cost at the date of consolidation, when compared with the initial cost of the long-term equity investment, the difference is adjusted to the capital reserve, and when the capital reserve is insufficient, adjust to retained earnings.

(2) For long-term equity investment acquired by business combination involving enterprise not under common control, the cost paid for the share of the fair value of the business combination on the date of acquisition is recognized as initial investment cost. For business combination involving enterprises not under common control, realized through multiple transactions, the long-term equity investment of the individual and consolidated financial statement are dealt with separately in the account as follows: (1) In the individual financial statements the book value of the equity investment held before the date of acquisition and the new investment cost on the date of acquisition is aggregated as the initial investment cost. The other comprehensive income related to equity interests held prior to the date of acquisition is dealt and transfer with other comprehensive income to as investment income in the Reporting Period. (2) In the consolidated financial statement, the equity interests in the investee prior to the date of acquisition is revalued according to the fair value at the date of acquisition. The difference between the fair value of the equity at the date of acquisition and the book value of the investment is recognized as investment income in the Reporting Period. The comprehensive income related to equity interests acquired enterprise prior to the date of acquisition, and other related comprehensive income is transferred to long-term investment income in the Reporting Period.

(3) Long-term equity investment acquired by other means: For long-term equity investment acquired by cash, is recognized as initial investment cost. The initial investment cost includes expenses, taxes and other necessary expenses directly related to the acquisition of the long-term equity investment. For long-term equity investment acquired by issuing equity securities, the fair value of equity securities at the issuing date is recognized as investment cost. For long-term equity investment acquired through non-monetary asset exchange (the exchange project contains commercial substance) the investment cost of the long-term equity investment is determined based on the fair value of the assets surrendered, and the related taxes incurred. For the long-term equity investment acquired through debts restructuring, where the creditors rights and entitlement attached to the fair value of the shares be recognized as the investment for the debts.

3. Subsequent measurement and recognition of related profit and loss

The Company adopts the cost method to account for the long-term equity investment when the company can exercise control of the investee company. The Company adopts the equity accounting method to account for the long-term equity investments in jointly controlled company where the Company can exercise significance influence.

4. Basis for the determination of significance influence in the investee company

The Company can participate and involve in the financial decision and business operation of the investee, but is unable to exercise control singly or jointly with other on the implementation on policy matters.

5. Impairment and allowance for impairment

For investment in subsidiary, associate and joint-venture, when on balance sheet date there is objective evidence indicate that the long-term equity investment is impaired, when the book value of the long-term investment is higher than the recoverable amount of the investment, a provision on difference will be recognized as an impairment loss.

(13) Investment properties

Investment property means the property held for the purpose of earning rent or capital appreciation, or both, including the land use rights that have been leased, the land use rights that are held for transfer upon appreciation in value. The leased building (including the self-built building or property to be used for leasing purpose upon completion and property under construction to be used for leasing purpose upon completion).

The Company adopts the cost model for measurement of investment property. For the investment property measured under the cost model, the Company adopts the same depreciation and amortization policy for investment property as the same apply to fixed assets. The same amortization policy applies to the land use rights and intangible assets are used.

(14) Fixed assets

1. Recognition criteria for fixed assets

Fixed assets means tangible assets held for the purpose of producing goods, rendering of services, leases or operation management, the service life is more than one fiscal year.

2. Classification of fixed assets: The fixed assets are classified under: Road and highway, buildings and property, machinery and equipment, transportation vehicles, electronic equipment, office equipment and other facilities.

3. Determination of the cost of fixed assets provision of impairment and the method for depreciation of fixed assets

Fixed assets are measured at cost. The values of fixed assets are individually examined at the interim period and at year end. The difference between the recoverable amount of the fixed assets and its book value is recognized as impairment loss in the Reporting Period. After the provision of impairment is provided, unless being dealt with separately and when the assets impairment is confirmed, it cannot be reversed in the future accounting period.

4. Depreciation method for fixed assets

Apart from the Company's subsidiary, Guangdong Kaiyang Expressway Co., Ltd., the depreciation measurement is based on the road usage; there will be no residual value. Other fixed assets are depreciated by the straight-line method, with a residual value of 0-10% of the original value. The depreciation rate of classified fixed assets is as below:

Assets category	Estimated service Life	Annual Depreciation Rate
Road and Bridge	Commencement of usage to the end of operation	Usage rate/0.2-4.75%
Building and Construction	Commencement of usage to end of terms/20-50 years	0.2-4.75%
Machinery and Facilities	3-10years	9.50-32.33%
Transportation Equipment	5-10years	9.5-19.40%
Electronics Equipment	4-5years	20-25%
Office Equipment	4-5years	20-25%
Other Facilities	4-5years	20-25%

5. Accounting treatment of subsequent expenditure incurred on fixed assets

Related expenses incurred for the improvement of fixed assets where the economic benefits of the fixed assets will exceed the original estimation of its useful life or to improve the quality of the products or to reduce the cost of production is capitalized as the book value of the fixed assets. The additional amount cannot exceed the recoverable value of the fixed assets. Subsequent expenses that do not meet the condition are to be written off as incurred.

(15) Construction in Progress

1. The criteria for construction in progress converted to fixed assets upon completion

The cost of construction in progress is based as the actual expenditure incurred and when it is ready for intended use, the total cost of construction is recognized as fixed assets.

2. Provision for impairment loss on construction in progress

On the balance sheet date or the interim report, the construction in progress is examined in all aspects, if there is evidence; indication of the drop in value, impairment loss is recognized in the Reporting Period. Once the impairment loss on Construction in progress is made, it cannot be reversed in the future accounting period unless it dealt with separately.

(16) Borrowing Cost

Special borrowings or part of the general funds used for the construction or production activities that satisfied the capitalization conditions, the amount of the interest expenses based on the applicable capitalization rate incurred during the year is recognized as the amount of capitalization. The eligible assets refer to the construction or production process that requires a substantial period of completion to get ready for the intended use or sale of fixed assets, investment properties and inventories.

Special borrowing used for the acquisition, construction or production assets that meet the conditions for capitalization, the amount of interest actually incurred during the year of the special borrowings less the amount of interest earned by depositing unused borrowing funds in a bank, or investment income earned by temporary investment, is recognized as the amount of capitalization.

When a general loan is used for the purpose of construction or producing assets that satisfied the capitalization conditions, the amount of capitalization is determined based on the weighted average of the funds used when the capital expenditure incurred is in excess of the special purpose loan by the capitalization rate of the general loan used, the capitalization rate is determined based on the weighted average interests rate of general borrowing.

(17) Intangible asset

Intangible asset with a finite service life are amortized on the estimated service lives on a straight line basis. If an intangible asset is indeterminate to bring economic benefits to the Company, it is regarded as an intangible asset with an indefinite service life. Intangible asset with indefinite service lives is not amortized.

The Company reviews the service life and the future economic benefit of the intangible assets at the end of each year. If the recoverable amount of the intangible assets is less than the book value of the assets, the difference is made for the provision of impairment loss in the Reporting Period. If the intangible asset impairment is made, it cannot be reversed in the future accounting period.

(18) Long-term prepaid expenses

Long-term prepaid expenses are based on actual cost incurred and amortized on a straight line basis within the beneficial period of the expense item.

(19) Employee benefits**1. Scope of Employee benefits**

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship. The benefits provided for the employee's spouse, children, parents, the deceased spouse and other beneficiary are included as employee benefits.

The employee benefits provided include employee wages or salaries, bonus, allowance and subsidiaries, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs are recognized as liability. The employee benefit liabilities are recognized in the accounting period in which the service is rendered by the employees, as a charge to the profit or loss for the current period or the cost of relevant assets. If the employee benefit liabilities are not settled in full after 12 months from the year end date and the financial impact is significance, the amount of the liabilities is measured by discounted cash flow method.

2. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans, excluding the short-term employee benefit and redundancy benefit. The post-employment benefits divides into: (1) defined contribution plans, the Company contribution to the plan are recognized as liability, included in the profit and loss or in the Reporting Period. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate independent managed fund and will have no obligation to pay further contributions; (2) defined benefit plans are post-employment benefit plans other than defined contribution plans.

3. Termination benefits

Termination benefit refer to Company terminates the labor relationship with an employee before the labor contract expires, or offers compensation for encouraging the employee to accept the redundancies voluntarily. The liabilities arising from the termination of labor relationship with the employee is determined, and the cost is recognized included in the profits and loss in the Reporting Period at the earlier of: (1) when the group cannot unilaterally withdraw the termination of the labor relationship plan or redundancies benefits proposal, or (2) the time when the cost associated with reorganization involving payment of termination benefits and related expenses is confirmed.

On the Company internal early retirement plan, the compensation for the retirement before the date of retirement is treated as retirement benefits. The compensation paid from the date of early retirement to the normal retirement date is charged to the profit and loss of the Reporting Period. The economic benefit paid after the office retirement age (including the normal retirement benefit) is dealt with in accordance to the post-employment benefit.

(20) Bond payable

When the Company issued bond, the aggregate amount of Bond issued is recorded as "Bond Payable".

The difference arising on the aggregate amount of the face value of the Bond issued and the consideration received at a Premium or discount of the Bond is amortized on a straight line basis based on the actual interest rate method over the tenure of the Bond, and dealt with in accordance with the principle of the borrowing expenses.

(21) Provision

When an obligation related to the contingent events satisfies the following conditions, it is recognized by the Company as provision: (1) the obligation is the current obligation of the Company; (2) the fulfillment of the obligation is likely to cause economic benefits to flow out of the Company; (3) the amount of the obligation can be measured in a reliable way on the balance sheet date. The provision is measured on the basis of the best estimate of the expenditure required to perform the relevant current obligations. If all or part of the expenses required by the Company to settle provisions are expected to be compensated by a third party, the compensation amount is separately recognized as an asset when it is basically confirmed to be receivable, and the recognized compensation amount should not exceed the book value of provisions.

(22) Other comprehensive income

Other comprehensive income refers to the various gains and losses that were not recognized in the profits and losses under other accounting standards. They were presented in the following two ways:

1. Other comprehensive income refers those items that cannot be reclassified into profit and loss in the Reporting periods.

It mainly includes the changes caused by the re-measurement of the net liabilities or net assets of the defined income plan, and the share of other comprehensive income that cannot be reclassified under the equity method for the proportionate share into profit and loss in the subsequent accounting period of the investment.

2. Other comprehensive income items that can be reclassified into profit and loss when the specified conditions are met in subsequent accounting periods

It includes, under the equity method of calculation the share of other comprehensive income that will be reclassified into profit and loss in the subsequent accounting period, the changes in the fair value of the Available-for-Sale financial asset, and the gains or losses arising from reclassification of Held to Maturity investments to Available-for-Sale financial asset; gains or losses arising from cash flow hedging instruments under effective hedging; and the difference in the translation of foreign currency financial statements.

(23) Revenue

1. Sale of Goods

The Company recognizes revenue when the risks and economic benefits and rewards of the goods have been transferred to the customers. The Company no longer has the control rights and actual ownership of the goods. The economic benefit for the transferred goods is able to flow to the Company, the related revenue and cost of the goods can be measured reliably.

2. Provision of services

The revenue is recognized when the performance service is commenced and completed during the year, and upon the receipt of the consideration and payment evidence. For services performance commenced and completed in different accounting year, revenue is recognized based on the percentage of completion on the total amount of the performance contract, and can be measured reliably, the related value of performance service is able to flow into the company. The performance cost and the anticipated cost for the completion can be measured reliably.

3. Transfer of the rights to use assets

The interest income is recognized for the length of the usage period and the applicable interest rate. The income derived from the rights to use assets is based on the term of the contract or agreement, the length of time and method of calculation and satisfy the following conditions: (1) the corresponding economic benefits can flow to the Company; (2) the revenue can be measured reliably.

4. Contract Agreement

The contract is completed within the accounting year, upon completion the contract sum is realized. When the contract completion falls into different accounting year and the contract completion result can be measured reliably, the revenue and cost shall be apportioned according to the percentage of completion. If the result of the contract cannot be measured reliably, shall dealt with under special circumstances, if the cost is recoverable, the contract revenue amount is recognized on actual contract cost, the cost of the contract incurred is treated as expenses in the Reporting Period in which it is incurred. If the cost of the contract is not recoverable, it will be treated as expenses immediately, and no revenue is recognized.

(24) Government Grant

Government grants are transfer of monetary or non-monetary assets from the government to the Company at nil consideration, the Government grants is not part of the shareholders capital.

The government grants are recognized when the targets conditions stipulated in the relevant documents are satisfied, including:

1. Government grant is in the form of monetary assets, based on the actual amount received or receivable. If the government grant is in the form of non-monetary asset the value is based on the fair value of the asset. If the non-monetary asset cannot be measured reliably, it is accounted for in the name of the amount.

2. If the government grant related to the assets, it is offset against the book value of related cost or recognized as a deferred income. When the government grant is recognized as deferred income, the government grant is apportioned systematically according to the economic live of the asset over the period. Government grant in cash is directly included in the profit or loss in the Reporting Period. If the government grant related to income is used to compensate related cost or losses in the subsequent period, it is recognized as deferred income and included in the current profit and loss or offset the related cost. The government grant used to compensate the expenses or loss, occurred is directly included in the profit and loss in the Report Period or offset against the related cost.

3. For government grant related to the daily activities, based on the nature of the economic activities, included in other income or offset against the related cost. Government grant not related to daily activities of the Company is included in the non-operations income.

4. If the government grant is required to be returned, the following accounting treatments are adopted when the grant in the period when it is returned:

- a) adjust the book value of the asset when it was recognized;
- b) adjust against the balance of related deferred income, the surplus is included in the current profit and loss of the Reporting Period;
- c) On other circumstances, directly included in the profit and loss in the Reporting Period.

(25) Income Tax

The accounting for income tax is by adopting the balance sheet liability method.

The Company computing and recognizes the current year taxation (income tax payable for the period) and the deferred tax (deferred income tax expenses or income). On this basis, the income tax and the deferred tax are aggregated, the amount is recognized as income tax expense (or income) in the profit and loss statement, but does not include the income tax related to the business combination and the income tax directly attributable to the shareholders transactions.

(26) Deferred income tax assets and deferred income tax liabilities

On the balance sheet date, the Company based on the deductibility of the temporary difference and the applicable tax rate works out and recognizes the deferred tax assets and the corresponding deferred tax income; and in accordance with the temporary difference and the applicable tax rate, works out and recognizes the deferred tax liability and the corresponding deferred tax expenses.

1. Recognition of deferred tax assets

In recognition of the deferred income tax assets arising from the deductible temporary difference, subject to the limit of taxable income likely to be obtained to offset the deductible temporary difference in future and except the temporary difference arising from the special circumstances where deferred tax assets arising on the initial recognition of assets or liabilities will not be recognized, as follows:

- (1) The transaction is not a business combination;
- (2) The transaction does not affect the accounting profits or the amount of taxable income (or deductible losses).

2. The impairment of deferred tax assets

On the balance sheet date, the Company reviews the book value of the deferred income tax assets. If it is probable that no sufficient taxable income will be available in the future to offset the benefits of deferred tax assets, the deferred tax asset is written down to its book value. The impairment of deferred tax asset is charged to income tax expenses in the Reporting Period. The original amount of deferred tax asset that was included in the shareholders' funds will be deducted accordingly. When it is probable that sufficient taxable income will be available, the amount of deferred tax assets written down will be reversed.

3. The recognition of deferred tax liabilities

The Company recognizes all temporary timing differences as deferred tax liabilities except the deferred taxable incurred in the following transactions:

- (1) Initial recognition of goodwill
- (2) Initial recognition of assets for liabilities arising from transactions with the following characteristic:
- (3) the transaction is not a business combination;
- (4) The transactions does not affect the accounting profits or the taxable income when occurs (or deductible losses).

4. The Company temporary taxation differences related to investments in subsidiaries, associates and joint ventures, is recognized as deferred tax liabilities, but must meet the following conditions:

- (1) the timing of the temporary differences can be controlled;
- (2) the temporary differences are unlikely to be reversed in the foreseeable future.

(27) Leases

1. Accounting treatment of operating lease

The Company as a lessor: The rental income of the Company for renting out assets is recognized as income on a straight-line basis over the entire lease in the current period. The initial direct expenses related to lease transactions is included in the current expenses.

The Company as a lessee: the operating lease paid for the lease of assets is recognized as expense or related capital asset apportioned on a straight-line basis over the entire lease term. The initial direct cost associated with the lease transaction is recognized in the profit and loss.

2. Accounting treatment of finance lease

The Company as a lessor: on the date when the lease starts, the Company records the minimum financing receivable and the initial direct cost incurred as the receivable at the same time unguaranteed residue value of the finance leases. The sum of the minimum amount of the finance lease receivable and the direct cost related to the lease transactions and the unguaranteed residue value compared to the sum of the present value shall be recognized as unrealized finance income. The unrealized finance income is recognized as income and allocated in the respective period by applying the effective interest rate method.

The Company as a lessee, on the date when the lease starts, the Company adopts the fair value basis of the leased asset compared with present value of the minimum rental payable, the lesser value of the two is included as asset value of finance lease. The minimum lease payment amount is recorded as the long-term payable; the difference is recognized as unconfirmed finance expenses. The initial direct expense related to the transaction is included in the value of the leased assets. The Company adopts the effective interest method to the amortized unconfirmed finance expenses during the asset lease period. The Company applied the same accounts depreciation policy to depreciate the finance lease asset.

(28) Held for sale and discontinued operations

The non-current assets and the components of the Company, is classified as held for sale when the following two conditions are satisfied:

1. The Company has passed a resolution to dispose of the non-current assets or the component of the business;
2. The Company has signed an irrevocable transfer agreement with third party;
3. The transfer agreement for the non-current assets held for sale satisfied (excluding financial assets and deferred taxation assets) the above conditions and is completed within 1 year. The difference between book value and the fair value of the assets held for sale after deducting the related expenses treated as other current assets. The discontinued operations is classified as held for sale, is separately shown as an independent items in the financial statements and in the business operation.

5) Changes to accounting policies and estimates and errors correction**1. Changes to accounting policies**

The Ministry of Finance issued the Notice on Revising and Issuing the Format on the 2019 Annual Financial Statements of General Enterprises (Cai Kwai (2019) No. 6) and the Notice on Revising and Issuing the Format on Consolidated Financial Statements (2019 version) (Cai Kwai (2019) No. 16) on 30 April 2019 and 19 September 2019, respectively (hereinafter refer to as the "Notices" collectively). Pursuant to the requirements of the Notices, the Company adjusted the relevant accounting policies and prepared the financial statements of the Company in accordance with the rules in relation to the format on the financial statements of general enterprises as stipulated in the Notices (applicable to enterprises that have not adopted the new accounting standards for financial instruments and revenue recognition. According to the requirements of Cai Kwai (2019) No.6, the Company has adjusted the presentation of its financial statements, as well as the comparative items. Details are as follows:

Statement changed	Content of the changes in accounting policies	Items affected
Balance Sheet	"Notes and accounts receivable" be separated into "Notes receivable" and "Accounts receivable"	Notes receivable and Accounts receivable
	"Notes and accounts payable" be separated into "Notes payable" and "Accounts payable"	Notes payable and Accounts payable
	Newly added row and column for "Specific reserves"	Specific reserves
Income Statement	"Less: Impairment loss on assets" amended to "Add: Impairment loss on assets ("- represents loss)"	Impairment loss on assets
Statement of Changes in Equity	Newly added row and column for "Specific reserves"	Specific reserves

The above changes in accounting policies merely affect the presentation of the Company's financial statements. There were no effect on the total assets, total liabilities, net assets and net profit for the current and the previous year. Other than as mentioned above, the changes do not involve retrospective adjustments to the previous years.

2. Changes to accounting estimates

According to the Notice on Matters in relation to the Depreciation for Expressway Operations of the Group based on Workload Method released by Guangdong Province Transportation Group Limited on 8 January 2019 (Yue Jiao Ji Jing (2019) No. 2), expressway operation units required to provide depreciation based on workload method should depreciate their road properties based on the estimation of the number of vehicle flow with effect from 1 January 2019. The Company has made relevant adjustments by adopting prospective application method. The changes in the accounting policy has led to a CNY16,468,711.34 decrease in the net profit of Guangdong Kaiyang Expressway Limited, a subsidiary of the Company, and hence a decrease of CNY16,468,711.34 in the net profit of the Group in the consolidated income statement. Amongst the others, a decrease in net profit of CNY8,728,417.01 was attributable to the holding company, and a decrease in profit or loss of CNY7,740,294.33 was attributable to the non-controlling interest.

3. Correction of previous accounting errors

No previous accounting errors were identified and corrected in the Reporting Period.

6) Main taxations

Tax	Tax Base	Tax Rate
Value-added tax	Based on value of goods sold or services performed at the appropriate tax rate and to deduct the appropriate input tax paid on the goods purchased or services incurred	3%、5%、6%、9%、13% (Note 1 & 2)
Construction Tax	On actual value added tax paid	5%、7%
Education expenses	On actual value added tax paid	3%
Local education expenses	On actual value added tax paid	2%
Income Tax	On tax payable on profits	5-25%(Note 3)

Note 1: According to the announcement of the State Administration of Taxation on the matters in relation to the Adjustments on Tax Filing of Value-Added Tax (State Administration of Taxation Announcement (2019) No. 15) on 21 March 2019, the Value-Added Tax rates for sales or import would be adjusted. The goods with original applicable tax rate at 16% shall be lowered to 13%, and for the goods with original applicable tax rate at 10% shall be lowered to 9%. The Company adopted the new Value-Added Tax rates with effect from 1 April, 2019.

Note 2: Based on the Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax (No. 36 (2016)) and relevant regulations, the Company's following subsidiaries has from 1 May 2016 changed from Business Tax to Value Added Tax.

- Guangdong Kaiyang Expressway Co. Ltd.
- Guangdong Humen Bridge Co. Ltd., the operators of the highway business revenue

Based on the "Express Highway Business Tax" to Value-Added Tax guideline of the Highway that commences construction from 1 May 2016, the tax rate is to 3% simplified on the road toll. On the construction services and facilities provided along the Highway, if the service agreement is signed prior to 1 May 2016, the simplified value-added tax rate is 5%. If the service contract is signed after 1 May 2016, the Value-Added Tax is applied. The Value-Added Tax rate is 11%.

Note 3: The Company is incorporated in Hong Kong, the Corporation rate is 16.5%. The withholding tax rate for income derived from China is 5%.

Guangdong Xin Yue Transport Technology Co., Limited, a subsidiary of the Company, is classified as high-tech enterprises by the State, the income tax rate for high-tech company is 15%.

The enterprise income tax rate of other subsidiary is 25%.

7) Business Combination and Consolidated Financial Statements

(1) Details of subsidiaries

Main information of the subsidiaries within the scope of the consolidation of financial statements for the year:

Serial number	Name of enterprise	Level	Type of enterprise	Place of incorporation	Principal place of operation	Nature of business	Paid-in capital	Shareholding percentage	Percentage of voting right	Investment amount	Method of combination
1	Xin Yue Humen Co., Ltd.	3	3	BVI	Hong Kong	Highway investment	USD1	100%	100%	USD1	3
2	Xin Yue Hai Xin Sha Asphalt Company Limited	3	3	BVI	Hong Kong	Highway investment	USD1	100%	100%	USD1	3
3	Xin Yue (Guangzhou) Investment Co., Ltd.	3	1	Guangzhou, Guangdong	Guangzhou, Guangdong	Highway investment	USD42.07 million	100%	100%	USD42.07 million	1
4	Xin Yue (Guangzhou) Financial Leasing Company Limited	3	1	Guangzhou, Guangdong	Guangzhou, Guangdong	Finance leasing	USD10 million	100%	100%	USD10 million	1
5	Guangdong Kaiyang Expressway Co., Ltd.	3	1	Kaiping, Guangdong	Kaiping, Guangdong	Highway management and maintenance	CNY460 million	53%	53%	CNY1,296,928,000	2
6	Guangzhou Xin Yue Asphalt Co., Ltd.	4	1	Guangzhou, Guangdong	Guangzhou, Guangdong	Processing and sales of asphalt	CNY775 million	100%	100%	CNY775.00 million	1
7	Guangzhou Xinyue Transportation Technology Co., Ltd.	5	1	Guangzhou, Guangdong	Guangzhou, Guangdong	Professional consultation services on roads	CNY6 million	100%	100%	CNY4.50 million	1
8	Gd Humen Bridge Co., Ltd.	4	1	Dongguan, Guangdong	Dongguan, Guangdong	Highway management and maintenance	CNY273.90 million	36%	51% (Note)	CNY153,474,300	2

Note: Type of company: 1. PRC local non-financial institution; 2. PRC local financial institution; 3. Overseas subsidiary; 4. Business unit; 5. Infrastructure unit.

Method of combination: 1. Established by investment; 2. Enterprise combined under common control; 3. Enterprise combined not under common control; 4. Others.

Note: Xin Yue Humen Co., Ltd., a wholly owned subsidiary of the Company holds 36% shares in Gd Humen Bridge Co., Ltd. (hereunder refer to as the "Humen Bridge Company"), and Guangdong Highway Construction Co., Ltd. holds 15% shares in the Humen Bridge Company. In November 2019, a Humen Bridge Cooperation Agreement was entered into between Xin Yue Humen Co., Ltd. and Guangdong Highway Construction Co., Ltd. Pursuant to the agreement, Guangdong Highway Construction Co., Ltd. shall be consistent with the Company's decision on major decisions in relation to the operations of the Humen Bridge Company. Thus, Xin Yue Humen Co., Ltd. is considered to have 51% control over the Humen Bridge Company effectively.

(2) Details of substantial non-wholly owned subsidiaries

1. Non-controlling shareholder

Serial Number	Name of enterprise	Shareholding percentage of non-controlling shareholders	Profit and loss for the current period attributable to the non-controlling shareholders	Dividends paid to the non-controlling shareholders during the current period	Cumulative non-controlling interests at the end of the year
1	Guangdong Kaiyang Expressway Co., Ltd.(the "Kaiyang Expressway")	47%	228,511,381.90	180,244,417.99	1,365,205,799.89
2	Gd Humen Bridge Co., Ltd. (the "Humen Bridge Company")	64%	490,703,869.04	749,157,053.57	378,406,005.88

2. Major financial data

Item	Current period		Previous year	
	Kaiyang Expressway	Humen Bridge Company	Kaiyang Expressway	Humen Bridge Company
Current assets	754,533,049.53	116,441,073.74	993,522,314.57	439,658,871.08
Non-current assets	5,495,326,330.87	797,822,839.86	2,751,591,237.29	789,683,371.00
Total assets	6,249,859,380.40	914,263,913.60	3,745,113,551.86	1,229,342,242.08
Current liabilities	370,762,935.79	277,436,110.22	623,907,550.85	249,730,006.37
Non-current liabilities	2,974,403,253.36	102,968,352.45	1,144,103,834.32	107,019,908.60
Total liabilities	3,345,166,189.15	380,404,462.67	1,768,011,385.17	356,749,914.97
Operating income	1,025,269,613.29	1,060,018,856.95	1,184,708,926.03	1,696,782,383.15
Net profit	486,194,429.58	643,124,336.88	619,085,141.61	1,120,407,894.57
Total comprehensive income	486,194,429.58	643,124,336.88	619,085,141.61	1,120,407,894.57
Cash flows from operating activities	698,077,968.32	658,043,468.42	834,683,625.96	1,202,548,207.29

(3) New entities including in the consolidation in the current period**1. Newly added companies**

Compared to the previous year, for consolidation one new companies is added for the consolidation in the current year. Xin Yue Humen Co., Ltd., a wholly owned subsidiary of the Company holds 36% shares in Gd Humen Bridge Co., Ltd. (hereunder refer to as the "Humen Bridge Company"), and Guangdong Highway Construction Co., Ltd. holds 15% shares in the Humen Bridge Company. In November 2019, a Humen Bridge Cooperation Agreement was entered into between Xin Yue Humen Co., Ltd. and Guangdong Highway Construction Co., Ltd.. Pursuant to the agreement, Guangdong Highway Construction Co., Ltd. shall be consistent with the Company's decision on major decisions in relation to the operations of the Humen Bridge Company. Thus, Xin Yue Humen Co., Ltd. is considered to have 51% control over the Humen Bridge Company effectively.

2. Reduction of consolidated companies

There were no reductions of consolidated companies as compared to the previous year.

(4) Details of companies consolidated under common control in the current period

Name of company	Date of combination	Net asset value in the book	Consideration	Actual controller	For the period from the beginning of the year to the date of combination			
					Income	Net profit	Net increase in cash	Net cash flow from operating activities
Gd Humen Bridge Co., Ltd.	2019/11/30	CNY 525,508,730.98	-	Guangdong Province Communications Group Company Limited	CNY 997,911,392.55	CNY 634,773,616.93	CNY -292,393,695.45	CNY 637,681,071.63

8) Significant items in the consolidated financial statements**(1) Monetary funds / Bank balance and cash**

Item	Balance at the end of the year	Balance at the beginning of the year
Cash at hand	19,625.72	40,563.04
Bank balance	1,467,226,380.25	2,252,534,288.55
Other foreign currency funds	90,434.06	11,882,019.69
Total	1,467,336,440.03	2,264,456,871.28
Including: Total amount of money deposited abroad	622,757,838.96	623,606,368.63

— There were monetary funds with restricted right of use. Details are as follows:

Item	Balance at the end of the year	Balance at the beginning of the year
Toll settlement account	2,539,337.31	7,695,696.58
Total	2,539,337.31	7,695,696.58

Note: 1. The restricted monetary funds was the balance in the toll settlement account, which were deposits of toll fees received on behalf of the expressway network, pending for splitting among the companies of each section of the expressway after the unified splitting calculation performed by Guangdong United Electronic Fee-Collecting Co., Ltd..

— Details of other monetary funds are as follows:

Item	Balance at the end of the year	Balance at the beginning of the year
Funds in transit	87,702.00	1,418,403.00
Toll pending for splitting	-	3,877,956.00
Funds deposited in securities company account (HKD)	2,732.06	6,521,111.18
Credit card	-	64,549.51
Total	90,434.06	11,882,019.69

(2) Accounts receivable

Type	At the end of the year				At the beginning of the year			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Single provision for bad debts on a significant individual amount in accounts receivable	-	-	-	-	-	-	-	-
Provision for bad debts based on grouping of credit risk characteristics in accounts receivable	126,000,939.41	100.00	29,212,926.17	23.18	133,213,957.69	100.00	34,465,255.39	25.87

Type	At the end of the year				At the beginning of the year			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Provision for bad debts on single item in accounts receivable despite that the amount was not significant	—	—	—	—	—	—	—	—
Total	<u>126,000,939.41</u>	—	<u>29,212,926.17</u>	<u>23.18</u>	<u>133,213,957.69</u>	—	<u>34,465,255.39</u>	<u>25.87</u>

(1) The Company had no single provision for bad debts on a significant individual amount in accounts receivable during the reporting period.

(2) Provision for bad debts based on grouping of credit risk characteristics in accounts receivable.

Provision of bad debts of accounts receivable using aging analysis method:

Aging	At the end of the year			At the beginning of the year		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year	48,281,114.73	66.12	4,670,512.48	76,208,334.04	73.04	7,623,329.35
1 to 2 years	2,774,795.56	3.80	2,578,526.10	5,979,141.47	5.73	4,686,551.39
2 to 3 years	1,657,080.93	2.27	1,657,080.93	586,863.33	0.56	586,863.33
Over 3 years	20,306,806.66	27.81	20,306,806.66	21,568,511.32	20.67	21,568,511.32
Total	73,019,797.88	—	29,212,926.17	104,342,850.16	—	34,465,255.39

Provision for bad debts of accounts receivable using other grouping method:

Name of grouping	At the end of the year			At the beginning of the year		
	Book balance	Percentage of provision (%)	Provision for bad debts	Book balance	Percentage of provision (%)	Provision for bad debts
Amounts due from related parties	52,981,141.53	-	-	28,871,107.53	-	-
Total	52,981,141.53	—	-	28,871,107.53	—	-

(3) There was no provision for bad debts on single item despite that the amount was not significant in accounts receivable at the end of the year.

(4) There was no recovery or reverse of provision for bad debts during the reporting period.

(5) There was no accounts receivable being written off during the reporting period.

(6) At the end of the year, the top five balances of accounts receivable are as follow:

Name of debtor	Book balance	Proportion of total accounts receivable (%)	Provision for bad debts
Joint toll for each section	19,362,287.50	15.37	-
Guangdong Nanyue Logistics Industrial Company Limited	15,676,109.28	12.44	-
Guangdong Changda Highway Engineering Co., Ltd.	15,241,130.80	12.10	15,241,130.80
Guangdong Shanfen Expressway Co., Ltd.	11,499,112.00	9.13	-
Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	7,688,885.51	6.10	3,844,442.76
Total	69,467,525.09	55.13	19,085,573.56

(7) During the reporting period, no accounts receivable of the Company was derecognized due to transfer of financial assets.

(3) Prepayment

1. Prepayment listed by age

Aging	At the end of the year			At the beginning of the year		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	537,082,834.46	91.14	-	444,155,261.62	99.71	-
1 to 2 years	52,204,943.88	8.86	-	1,305,021.50	0.29	-
2 to 3 years	-	0.00	-	-	0.00	-
Over 3 years	3,650.00	0.00	-	3,650.00	0.00	-
Total	589,291,428.34	---	-	445,463,933.12	---	-

2. Significant prepayment aged over 1 year

Name of creditor	Name of debtor	Balance at the end of the year	Aging	Reason for not yet realized
Guangdong Expressway Co., Ltd. - Kaiyang Expansion Management Office	Guangdong Guanyue Road & Bridge Co., Ltd.	17,723,165.00	1 to 2 years	Prepayment for construction price to be deducted from progress payment
Guangdong Expressway Co., Ltd. - Kaiyang Expansion Management Office	Poly Changda Engineering Co., Ltd.	11,974,809.42	1 to 2 years	Prepayment for construction price to be deducted from progress payment
Guangdong Expressway Co., Ltd. - Kaiyang Expansion Management Office	China Railway 12th Bureau Group Co Ltd	4,678,882.00	1 to 2 years	Prepayment for construction price to be deducted from progress payment
Guangdong Expressway Co., Ltd. - Kaiyang Expansion Management Office	Guangdong Jiaoke Testing Co., Ltd.	3,505,875.00	1 to 2 years	Prepayment for construction price to be deducted from progress payment
Guangdong Expressway Co., Ltd. - Kaiyang Expansion Management Office	Guangdong Hualu Traffic Technology Co., Ltd.	3,292,500.60	1 to 2 years	Prepayment for construction price to be deducted from progress payment
Guangdong Expressway Co., Ltd. - Kaiyang Expansion Management Office	Shenzhen Expressway Co., Ltd.	2,782,433.20	1 to 2 years	Prepayment for construction price to be deducted from progress payment
Gd Humen Bridge Co., Ltd.	CCCC Highway Consultants Co., Ltd.	2,450,482.80	1 to 2 years	Prepayment for overhaul testing design fee
Guangdong Expressway Co., Ltd. - Kaiyang Expansion Management Office	Yucal-Brown Traffic Consulting & Supervision Co., Ltd.	2,149,591.00	1 to 2 years	Prepayment for construction price to be deducted from progress payment
Guangdong Expressway Co., Ltd. - Kaiyang Expansion Management Office	Shaanxi Expressway Engineering Consulting Co.,Ltd.	1,997,044.00	1 to 2 years	Prepayment for construction price to be deducted from progress payment
Guangzhou Xin Yue Asphalt Co., Ltd.	China Ocean Shipping Agency Maoming Co., Ltd.	1,245,102.72	1 to 2 years	Deposit for asphalt
Total		51,799,885.74	—	—

3. List of the top 5 prepayment recipient at the end of the year:

Name	Book balance	Proportion of total prepayment (%)	Provision for bad debts
Poly Changda Engineering Co., Ltd.	209,652,972.42	35.58	-
Guangdong Guanyue Road & Bridge Co., Ltd.	201,148,774.00	34.13	-
China Railway 12th Bureau Group Co Ltd	132,207,159.00	22.43	-
China Marine Shipping Agency Guangdong Co., Ltd. - Dongguan Branch	7,456,327.58	1.27	-
Guangdong Xinyue Transportation Investment Co., Ltd.	5,291,181.00	0.90	-
Total	555,756,414.00	—	-

(4) Other receivables

Item	Balance at the end of the year	Balance at the beginning of the year
Interest receivable	1,294,796.82	526,827.59
Dividend receivable	-	-
Other receivables	15,600,492.12	17,194,301.82
Total	16,895,288.94	17,721,129.41

1. Interest receivable

Item	Balance at the end of the year	Balance at the beginning of the year
Time deposit	1,121,376.82	353,407.59
Entrusted loan	-	-
Bond investment	-	-
Others	173,420.00	173,420.00
Total	1,294,796.82	526,827.59

2. Dividend receivable

There was no dividend receivable during the Reporting Period.

3. Other receivables

Type	At the end of the year				At the beginning of the year			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Single provision for bad debts on a significant individual amount in other receivables	-	-	-	-	-	-	-	-
Provision for bad debts based on grouping of credit risk characteristic in other receivables	17,602,596.88	93.22	2,002,104.76	11.37	19,313,679.03	93.78	2,119,377.21	10.97
Provision for bad debts on single item in other receivables despite that the amount was not significant	1,280,000.00	6.78	1,280,000.00	100.00	1,280,000.00	6.22	1,280,000.00	100.00
Total	18,882,596.88	—	3,282,104.76	17.38	20,593,679.03	—	3,399,377.21	16.51

(1) Single provision for bad debts on a significant individual amount in other receivables: Nil

(2) Provision for bad debts based on grouping of credit risk characteristics in other receivables

Provision of bad debts of other receivables using aging analysis method:

Aging	At the end of the year			At the beginning of the year		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	1,793,466.84	43.70	-	1,584,108.46	40.15	-
1 to 2 years	137,958.00	3.36	6,897.90	19,047.00	0.48	952.35
2 to 3 years	14,555.54	0.35	2,911.11	406,666.50	10.31	309,359.86
Over 3 years	2,158,169.45	52.59	1,992,295.75	1,935,331.47	49.06	1,809,065.00
Total	4,104,149.83	—	2,002,104.76	3,945,153.43	—	2,119,377.21

Provision for bad debts of other receivables using other grouping method:

Name of grouping	At the end of the year			At the beginning of the year		
	Book balance	Proportion of provision (%)	Provision for bad debts	Book balance	Proportion of provision (%)	Provision for bad debts
Related parties within the scope of consolidation	2,881,959.01	-	-	3,668,646.40	-	-
Deposit and warranty	10,616,488.04	-	-	11,699,879.20	-	-
Total	13,498,447.05	—	-	15,368,525.60	—	-

(3) Provision for bad debts on single item despite that the amount was not significant in other receivables at the end of the year.

Name of debtor	Book balance	Provision for bad debts	Aging	Proportion of provision (%)	Reason for provision of bad debts
Guangdong Xinguang International Sand Resource Development Co., Ltd.	1,280,000.00	1,280,000.00	Over 5 years	100.00	Entrusted loan, difficult to recover as equity has been transferred.
Total	1,280,000.00	1,280,000.00	—	—	—

(4) There was no recovery or reverse of provision for bad debts during the reporting period.

(5) There were no other receivables being written off during the reporting period.

(6) At the end of the year, the top five balances of other receivables are as follow:

Name of debtor	Nature	Book balance	Aging	Proportion of total other receivables (%)	Provision for bad debts
Guangdong Nanyue Transportation Qingyun Expressway Management Center	Project performance bond	6,979,916.40	1 to 2 years	36.96	-
Guangdong Xinguang International Sand Resource Development Co., Ltd.	Entrusted loan	1,280,000.00	Within 2 years	6.78	1,280,000.00
Guangdong Changxin Asphalt Concrete Co., Ltd.	Payment on behalf	929,354.64	Within 2 years	4.92	929,354.64
Guangdong Tongyi Expressway Service Area Co., Ltd.	Rent	884,435.77	Within 1 year	4.68	-
Guangdong Leatop REAL Estate Investment Co., Ltd.	Deposit	879,878.00	Within 1 year	4.66	-
Total		10,953,584.81	—	58.01	2,209,354.64

(5) Inventories**1. Classification of inventories**

Item	At the end of the year			At the beginning of the year		
	Book balance	Provision for impairment loss	Book value	Book balance	Provision for impairment loss	Book value
Raw materials	141,897,793.43	-	141,897,793.43	94,165,047.05	-	94,165,047.05
Semi-finished products and work-in-progress	13,821,668.64	-	13,821,668.64	-	-	-
Including: Completed but unrecognized projects	9,219,564.93	-	9,219,564.93	-	-	-
Stock goods (Finished products)	2,890,621.25	-	2,890,621.25	2,427,518.24	-	2,427,518.24
Others	89,633,683.07	-	89,633,683.07	6,688,043.31	-	6,688,043.31
Total	248,243,766.39	-	248,243,766.39	103,280,608.60	-	103,280,608.60

2. Amount due from customers for contract works:

Item	Balance at the end of the year
Accumulated costs incurred	9,219,564.93
Accumulated profit margin recognized	-
Less: Predicted loss	-
Amount settled	-
Amount due from customers for contract works	9,219,564.93

(6) Non-current assets due within 1 year

Item	Balance at the end of the year	Balance at the beginning of the year
Long-term receivables due within 1 year	70,613,828.00	12,512,192.00
Total	70,613,828.00	12,512,192.00

(7) Other current assets

Item	Balance at the end of the year	Balance at the beginning of the year
Entrusted loan	332,000,000.00	296,000,000.00
Value-added tax to be deducted	1,592,554.69	154,463.17
Tax repaid	2,521,753.42	-
Total	336,114,308.11	296,154,463.17

(8) Available-for-sale financial assets

1. Details of available-for-sale financial assets

Item	Balance at the end of the year			Balance at the beginning of the year		
	Book balance	Provision for impairment loss	Book value	Book balance	Provision for impairment loss	Book value
Available-for-sale debt instruments	-	-	-	-	-	-
Available-for-sale equity instruments	258,793,368.17	-	258,793,368.17	69,053,745.57	-	69,053,745.57
Stated at fair value	258,793,368.17	-	258,793,368.17	69,053,745.57	-	69,053,745.57
Stated at cost	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	258,793,368.17	-	258,793,368.17	69,053,745.57	-	69,053,745.57

Note: The market value of the 13,201,086 shares of Guangdong Provincial Expressway Development Company Limited (stock code: 200429) held at the end of the year was HKD2,902,820.08, based on the closing price of HKD5.28 per share, or CNY74,262,688.17 at the conversion rate of 0.89578. The market value of the 100,000,000 H shares of Chengdu Expressway Co., Ltd. (stock code: 1785) held at the end of the year was HKD206,000,000.00, based on the closing price of HKD2.06 per share, or CNY184,530,680.00 at the conversion rate of 0.89578. Total value at the end of the year was CNY258,793,368.17.

2. Available-for-sale financial assets stated at fair value at the end of the year.

Item	Available-for-sale equity instruments	Total
Costs of equity instruments / Amortised costs of debt instruments	219,428,381.00	219,428,381.00
Fair value	258,793,368.17	258,793,368.17
Changes in fair value accumulated in other comprehensive income	39,364,987.17	39,364,987.17
Impairment loss recognized	-	-

(9) Long-term receivables

Item	Balance at the end of the year		Balance at the beginning of the year		Range of period end discount rate
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	
Finance lease	173,200,000.00	-	173,200,000.00	-	4.275-4.9
Including: Unrealized finance income	19,244,886.00	-	19,244,886.00	-	4.275-4.9
Shareholder's loan	39,098,262.85	-	39,098,262.85	-	5.225-5.655
Total	212,298,262.85	-	212,298,262.85	-	—

(10) Long-term equity investments

1. Classification of long-term equity investments

Item	Balance at the beginning of the year		Addition during the year		Reduction during the year		Balance at the end of the year
Investment in subsidiaries	-	-	-	-	-	-	-
Investment in joint ventures	303,803,846.96	-	22,137,929.93	41,879,335.96	-	-	284,062,440.93
Investment in associates	168,609,850.85	-	26,009,239.56	22,105,506.83	63,984,842.79	-	172,513,583.58
Subtotal	472,413,697.81	-	48,147,169.49	63,984,842.79	-	-	456,576,024.51
Less: Provision for impairment loss on long-term equity investments	-	-	-	-	-	-	-
Total	472,413,697.81	-	48,147,169.49	63,984,842.79	-	-	456,576,024.51

2. Breakdown of long-term equity investments

Investee	Cost of investment	Balance at the beginning of the year	Increase/Decrease during the year								Balance at the end of the year	Balance of provision for impairment loss at the end of the year
			Additional investment	Reduced investment	Investment gain or loss recognized under equity method	Adjustments to other comprehensive income	Changes in other equities	Dividends declared	Provision for impairment loss	Others		
Total	380,922,187.55	472,413,697.81	-	-	48,147,169.49	-	-	63,984,842.79	-	-	456,576,024.51	-
1. Joint ventures	201,172,187.55	303,803,846.96	-	-	22,137,929.93	-	-	41,879,335.96	-	-	284,062,440.93	-
Guangdong Shantou Haiwan Bridge Co., Ltd.	176,175,409.13	241,871,328.12	-	-	20,336,584.78	-	-	41,879,335.96	-	-	220,328,576.94	-
Shell Road Solutions Xinyue(toshan) Co., Ltd.	24,996,778.42	61,932,518.84	-	-	1,801,345.15	-	-	-	-	-	63,733,863.99	-
2. Associates	179,750,000.00	168,609,850.85	-	-	26,009,239.56	-	-	22,105,506.83	-	-	172,513,583.58	-
Guangdong Panyu Bridge Co., Ltd.	137,000,000.00	168,609,850.85	-	-	26,009,239.56	-	-	22,105,506.83	-	-	172,513,583.58	-
Guangxi Xiliang Lingang Chishui Port Co., Ltd.	42,750,000.00	-	-	-	-	-	-	-	-	-	-	-

3. Major financial information of significant joint ventures

Item	At the end of the year		At the beginning of the year	
	Guangdong Shantou Haiwan Bridge Co., Ltd.	Shell Road Solutions Xinyue(foshan) Co., Ltd.	Guangdong Shantou Haiwan Bridge Co., Ltd.	Shell Road Solutions Xinyue(foshan) Co., Ltd.
Current assets	34,211,503.85	176,693,655.28	33,947,856.94	224,231,446.00
Non-current assets	134,973,873.31	22,500,816.50	145,418,272.45	22,031,347.60
Total assets	169,185,377.16	199,194,471.78	179,366,129.39	246,262,793.60
Current liabilities	29,843,851.89	39,859,811.79	37,856,073.36	91,431,496.49
Non-current liabilities	-	-	-	-
Total liabilities	29,843,851.89	39,859,811.79	37,856,073.36	91,431,496.49
Net assets	139,341,525.27	159,334,659.99	141,510,056.03	154,831,297.11
Share of net assets based on the shareholding ratio	41,802,457.58	63,733,863.99	42,317,935.81	61,932,518.84
Adjustments	178,526,119.36	-	199,553,392.27	-
Book value of the equity investment in joint ventures	220,328,576.94	63,733,863.99	241,871,328.08	61,932,518.84
The fair value of equity investment with public market price	-	-	-	-
Business income	204,750,306.77	224,416,994.80	213,090,301.95	259,188,438.14
Finance costs	-455,250.53	1,527,423.00	120,106.61	224,134.41
Income tax	40,616,902.22	506,082.89	41,951,884.30	3,990,933.88
Net profit	121,734,556.54	4,549,261.32	125,855,652.84	11,972,801.65
Other comprehensive income	-	-	-	-
Total comprehensive income	121,734,556.54	4,549,261.32	125,855,652.84	11,972,801.65
Dividends received from joint ventures during the year	41,879,335.96	-	36,225,521.64	-

Note: The adjustment on the difference between the book value of the share of net assets of Guangdong Shantou Haiwan Bridge Co., Ltd. calculated based on the shareholding ratio and the book value of long-term equity investments is the adjustment on the amortisation of premium.

4. Major financial information of significant associates

Item	At the end of the year		At the beginning of the year	
	Guangdong Panyu Bridge Co., Ltd.	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Guangdong Panyu Bridge Co., Ltd.	Guangxi Xijiang Lingang Chishui Port Co., Ltd.
Current assets	160,806,220.19	14,503,202.29	122,221,007.51	20,405,346.94
Non-current assets	280,914,929.98	559,804,458.65	303,998,327.20	569,759,079.75
Total assets	441,721,150.17	574,307,660.94	426,219,334.71	590,164,426.69
Current liabilities	43,935,379.82	193,884,680.24	63,904,806.75	170,294,559.46
Non-current liabilities	-	409,954,040.00	-	424,638,600.00
Total liabilities	43,935,379.82	603,848,720.24	63,904,806.75	594,933,159.46
Net assets	397,785,770.35	-29,541,059.30	362,314,527.96	-4,768,732.77
Share of net assets based on the shareholding ratio	119,335,731.11	-6,430,437.98	108,694,358.39	-1,192,183.19
Adjustments	53,177,852.47	6,430,437.98	59,915,492.46	1,192,183.19
Book value of the equity investment in associates	172,513,583.58	-	168,609,850.85	-
The fair value of equity investment with public market price	-	-	-	-
Business income	181,878,109.20	54,759,703.41	187,850,317.58	40,332,923.21
Net profit	109,974,987.64	-25,721,751.90	88,262,664.24	-35,694,479.90
Other comprehensive income	-	-	-	-
Total comprehensive income	109,974,987.64	-25,721,751.90	88,262,664.24	-35,694,479.90
Dividends received from associates during the year	22,105,506.83	-	42,033,321.09	-

(12) Fixed assets

Item	Balance at the end of the year	Balance at the beginning of the year
Fixed assets	2,268,821,159.33	2,564,948,116.46
Fixed assets to be written off	-	-
Total	2,268,821,159.33	2,564,948,116.46

1. Details of fixed assets

Item	Road properties	Houses and buildings	Machineries	Transportation tools	Electronic equipment	Office equipment	Others	Total
Original book value								
1. At the beginning of the year	7,279,728,639.50	376,961,651.56	386,054,853.12	27,489,524.05	125,557.06	25,050,617.96	21,825,210.07	8,117,236,053.32
2. Additional during the year	1,660,148.00	1,878,900.46	7,633,619.05	2,255,209.10	48,938.05	2,682,003.34	2,688,629.58	18,847,447.58
(1) Purchase	-	-	1,033,962.02	2,255,209.10	48,938.05	2,682,003.34	2,688,629.58	8,708,742.09
(2) Transferred from construction in progress	1,660,148.00	1,878,900.46	6,599,657.03	-	-	-	-	10,138,705.49
(3) Completion adjustment	-	-	-	-	-	-	-	-
(4) Others	568,525.25	-	2,517,630.97	927,520.00	8,881.62	3,356,035.18	903,889.40	8,282,482.42
3. Reduction during the year	568,525.25	-	2,517,630.97	927,520.00	8,881.62	3,356,035.18	903,889.40	8,282,482.42
(1) Disposal or retirement	-	-	-	-	-	-	-	-
(2) Completion adjustment	-	-	-	-	-	-	-	-
4. Balance at the end of the year	7,280,820,262.25	378,840,552.02	391,170,841.20	28,817,213.15	165,613.49	24,376,586.12	23,609,950.25	8,127,801,018.48
Accumulated Depreciation								
At the beginning of the year	4,963,983,260.70	218,168,828.98	314,244,992.83	19,778,028.25	76,259.72	17,154,901.54	15,787,743.29	5,549,194,015.31

Item	Road properties	Houses and buildings	Machineries	Transportation tools	Electronic equipment	Office equipment	Others	Total
2. Additional during the year	261,956,684.10	19,962,377.90	12,736,032.56	2,036,840.58	14,503.92	2,125,502.24	1,905,860.79	300,737,802.09
(1) Provision	261,956,684.10	19,962,377.90	12,736,032.56	2,036,840.58	14,503.92	2,125,502.24	1,905,860.79	300,737,802.09
(2) Re-classification	-	-	-	-	-	-	-	-
(3) Consolidation adjustment	-	-	-	-	-	-	-	-
3. Reduction during the year	557,848.11	-	2,234,222.77	823,446.53	8,437.54	3,188,356.03	865,743.37	7,678,054.35
(1) Disposal or retirement	557,848.11	-	2,234,222.77	823,446.53	8,437.54	3,188,356.03	865,743.37	7,678,054.35
(2) Reduction by disposal of subsidiaries	-	-	-	-	-	-	-	-
4. Balance at the end of the year	5,225,382,096.69	238,131,206.88	324,746,802.62	20,991,422.30	82,326.10	16,092,047.75	16,827,860.71	5,842,253,763.05
Provision for impairment loss								
1. At the beginning of the year	-	3,093,921.55	-	-	-	-	-	3,093,921.55
2. Additional during the year	-	-	13,632,174.55	-	-	-	-	13,632,174.55
(1) Provision	-	-	13,632,174.55	-	-	-	-	13,632,174.55
3. Reduction during the year	-	-	-	-	-	-	-	-
(1) Disposal or retirement	-	-	-	-	-	-	-	-
(2) Finalization adjustment								
4. Balance at the end of the year	-	3,093,921.55	13,632,174.55	-	-	-	-	16,726,096.10
Book value								
Book value at the end of the year	2,055,438,165.56	137,615,423.59	52,791,864.03	7,825,790.85	83,287.39	8,284,538.37	6,782,089.54	2,268,821,159.33
Book value at the beginning of the year	2,315,745,378.80	155,698,901.03	71,809,860.29	7,711,495.80	49,297.34	7,895,716.42	6,037,466.78	2,564,948,116.46

2. Details of fixed assets of the Company that are temporarily idle at the end of the year.

Item	Cost	Accumulated depreciation	Provision for impairment loss	Book value	Remarks
Machineries	96,745,604.39	81,815,284.93	10,093,039.42	4,837,280.04	Reached the end of useful life and cannot be used
Office equipment	461,659.80	438,576.81	-	23,082.99	Reached the end of useful life and cannot be used
Transportation tools	9,280.00	8,816.00	-	464.00	Reached the end of useful life and cannot be used
Other equipments	280,654.00	266,621.30	-	14,032.70	Reached the end of useful life and cannot be used
Total	97,497,198.19	82,529,299.04	10,093,039.42	4,874,859.73	—

3. Details of fixed assets with ownership certificate not yet obtained

Project	Cost	Accumulated depreciation	Book value	Reason for ownership certificate not yet obtained
Road properties	7,280,820,262.25	5,225,382,096.69	2,055,438,165.56	According to the actual practice of the toll road operations, road properties shall be handed over to the government authority free of charge upon the expiration of the approved toll fee collection period, thus the Company is not planning to apply for the ownership certificate.
Transportation ancillary facilities (Houses)	261,563,649.76	165,412,107.20	96,151,542.56	According to the actual practice of the toll road operations, the ancillary houses shall be handed over to the government authority free of charge upon the expiration of the approved toll fee collection period, thus the Company is not planning to apply for the ownership certificate.

For the details of the assets with restricted ownerships and rights of use at the end of the reporting period, please refer to Note 8 (45).

4. Details of fixed assets to be written off: Nil

(12) Construction in progress

1. Details of construction in progress

Item	Balance at the end of the year			Balance at the beginning of the year		
	Book balance	Provision for impairment loss	Book value	Book balance	Provision for impairment loss	Book value
Shenyang-Haikou National Expressway Shuikou-Baisha Section Reconstruction and Expansion Project	3,710,304,834.58	-	3,710,304,834.58	981,897,396.42	-	981,897,396.42
Reconstruction project for the scale of the full weighing system	-	-	-	891,750.00	-	891,750.00
Daily maintenance work for the base reconstruction project	-	-	-	1,298,357.00	-	1,298,357.00
Tung Chung Comprehensive Maintenance Base	767,943.12	-	767,943.12	-	-	-
Sewage Treatment Reconstruction Project for the Service Building of Nansha Car Parking Area of the Humen Bridge of Guanfo Expressway	3,158.00	-	3,158.00	-	-	-
Power Supply Reconstruction and Power Monitoring Project for Humen Bridge (Phase 1)	2,321,348.97	-	2,321,348.97	-	-	-
Reinforcement and Maintenance Project for Pier#75 of the Taiping Bridge	5,715,550.80	-	5,715,550.80	-	-	-
Project of Renewal of Emergency Generator in the Power Distribution Room	1,755,350.60	-	1,755,350.60	-	-	-
Structure Anti-Corrosion Coaling Project	10,544,764.21	-	10,544,764.21	-	-	-
Sling Replacement Project for Suspension Bridge	6,414,370.62	-	6,414,370.62	-	-	-
Traffic Safety Facilities Renovation Project	7,582,073.90	-	7,582,073.90	-	-	-
Construction of the Dehumidification System Project for the Main Cable of Suspension Bridge	3,832,442.90	-	3,832,442.90	-	-	-
Road maintenance works	21,239,997.79	-	21,239,997.79	-	-	-
Project of Demolition of Toll Station for Provincial Boundary of Expressway	6,428,602.70	-	6,428,602.70	-	-	-
Maintenance and Reinforcement Project for the Guangji Bridge #3 of Taiping Bridge and the East Approach Bridge of Humen Bridge	16,900,221.30	-	16,900,221.30	-	-	-
Bridge overhaul project	119,618.68	-	119,618.68	-	-	-
Total	3,793,930,278.17	-	3,793,930,278.17	984,087,503.42	-	984,087,503.42

2. Details of changes in significant construction in progress during the year

Name of project	Budget	Balance at the beginning of the year	Addition during the year	Amount transferred into fixed assets during the year	Other reduction of amount during the year	Balance at the end of the year	Proportion of cumulative input to budget (%)	Progress of construction (%)	Accumulated amount of interest capitalized	Including amount of interest capitalized during the year	Ratio of interest capitalized during the year	Source of funds
Reconstruction and Expansion Project for Shenyang-Haikou National Expressway Shuitou-Baisha Section	11,863,537,372.00	981,887,395.42	2,728,407,438.16	-	-	3,710,304,834.58	31.27	31.27	95,024,753.99	70,292,412.41	4.41	Capital injection from shareholders and bank loan
Reconstruction project for the scale equipment of the full weighing system	6,516,547.00	891,750.00	5,599,495.00	3,353,200.00	3,138,046.00	-	99.61	100.00	-	-	-	Self-funded
Daily maintenance work for the base reconstruction project	2,000,000.00	1,298,357.00	580,543.46	1,878,900.46	-	-	93.94	100.00	-	-	-	Self-funded
Tung Chung Comprehensive Maintenance Base	1,700,000.00	-	767,943.12	-	-	767,943.12	45.17	45.17	-	-	-	Self-funded
Sewage Treatment Reconstruction Project for the Service Building of Nansha Car Parking Area of the Humen Bridge of Guantao Expressway	500,000.00	-	3,158.00	-	-	3,158.00	0.63	0.63	-	-	-	Self-funded
Power Supply Reconstruction and Power Monitoring Project for Humen Bridge (Phase I) Reinforcement and Maintenance Project for Pier#175 of the Teijing Bridge	3,000,000.00	-	2,321,348.97	-	-	2,321,348.97	77.38	77.38	-	-	-	Self-funded
Project of Renewal of Emergency Generator in the Power Distribution Room	5,500,000.00	-	5,715,550.80	-	-	5,715,550.80	103.92	99.00	-	-	-	Self-funded
Structure Anti-Corrosion Coating Project	2,250,000.00	-	1,755,350.50	-	-	1,755,350.50	78.02	78.02	-	-	-	Self-funded
Sling Replacement Project for Suspension Bridge	8,500,000.00	-	10,544,764.21	-	-	10,544,764.21	124.06	87.87	-	-	-	Self-funded
Traffic Safety Facilities Renovation Project	32,500,000.00	-	6,414,370.62	-	-	6,414,370.62	19.74	19.74	-	-	-	Self-funded
Construction of the Dehumidification System Project for the Main Cable of Suspension Bridge	8,500,000.00	-	7,582,073.90	-	-	7,582,073.90	89.20	89.20	-	-	-	Self-funded
Road maintenance works	18,500,000.00	-	3,832,442.90	-	-	3,832,442.90	20.72	20.72	-	-	-	Self-funded
Project of Demolition of Toll Station for Provincial Boundary of Expressway	24,000,000.00	-	21,239,997.79	-	-	21,239,997.79	88.50	88.50	-	-	-	Self-funded
	18,910,000.00	-	6,428,602.70	-	-	6,428,602.70	34.00	100.00	-	-	-	Self-funded

Name of project	Budget	Balance at the beginning of the year	Addition during the year	Amount transferred into fixed assets during the year	Other reduction of amount during the year	Balance at the end of the year	Proportion of cumulative input to budget (%)	Progress of construction (%)	Accumulated amount of interest capitalized	Including: Amount of interest capitalized during the year	Ratio of interest capitalized during the year	Source of funds
Maintenance and Reinforcement Project for the Guangji Bridge #3 of Taiping Bridge and the East Approach Bridge of Humen Bridge	8,000,000.00	-	16,900,221.30	-	-	16,900,221.30	211.25	92.86	-	-	-	Self-funded
Renewal and reformulation of navigation aid road signs Deep Bay Viaduct Rush	1,950,000.00	-	1,872,202.12	1,872,202.12	-	-	96.01	100.00	-	-	-	Self-funded
Repair Project of Humen Bridge Section of Dongguan-Foshan Expressway	1,600,000.00	-	1,660,146.00	1,660,146.00	-	-	103.76	100.00	-	-	-	Self-funded
Total	12,007,463,919.00	984,087,503.42	2,821,625,652.65	8,764,450.58	3,138,046.00	3,793,810,659.49	---	---	95,024,753.99	70,292,412.41		

Note: The reconstruction project for the scale equipment of the full weighing system was approved by Guangdong Province Communications Group Co., Ltd with an approved project budget of CNY6,502,510.00, and was commenced on 15 December 2018. According to minutes of the project coordination meeting on 19 December 2018, the project budget was increased by CNY14,037.00. On 12 November 2019, Guangdong Province Communications Group Co., Ltd approved and accepted the completion of the project. The total project cost was CNY6,516,547.00, among which, an amount of CNY3,353,200.00 which was capitalized as Highway Mechanical and Electrical Equipment, and the remaining CNY3,138,046.00 was recognized as cost for the year.

3. The Company did not provide impairment loss on construction in progress.

(13) Intangible assets

Item	Land use right	Software use right	Total
Original book value			
1. Balance at the beginning of the year	70,654,775.32	25,412,767.45	96,067,542.77
2. Addition during the year	-	809,831.13	809,831.13
(1) Purchase	-	809,831.13	809,831.13
(2) Increase in business combination	-	-	-
3. Reduction during the year	-	-	-
(1) Disposal or retirement	-	-	-
(2) Reduction by disposal of subsidiaries	-	-	-
4. Balance at the end of the year	70,654,775.32	26,222,598.58	96,877,373.90
Accumulated amortisation:			
1. Balance at the beginning of the year	4,340,512.80	19,084,862.33	23,425,375.13
2. Addition during the year	633,808.80	2,458,186.07	3,091,994.87
(1) Provision	633,808.80	2,458,186.07	3,091,994.87
(2) Increase in consolidation	-	-	-
3. Reduction during the year	-	-	-
(1) Disposal or retirement	-	-	-
(2) Reduction by disposal of subsidiaries	-	-	-
4. Balance at the end of the year	4,974,321.60	21,543,048.40	26,517,370.00
Provision for impairment loss			
1. Balance at the beginning of the year	24,560,042.71	-	24,560,042.71
Addition during the year	-	-	-
(1) Provision	-	-	-
(2) Increase in business combination	-	-	-
3. Reduction during the year	-	-	-
(1) Disposal or retirement	-	-	-
(2) Reduction by disposal of subsidiaries	-	-	-
4. Balance at the end of the year	24,560,042.71	-	24,560,042.71
Book value			
1. Book value at the end of the year	41,120,411.01	4,679,550.18	45,799,961.19
2. Book value at the beginning of the year	41,754,219.81	6,327,905.12	48,082,124.93

(14) Long-term deferred expenses

Item	Balance at the beginning of the year	Addition during the year	Amortised during the year	Other reduction	Balance at the end of the year	Reason for other reduction
Video surveillance project for rented warehouse	377,576.69	131,170.00	200,564.65	-	308,182.04	-
Office building Project	82,173.29	-	30,271.07	-	51,902.22	
Road roller starter motor	1,068.34	-	1,068.34	-	-	-
Paver accessories	13,391.59	-	13,391.59	-	-	-
Total	474,209.91	131,170.00	245,295.65	-	360,084.26	-

(15) Deferred tax assets and deferred tax liabilities**1. Disclosure of deferred tax assets and deferred tax liabilities without offsetting with each other.**

Item	Balance at the end of the year		Balance at the beginning of the year	
	Deferred tax Assets/Liabilities	Deductible/taxable temporary difference	Deferred tax Assets/Liabilities	Deductible/taxable temporary difference
1. Deferred tax assets	16,189,274.69	67,776,894.34	11,660,792.37	50,793,875.12
Provision for impairment loss of assets	9,543,863.36	40,847,163.95	8,012,000.86	36,130,515.15
Deductible temporary difference in employee remuneration payable	3,173,018.12	13,040,157.56	2,587,258.36	10,417,227.35
Intangible assets amortisation difference	798,212.81	3,192,851.23	790,213.32	3,160,853.29
Deductible temporary difference formed by deferred income	18,750.00	75,000.00	28,125.00	112,500.00
Fixed assets depreciation	2,655,430.40	10,621,721.60	243,194.83	972,779.33
2. Deferred tax liabilities	98,826,741.33	698,065,685.18	105,448,823.92	627,315,129.54
Valuation of financial instruments and derivatives financial instruments for trading	-	-	-	-
Changes in the fair value of available-for-sale financial assets included in other comprehensive income	-	-	-	-
Withholding income tax for dividends	18,922,419.97	378,448,399.73	12,844,989.60	256,899,792.28
Fixed assets with book values greater than the tax base	79,904,321.36	319,617,285.45	92,603,834.32	370,415,337.26

2. Breakdown of unrecognized deferred tax assets

Item	Balance at the end of the year	Balance at the beginning of the year
Deductible temporary difference	1,432,497.13	-
Deductible losses	132,759,661.89	135,385,289.66
Total	134,192,159.02	135,385,289.66

3. The deductible losses of unrecognized deferred tax will expire in the following years:

Year	Balance at the end of the year	Balance at the beginning of the year	Remarks
2019	-	28,901,149.99	
2020	27,139,319.85	27,139,319.85	
2021	27,527,620.26	27,527,620.26	
2022	26,486,966.39	26,486,966.39	
2023	25,479,757.98	25,330,233.17	Subject to the declaration of correction
2024	26,125,997.41	-	Subject to the final settlement
Total	132,759,661.89	135,385,289.66	

(16) Other non-current assets

Item	Balance at the end of the year	Balance at the beginning of the year
Asset appreciation appraisal for Kaiyang Expressway (Note)	80,184,196.40	89,032,716.95
Input tax to be deducted	261,028,420.53	27,594,149.69
Total	341,212,616.93	116,626,866.64

Note 1: Other non-current assets are the value of the appreciation of assets determined during the acquisition of the equity interest of Guangdong Kaiyang Expressway Co., Ltd.. Since the appreciated value could not be allocated to the subject company's tangible assets or liabilities for amortisation, in accordance with the regulations on the treatment of differences in debit balance in a long-term equity investment in a subsidiary arising from a business combination not under common control, the Company recognized the appreciated value as "Other non-current assets", and the amount is amortised over the period from the date of acquisition to the expiry of business.

(17) Notes payable

Type	Balance at the end of the year	Balance at the beginning of the year
Trade Acceptance Draft	-	-
Bank Acceptance Draft	-	-
Letter of Credit	47,070,104.27	15,837,015.47
Total	47,070,104.27	15,837,015.47

(18) Accounts payable

Aging	Balance at the end of the year	Balance at the beginning of the year
Within 1 year	208,983,185.95	102,898,136.23
1 to 2 years	9,283,554.05	6,351,409.09
2 to 3 years	1,292,156.95	1,472,885.32
Over 3 years	9,592,171.98	8,865,677.66
Total	229,151,068.93	119,588,108.30

Significant accounts receivable aged over 1 year:

Name of debtor	Balance at the end of the year	Reason for outstanding
Guangdong Highway Construction Co., Ltd.	4,090,949.79	Funds reserved for land certificate
China Marine Shipping Agency Guangdong Co., Ltd. - Dongguan Branch	2,650,124.48	Deposit for asphalt
Guangdong United Electronic Fee-Collecting Co., Ltd.	1,948,532.53	Compensation for labour cost of toll fee
Zhonglu Hi-Tech Traffic Testing and Inspection Certification Co., Ltd.	1,463,668.00	Overhaul project inspection and design fees
Wuhan Road and Bridge Traffic Engineering Co., Ltd.	805,964.00	Final instalment not yet settled
Guangdong Nengda Advanced Highway Maintenance Co., Ltd.	456,700.13	Final instalment not yet settled
Shenzhen Wanxinda Greening Company	324,248.00	Final instalment not yet settled
Hubei Forestry Investigation and Design Institute	294,336.00	Final instalment not yet settled
Total	12,034,522.93	

(19) Receipt in advance

Aging	Balance at the end of the year	Balance at the beginning of the year
Within 1 year	12,656,724.30	11,207,863.49
Over 1 year	3.98	3.98
Total	12,656,728.28	11,207,867.47

(20) Employee benefits payable**1. employee benefits payable**

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
1. Short-term salaries	22,695,344.39	186,948,067.39	179,901,339.58	29,742,072.20
2. Post-employment benefit –defined contribution plans	247,155.45	26,252,392.98	26,308,193.48	191,354.95
3. Dismissal benefit	-	-	-	-
4. Other benefits due within 1 year	-	-	-	-
5. Others	-	-	-	-
Total	22,942,499.84	213,200,460.37	206,209,533.06	29,933,427.15

2. short-term salaries

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
1. Salaries, bonuses, allowances and subsidies	12,908,450.60	145,468,810.77	139,405,407.46	18,971,853.91
2. Staff welfare expenses	-	13,966,850.54	13,966,850.54	-
3. Social security expenses	-	8,629,852.87	8,629,852.87	-
Including: Medical insurance	-	7,463,239.38	7,463,239.38	-
Work-related injury insurance	-	251,826.99	251,826.99	-
Maternity insurance	-	914,239.30	914,239.30	-
Others	-	547.20	547.20	-
4. Housing fund	-	13,952,962.00	13,952,962.00	-
5. Labour union fund and employee education fund	9,666,913.39	4,844,419.25	3,861,094.75	10,650,237.89
6. Short-term paid absence	-	-	-	-
7. Short-term profit sharing plan	-	-	-	-
8. Other remuneration	119,980.40	85,171.96	85,171.96	119,980.40
Total	22,695,344.39	186,948,067.39	179,901,339.58	29,742,072.20

3. Defined contribution plans

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
1. Basic retirement insurance	247,155.45	15,521,637.29	15,577,437.79	191,354.95
2. Unemployment insurance	-	500,243.26	500,243.26	-
3. Corporate annuity	-	10,230,512.43	10,230,512.43	-
Total	247,155.45	26,252,392.98	26,308,193.48	191,354.95

(21) Taxes payable

Item	Balance at the beginning of the year	Payable for the year	Paid during the year	Balance at the end of the year
Value-added tax	17,816,730.25	76,102,995.84	89,204,093.72	4,715,632.37
Corporate income tax	142,885,396.98	421,610,579.04	497,221,129.88	67,274,846.14
Urban maintenance and construction tax	1,193,883.95	4,685,599.28	5,590,341.64	289,141.59
Property tax	1,532,022.98	3,485,431.91	4,957,627.75	59,827.14
Land holding tax	-	1,643,038.94	1,643,038.94	-
Personal income tax	948,405.28	2,693,011.50	2,822,301.82	819,114.96
Education surcharge	905,965.27	3,872,886.94	4,533,583.82	245,268.39
Vehicle usage tax	-	47,183.92	47,183.92	-
Stamp duty	113,268.57	941,016.83	937,328.70	116,956.70
Other taxes	2,323,783.72	13,881,719.94	13,376,630.54	2,828,873.12
Total	167,719,457.00	528,963,464.14	620,333,260.73	76,349,660.41

(22) Other payables

Item	Balance at the end of the year	Balance at the beginning of the year
Interest payable	4,819,394.75	2,090,120.97
Dividend payable	114,698,385.65	126,128,374.16
Other payables	298,074,117.71	151,967,187.43
Total	417,591,898.11	280,185,682.56

1. Details of interest payable

Item	Balance at the end of the year	Balance at the beginning of the year
Interest on long-term borrowings repayable by instalments	4,364,819.75	1,574,152.22
Corporate bonds interest	-	-
Interest on short-term borrowings	-	-
Interest on shareholders' loan within the Group	454,575.00	515,968.75
Other interest expense	-	-
Total	4,819,394.75	2,090,120.97

2. Dividend payable

Item	Balance at the end of the year	Balance at the beginning of the year
Ordinary share dividend	-	41,396,594.98
Dividend for preference shares classified as equity and dividend for perpetual bonds	-	-
Others	114,698,385.65	84,731,779.18
Total	114,698,385.65	126,128,374.16

3. Other payables

(1) List of other payables sorted by nature

Item	Balance at the end of the year	Balance at the beginning of the year
Project quality deposit payable	11,904,121.97	9,814,517.55
Project performance bond payable	81,686,811.78	78,058,026.01
Bid bond payable	150,000.00	323,000.00
Current accounts between group companies and related parties	30,107,681.11	24,838,538.96
Collection and payment of project materials on behalf	-	76,236.00
Collection and payment of transportation fees on behalf	-	4,213,515.78
Temporary deduction of project price such as excellence project price and safety production guarantee fee, etc.	16,872,188.24	9,261,106.80
Payable to the Department of Transportation.	4,478,900.00	4,381,000.00
Land acquisition and demolition fees payable	10,000,000.00	10,000,000.00
Deposits received	725,775.00	723,775.00
Other temporary receipts	4,887,053.11	5,538,266.73
Progress payment for agent construction projects	133,165,297.00	897,764.00
Others	4,096,289.50	3,841,440.60
Total	298,074,117.71	151,967,187.43

(2) Significant other payables aged over 1 year

Name of debtor	Balance at the end of the year	Reason for outstanding
Demolition fees for Dongguan and Panyu	10,000,000.00	Fees for land acquisition during the construction period
Guangdong Changda Highway Engineering Co., Ltd.	1,488,763.45	Project quality deposit
Vanjee Technology Co., Ltd.	1,243,672.24	Project performance bond
Guangdong Nengda Advanced Highway Maintenance Co., Ltd.	1,144,340.50	Project quality deposit
Zhongshan Yueyi Catering Management Co., Ltd.	1,000,000.00	Project performance bond
Jieyang Jieyang Construction Group Company	907,730.00	Project performance bond, deposit for wages of migrant workers, etc.
Jinan Golden Bell Electronic Weighing Apparatus Co., Ltd.	380,730.07	Project not yet settled
Total	16,165,236.26	—

(23) Non-current liabilities due within 1 year

Item	Balance at the end of the year	Balance at the beginning of the year
Long-term borrowings due within 1 year	2,325,652.33	395,309,767.79
Bonds due within 1 year	-	-
Long-term payables due within 1 year	-	-
Other long-term liabilities due within 1 year	-	-
Total	2,325,652.33	395,309,767.79

(24) Long-term borrowings

Item	Balance at the end of the year	Balance at the beginning of the year	Interest rate range at the end of the year(%)
Pledge loan	-	-	—
Mortgage loan	2,255,176.19	2,524,535.69	2.425
Guaranteed loan	-	-	—
Credit loan	3,030,950,120.00	1,050,000,000.00	3.25-4.45
Total	3,033,205,296.19	1,052,524,535.69	—

Note: Details of mortgage loan

Borrower	Lender	Balance of long-term loan	Non-current liabilities due within 1 year	Balance of loan	Guarantor (pledge & mortgage)
Xin Yue Company Limited	Bank of China	1,118,892.90	171,898.03	1,290,790.93	Mortgage of 46E, Queen's Terrace
Xin Yue Company Limited	Bank of China	1,136,283.29	153,754.30	1,290,037.59	Mortgage of 46E, Queen's Terrace
Total		2,255,176.19	325,652.33	2,580,828.52	

(25) Long-term payable

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Long-term payable	265,087,088.60	1,300,112.00	4,014,056.15	262,373,144.45
Special payables	-	-	-	-
Total	265,087,088.60	1,300,112.00	4,014,056.15	262,373,144.45

1. Balance of the top 5 creditors of long-term payables

Item	Balance at the end of the year	Balance at the beginning of the year
Guangdong Highway Construction Co., Ltd.	102,893,352.45	106,907,408.60
Guangdong Road and Bridge Construction Development Co., Ltd.	100,000,000.00	100,000,000.00
Guangdong Province Communications Group Company Limited	59,479,792.00	58,179,680.00
Total	262,373,144.45	265,087,088.60

(26) Deferred income

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Government grant	1,612,500.00	-	38,568.00	1,573,932.00
Total	1,612,500.00	-	38,568.00	1,573,932.00

Breakdown of government subsidies are as follows:

Item	Balance at the beginning of the year	Additional subsidies during the year	Recognized as other income during the year	Recognized as non-operating income during the year	Balance at the end of the year	Asset-related or income-related
Specific funds for detection equipment at the entrance of expressway	1,500,000.00	-	-	1,068.00	1,498,932.00	Asset-related
Electric scale at Humen Bridge over-weight control station	112,500.00	-	37,500.00	-	75,000.00	Asset-related
Total	1,612,500.00	-	37,500.00	1,068.00	1,573,932.00	

(27) Paid-in Capital (or Share Capital)

Name of investor	Balance at the beginning of the year		Increase during the year	Decrease during the year	Balance at the end of the year	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Total	27,375,340.00	100.00	-	-	27,375,340.00	100.00
Guangdong Province Communications Company Limited	27,375,340.00	100.00	-	-	27,375,340.00	100.00

(28) Capital Reserves

Item	Balance at the beginning of the year	Addition during the year	Reduction during the year	Balance at the end of the year
1. Share Premium	152,315,628.70	-	43,880,000.00	108,435,628.70
2. Other capital reserves	-	-	-	-
Total	152,315,628.70	-	43,880,000.00	108,435,628.70
Including: State-owned exclusive capital reserves	-	-	-	-

Note: When the Company was preparing its consolidated financial statements for the year ended 31 December 2019, the financial statements of Gd Humen Bridge Co., Ltd. were included into the financial statements of Xin Yue (Guangzhou) Investment Co., Ltd., a subsidiaries of the Company, as it was under common control. An opening adjustment of CNY43,880,000.00 was made to the capital reserves for the difference occurred in equity. At the end of the year, the amount has been settled and therefore was deducted from the Capital Reserves.

(29) Retained Earnings

Item	Current year	Previous year
Balance at the beginning of the Year	3,561,868,963.74	3,097,123,886.32
Addition during the Year	527,549,724.32	676,709,824.17
Including: Net profit for the Year	527,549,724.32	676,709,824.17
Other adjustments	-	-
Reduction during the Year	-	211,964,746.75
Including: Provision for surplus reserves for the Year	-	-
Provision of general risk reserves for the Year	-	-
Dividend declared for the Year	-	-
Transferred to share capital	-	-
Other reductions	-	211,964,746.75
Balance at the end of the Year	4,089,418,688.06	3,561,868,963.74

(30) Operating income and Operating costs

Item	During the Year		During the previous Year	
	Income	Costs	Income	Costs
1. Subtotal of principal business	3,019,148,223.65	1,288,645,338.26	3,936,970,504.99	1,439,816,002.07
Including: Toll fee	2,050,079,550.97	472,045,939.00	2,848,497,310.21	475,989,701.98
Sales of asphalt and concrete	881,101,037.35	742,292,704.56	1,049,535,693.84	945,101,619.19
Construction and maintenance	71,085,732.79	64,607,548.68	31,095,741.42	18,331,332.79
Technical services	531,275.49	-	2,375,716.98	9,177.97
Leaseing income	11,992,923.83	-	5,436,338.40	-
Other income	4,357,703.22	9,699,146.02	29,704.14	384,170.14
2. Subtotal of other business income	46,634,654.78	10,551,416.38	39,439,672.90	7,814,855.29
Including: Leasing income	7,150,743.06	61,124.13	7,212,597.04	78,283.80
Technology licensing and services	59,642.87	-	646,529.96	-
Others	37,422,863.43	8,824,352.19	29,428,969.96	5,410,174.81
Professional fee income	2,001,405.42	1,665,940.06	2,151,575.94	2,326,396.68
Total	3,065,782,878.43	1,299,196,754.64	3,976,410,177.89	1,447,630,857.36

(31) Selling expenses

Item	During the Year	During the previous Year
Employees' salaries	9,771,037.17	6,992,450.73
Business expenses	1,735,142.69	2,007,714.96
Depreciation	1,182,527.88	1,722,289.53
Insurance	516,209.47	552,713.75
Advertising expenses	-	1,000.00
Others	1,669,732.73	1,477,823.24
Total	14,874,649.94	12,753,992.21

(32) Administrative expenses

Item	During the Year	During the previous Year
Employees' salaries	80,115,433.54	69,286,320.29
Insurance	60,340.53	58,432.87
Depreciation	5,367,256.30	5,184,454.03
Repairing expenses	3,806,340.92	4,546,781.27
Amortisation of intangible assets	2,743,303.76	3,132,183.81
Entertainment expenses	2,540,422.34	2,132,968.59
Travelling expenses	1,535,089.01	1,303,919.59
Office expenses	11,037,893.78	10,169,431.38
Conference expenses	72,212.40	80,420.79
Litigation fees	60,703.74	112,445.93
Professional fees	1,143,877.88	1,358,753.12
Including: Annual audit fee	956,484.48	838,929.26
Consultation fee	782,990.24	427,688.30
Board expenses	10,950.20	9,086.50
Sewage charges	159,616.65	145,253.80
Others	15,929,826.43	15,400,925.30
Total	125,366,257.72	113,349,065.57

(33) Research and development costs

Item	During the Year	During the previous Year
Labour costs	3,313,475.49	1,742,688.65
Material consumption	10,189.00	7,194.79
Others	235,935.84	165,162.66
Total	3,559,600.33	1,915,046.10

(34) Finance costs

Item	During the Year	During the previous Year
Interest expense	21,320,075.19	26,027,892.56
Less: Interest income	30,199,124.48	31,899,982.53
Exchange difference	-3,360,031.03	-8,595,348.37
Handling fee and others	1,821,091.92	1,589,095.97
Total	-10,417,988.40	-12,878,342.37

(35) Other income

Item	During the year	During the previous year
Asset-related government grant	37,500.00	37,500.00
Income-related government grant(Withholding tax handling fee)	-	258,435.41
Income-related government grant (10% deduction from input tax)	18,692.00	-
Total	56,192.00	295,935.41

(36) Investment income

Source of production of investment income	During the year	During the previous year
Investment income from long-term equity investment calculated by equity method	48,147,169.49	48,802,521.71
Investment income from disposal of long-term equity investment	-	-
Investment income from financial assets at fair value through profit or loss during the holding period	-	-
Investment income from disposal of financial assets at fair value through profit or loss during the year	-	-
Investment income from held-to-maturity investments during the holding period	-	-
Investment income from disposal of held-to-maturity investments	-	-
Investment income from available-for-sale financial assets	19,689,469.85	6,083,508.08
Investment income from disposal of available-for-sale financial assets	-	-
Profit generated from the revaluation of the remaining equity interest based on fair value after loss of control of an entity	-	-
Others	-8,848,520.56	-8,458,568.66
Total	58,988,118.78	46,427,461.13

(37) Impairment loss on assets

Item	During the year	During the previous year
Loss on bad debts	5,369,601.67	-24,373,213.67
Impairment loss on fixed assets	-13,632,174.55	-
Total	-8,262,572.88	-24,373,213.67

(38) Gain/(Loss) from disposal of fixed assets

Item	During the year	During the previous year	Amount included in the non-recurring profit or loss
Gain or loss on disposal of fixed assets	-79,204.22	235,242.19	-79,204.22
Total	-79,204.22	235,242.19	-79,204.22

(39) Non-operating income

Item	During the year	During the previous year	Amount included in the non-recurring profit or loss
Gain on damage or retirement of non-current assets	326.21	239,138.38	326.21
Government subsidies non-related to the daily operation of the Company	1,068.00	-	1,068.00
Compensation income for damage of road properties	1,314,449.66	2,749,086.48	1,314,449.66
Insurance claim	719,849.58	3,638,006.46	719,849.58
Payables written-off	-	4,190,235.10	-
Tax refund from re-investment in 2008	-	2,558,828.38	-
Compensation income	5,315.89	-	5,315.89
Others	385,513.01	360,104.65	385,513.01
Total	2,426,522.35	13,735,399.45	2,426,522.35

Breakdown of government grant:

Item	During the year	During the previous year
Detection equipment at the entrance of expressway	1,068.00	-
Total	1,068.00	-

(40) Non-operating expenses

Item	During the year	During the previous year	Amount included in the non-recurring profit or loss
Total losses on retirement of non-current assets	246,344.98	942,705.58	246,344.98
Donations	254,255.48	-	254,255.48
Road repair expenses	1,272,455.00	5,182,220.00	1,272,455.00
Compensation, penalty and fine	289,602.38	95,045.06	289,602.38
Others	153,774.72	249,829.90	153,774.72
Total	2,216,432.56	6,469,800.54	2,216,432.56

(41) Income tax expense**1. Breakdown of income tax**

Item	During the year	During the previous year
Income tax for the current period	421,610,579.04	618,582,366.94
Deferred tax adjustment	1,295,228.43	-11,274,182.88
Others	-	-
Total	422,905,807.47	607,308,184.06

2. Reconciliation of income tax from net profit

Item	During the year
Net profit	1,669,670,782.73
Tax at applicable income tax rate	417,421,642.26
Effect of different tax rates applicable to subsidiaries	-71,289,996.53
Effect of adjustments in tax provision in respect of prior years	-364,120.75
Tax effect of income not taxable for tax purpose	69,120,866.09
Tax effect of expenses not deductible for tax purpose	1,485,917.05
Utilisation of tax losses and deferred tax assets previously not recognised	-
Tax effect of tax losses and deferred tax assets not recognized for the Year	6,531,499.35
Others	-
Income tax expense	422,905,807.47

(42) Other comprehensive income attributable to shareholders of the holding company

1. Other comprehensive income items, income tax effect and reclassification to profit or loss

Item	During the year			During the previous year		
	Amount before tax	Income tax	Amount after tax	Amount before tax	Income tax	Amount after tax
1. Items that will not be reclassified to profit or loss	-	-	-	-	-	-
2. Items that may be reclassified subsequently to profit or loss						
(1) Change in fair value of available-for-sale financial assets	-4,966,860.23	-	-4,966,860.23	-5,873,359.86	-	-5,873,359.86
Less: Other comprehensive income recognised in the previous period transferred to profit or loss in the current period	-	-	-	-	-	-
Subtotal	-4,966,860.23	-	-4,966,860.23	-5,873,359.86	-	-5,873,359.86
(2) Exchange difference on translation of financial statements in foreign currencies	-	-	-	-	-	-
Less: Other comprehensive income recognised in the previous period transferred to profit or loss in the current period	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
3. Total other comprehensive income	-4,966,860.23	-	-4,966,860.23	-5,873,359.86	-	-5,873,359.86

2. Adjustments in other comprehensive income

Item	Changes in net assets or net liabilities due to remeasurement of defined benefit plans	The share of the invested unit in other comprehensive income that will not be reclassified to profit or loss under equity method-	The share of the invested unit in other comprehensive income that may be reclassified to profit or loss under equity method	Gain or loss from the changes in fair value of available-for-sale financial assets	Gain or loss arising from reclassification from held-to-maturity investment to available-for-sale financial assets	The gain or loss in the effective portion of cash flow hedge	Exchange difference arising on translation of foreign operations	Others	Subtotal
1. Balance at the beginning of the previous year	-	-	-	50,205,207.26	-	-	-	-	50,205,207.26
2. Increase/ (decrease) during the previous year	-	-	-	-5,873,359.86	-	-	-	-	-5,873,359.86
3. Balance at the beginning of the current year	-	-	-	44,331,847.40	-	-	-	-	44,331,847.40
4. Increase/ (decrease) during the current year	-	-	-	-4,966,860.23	-	-	-	-	-4,966,860.23
5. Balance at the end of the current year	-	-	-	39,364,987.17	-	-	-	-	39,364,987.17

(43) Consolidated cash flow statement**1. Reconciliation between net profit and operating cash flows:**

Supplementary information	During the Year	During the previous Year
1. Adjustments from net profit to operating cash flows:		
Net profit	1,246,764,975.26	1,819,129,168.17
Add: Provision for impairment of assets	8,262,572.88	24,373,213.67
Depreciation of fixed assets, oil and gas and biological productive assets	299,844,935.18	288,361,402.78
Amortisation of intangible assets	2,972,011.17	3,269,164.65
Expenses for long-term amortisation	245,295.65	597,182.54
(Gain)/Loss from disposal of fixed assets, intangible assets and other long-term assets	81,726.47	-353,990.28
(Gain)/Loss on retirement of fixed assets	236,663.34	822,315.29
(Gain)/Loss on change in fair value	-	-
Finance costs/(income)	17,960,044.16	31,907,240.55
(Gain)/Loss on investments	-58,988,118.78	-46,427,461.13
(Increase)/Decrease in deferred tax assets	-4,528,482.32	-4,715,249.53
Increase/(decrease) in deferred tax liabilities	-6,622,082.59	-6,558,933.35
(Increase)/Decrease in inventories	-144,963,157.79	-43,600,523.59
(Increase)/Decrease in receivables for operating events	-204,922,058.78	-339,248,144.81
Increase/(Decrease) in payables for operating events	164,190,118.29	176,159,025.32
Others	-10,277,103.02	-
Net movement in operating cash flows	1,310,257,339.12	1,903,714,410.28
2. Substantial non-cash investment and financing activities:		
Capitalization of debts	-	-
Convertible debts with maturity date within one year	-	-
Finance lease converted into fixed assets	-	-
3. Movements in cash and cash equivalents		
Cash at the end of the year	1,465,470,938.88	2,252,831,657.14
Less: Cash at the beginning of the year	2,252,831,657.14	1,885,821,716.99
Add: Cash equivalents at the end of the year	1,865,501.15	11,625,214.14
Less: Cash equivalents at the beginning of the year	11,625,214.14	4,931,473.60
Net increase in cash and cash equivalents	-797,120,431.25	373,703,680.69

2. Composition of cash and cash equivalents

Item	At the end of the year	At the beginning of the year
1. Cash	1,465,470,938.88	2,252,831,657.14
Including: Cash in hand	19,625.72	40,563.04
Bank deposits that can be used at any time	1,465,363,611.16	2,251,308,141.59
Foreign currencies that can be used at any time	87,702.00	1,482,952.51
Deposits at central bank that can be used at any time	-	-
Interbank deposits	-	-
Interbank borrowings	-	-
2. Cash equivalents	1,865,501.15	11,625,214.14
Including: Bond investments with maturity date within three months	-	-
3. Cash at cash equivalents at the end of the year	1,467,336,440.03	2,264,456,871.28
Including: Restricted cash and cash equivalents held by the holding company or the subsidiaries within the Group	-	-

(44) Foreign currencies

Item	Balance in foreign currency at the end of the year	Exchange rate	Balance in RMB at the end of the year
Monetary funds	---	---	443,479,475.73
Including: USD	33,215,632.78	6.9762	231,718,897.40
EURO	-	-	-
HKD	236,392,697.40	0.8958	211,760,578.33
Accounts receivable	---	---	77,931,177.93
Including: USD	11,141,913.35	6.9762	77,728,215.91
EURO	-	-	-
HKD	226,570.68	0.8958	202,962.02
Long-term borrowings	---	---	140,534,086.14
Including: USD	-	-	-
EURO	-	-	-
HKD	156,881,096.38	0.8958	140,534,086.14

(45) Assets with restricted ownerships and rights of use

Item	Book value at the end of the year	Reason of restrictions
Money funds	2,539,337.31	Account for toll fees to be settled
Fixed assets	1,392,050,223.69	
Including: Kaiyang Expressway Properties	1,390,681,946.38	The toll collection rights and the income of the Shuikou-Baisha section of Shenhai National Expressway were pledged to the bank for securing long-term borrowings
Xinyue Properties	1,368,277.31	Mortgage loan
Intangible assets	6,659,742.49	
Including: The land-use-right of Xinyue Properties	6,659,742.49	Mortgage loan

9. Contingent events**(1) Guarantee events****1. Guarantee for companies outside the Group**

Name of guarantor	Name of the guarantee	Guarantee method	Counter-guarantee	Guaranteed amount (CNY10 thousand)	Actual guaranteed amount (CNY10 thousand)	Guarantee period
Xin Yue (Guangzhou) Investment Co., Ltd.	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Jointly and severally liable	No	9,225.00	8,862.50	2013-6-25 to 2027-12-24
Total				9,225.00	8,862.50	

Note: CNY3,625,000.00 of the guaranteed amount was realised on 11 November 2019.

(2) Litigation events: Nil**10. Events after the balance sheet date**

As at the Report Date, there was no event after the balance sheet date that is subject to the disclosure requirements.

11. Related parties and related party transactions

(1) Basic information of the holding company of the Company

Name of the holding company	Place of incorporation	Nature of business	Registered share capital	Percentage of shareholding in the Company	Percentage of voting right in the Company
Guangdong Province Communications Group Company Limited	Guangzhou	Equity management; group restructuring and allocation improvement; financing via pledge and mortgage, transfer of shares and transform of shares, etc; operating and investment; construction of transportation infrastructure; Operation of highways and the relevant properties; technology development, application, consultation and service; highway transportation of passengers and cargos and modern logistics businesses; relevant business in overseas; value-added telecommunication businesses.	CNY26,800 million	100.00	100.00

(2) Basic information of the subsidiaries of the Company

Name of the related party	Nature of shareholder	Place of incorporation	Nature of business
Xin Yue Humen Co., Ltd.	Foreign enterprise	BVI	Project investment
Xin Yue (Guangzhou) Investment Co., Ltd.	Foreign investment	Guangzhou	Project investment
Xin Yue (Guangzhou) Financial Leasing Company Limited	Foreign investment	Guangzhou	Finance lease services
Xin Yue Hai Xin Sha Asphalt Company Limited	Foreign enterprise	BVI	Project investment
Guangzhou Xin Yue Asphalt Co., Ltd.	Foreign investment	Guangzhou	Manufacturing and processing of asphalt, sales of products and storage of asphalt
Guangzhou Xinyue Transportation Technology Co., Ltd.	State-owned	Guangzhou	Research and development of transportation technology; research, development and application of computer software, asphalt materials, technology and relevant technical consultation, technology transfer and after-sales services; wholesale and retail trade (except for national franchised products)
Guangdong Kaiyang Expressway Co., Ltd.	State-owned	Jiangmen	Investment in construction, operation and management of the Kaiping-Yangjiang section of the Guangdong Expressway, the main trunk of the Tongsan National Road, and related supporting facilities.
Gd Humen Bridge Co., Ltd.	Foreign investment	Dongguan	Management and maintenance of expressways

(3) Associates and joint ventures of the Company

Name of the related party	Place of incorporation	Percentage of shareholding by the Company	Nature of business
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Wuzhou, Guangxi	25%	Cargo port
Guangdong Shantou Haiwan Bridge Co., Ltd.	Shantou, Guangdong	30%	Highway management and maintenance
Guangdong Panyu Bridge Co., Ltd.	Guangzhou, Guangdong	30%	Highway management and maintenance
Shell Road Solutions Xinyue(foshan) Co., Ltd.	Foshan, Guangdong	40%	Crude oil processing and petroleum product manufacturing

(4) Other related parties that do not have a control relationship

Name of entity	Relationship
Dongguan Weisheng International Logistics Limited	Common ultimate beneficial owner
Guangdong Boda Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Oriental Thought Co., Ltd.	Common ultimate beneficial owner
Guangdong Gaoen Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Xinlu Advertising Co., Ltd.	Common ultimate beneficial owner
Guangdong Gaosu Science and Technology Investment Co., Ltd.	Common ultimate beneficial owner
Guangdong Guangfozhao Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Guanghui Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Guangle Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Hualu Traffic Technology Co., Ltd.	Common ultimate beneficial owner
Guangdong Huiqing Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Jiaoke Testing Co., Ltd.	Common ultimate beneficial owner
Guangdong Jindaoda Expressway Economic Development Co., Ltd.	Common ultimate beneficial owner
Guangzhou Newsoft Technology Co., Ltd.	Common ultimate beneficial owner
Guangdong Leatop REAL Estate Investment Co., Ltd.	Common ultimate beneficial owner
Guangdong United Electronic Fee-Collecting Co., Ltd.	Common ultimate beneficial owner

Name of entity	Relationship
Guangzhou Lulutong Co., Ltd.	Common ultimate beneficial owner
Guangdong Luoyang Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Maozhan Expressway Co., Ltd.	Common ultimate beneficial owner
Guang Dong Meihe Expressway Ltd.	Common ultimate beneficial owner
Guangdong Meiping Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Nanyue Logistics Industrial Company Limited	Common ultimate beneficial owner
Guangdong Shanfen Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Provincial Expressway Development Co., Ltd.	Common ultimate beneficial owner
Guangdong Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Highway Construction Co., Ltd.	Common ultimate beneficial owner
Guangdong Communications Group Finance Co., Ltd.	Common ultimate beneficial owner
Guangdong Road and Bridge Construction Development Co., Ltd.	Common ultimate beneficial owner
Guangdong Taishan Coastal Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Tongyi Expressway Service Area Co., Ltd.	Common ultimate beneficial owner
Guangdong Guantong Expressway Luchan Operation Co., Ltd.	Common ultimate beneficial owner
Guangdong Xinyue Transportation Investment Co., Ltd.	Common ultimate beneficial owner
Guangdong Yangmao Expressway Co., Ltd.	Common ultimate beneficial owner
Guangdong Yuedong Expressway Industrial Development Co., Ltd.	Common ultimate beneficial owner
Guangdong Yueyun Jiafu Asphalt Co., Ltd.	Common ultimate beneficial owner
Guangdong Yueyun Transportation Company Limited	Common ultimate beneficial owner
Guangdong Yueyun Traffic Rescure Co., Ltd.	Common ultimate beneficial owner
Guangdong Zhaoyang Expressway Co., Ltd	Common ultimate beneficial owner
Guangdong Zihui Expressway Co., Ltd.	Common ultimate beneficial owner
Guangfo Expressway Co., Ltd.	Common ultimate beneficial owner
Dongguan Guangshenzhu Expressway Co., Ltd.	Common ultimate beneficial owner
Guangzhou Yueyun Transportation Co., Ltd.	Common ultimate beneficial owner

XIN YUE COMPANY LIMITED

Notes to the 2019 Consolidated Financial Statements

CNY

Name of entity	Relationship
JING-ZHU Expressway GUANG-ZHU Section Co., Ltd.	Common ultimate beneficial owner
Yunfu Guangyun Speedway Co., Ltd.	Common ultimate beneficial owner
Guangdong Province Communications Planning & Design Institute Co., Ltd	Joint stock company of the Communications Group
Poly Changda Engineering Co., Ltd.	Joint stock company of the Communications Group
Foshan Guangsan Expressway Co., Ltd.	Joint stock company of the Communications Group
Guangdong Feida Traffic Engineering Co., Ltd.	Joint stock company of the Communications Group
Guangdong Changxin Asphalt Concrete Co., Ltd.	Subsidiary of the joint stock company of the Communications Group
Zhongshan Mayor New Concrete Co., Ltd.	Subsidiary of the joint stock company of the Communications Group
Guangdong Nanyue Transportation Huaiyang Expressway Management Center	Other substantial influence
Guangdong Nanyue Transportation Longhuai Expressway Management Center	Other substantial influence
Guangdong Nanyue Transportation Qingyun Expressway Management Center	Other substantial influence
Guangdong Nanyue Transportation Renbo Expressway Management Center	Other substantial influence

(5) Related party transactions**1. Sales of goods to related parties**

Name of related party	During the year	During the previous year
Poly Changda Engineering Co., Ltd.	83,956,946.08	171,040,504.80
Guangdong Boda Expressway Co., Ltd.	81,658.41	-
Guangdong Guangfozhao Expressway Co., Ltd.	762,284.39	-
Guangdong Guanghui Expressway Co., Ltd.	2,871,754.31	-
Guangdong Huiqing Expressway Co., Ltd.	3,297,989.12	-
Guangzhou Lulutong Co., Ltd.	4,572,619.46	-
Guangdong Maozhan Expressway Co., Ltd.	43,209.11	1,529,073.37
Guangdong Meiping Expressway Co., Ltd.	48,896,765.05	-
Guangdong Nanyue Logistics Industrial Company Limited	261,524,704.39	180,840,253.27
Guangdong Shanfen Expressway Co., Ltd.	15,448,838.10	596,877.10
Guangdong Provincial Expressway Development Co., Ltd.	67,079,771.95	-
Guangdong Expressway Co., Ltd.	70,186,727.66	27,821,653.72
Guangdong Highway Construction Co., Ltd.	43,943,123.57	-
Guangdong Road and Bridge Construction Development Co., Ltd.	13,579,007.26	3,188,375.86
Guangdong Nanyue Transportation Longhuai Expressway Management Center	11,849,431.95	-
Guangdong Nanyue Transportation Qingyun Expressway Management Center	118,416,958.39	-
Guangdong Nanyue Transportation Renbo Expressway Management Center	47,205,521.39	-
Guangdong Taishan Coastal Expressway Co., Ltd.	1,668,029.20	-
Guangdong Yangmao Expressway Co., Ltd.	16,238.94	795,406.90
Guangdong Yuedong Expressway Industrial Development Co., Ltd.	4,107,330.36	693,467.24
Guangfo Expressway Co., Ltd.	333,128.23	-
Dongguan Guangshenzhu Expressway Co., Ltd.	2,347,983.51	-
Yunfu Guangyun Speedway Co., Ltd.	300,794.92	-
Yueyun Transportation (HK) Company Limited	-	12,109,370.24
Shell Road Solutions Xinyue(foshan) Co., Ltd.	22,777,860.35	9,506,044.39
Guangdong Baomao Expressway Co., Ltd.	-	222,825.13
Guangdong Zhaoyang Expressway Co., Ltd.	-	689,655.17

2. Provision of leasing and services to related parties

Name of related party	Project	During the year	During the previous year
Guangdong Guanghui Expressway Co., Ltd.	Project maintenance	2,155,547.70	-
Guangzhou Lulutong Co., Ltd.	Project maintenance	17,164,536.67	-
Guangdong Provincial Expressway Development Co., Ltd.	Project maintenance	3,098,543.11	-
Guangdong Expressway Co., Ltd.	Project maintenance	1,179,328.18	-
Guangdong Road and Bridge Construction Development Co., Ltd.	Project maintenance	37,557,558.63	-
Guangdong Guangle Expressway Co., Ltd.	Project maintenance	-	7,272,747.27
Guangdong Shanfen Expressway Co., Ltd.	Project maintenance	-	2,877,808.18
Guangdong Panyu Bridge Co., Ltd.	Professional fee income	923,630.66	217,339.81
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Professional fee income	161,835.49	200,482.34
Shell Road Solutions Xinyue(foshan) Co., Ltd.	Management consultation service	59,642.87	646,529.96
Zhuhai Section of Guangdong Western Coastal Expressway Co., Ltd.	Interest income from finance lease	1,873,232.88	2,175,546.61
Guangdong Leatop REAL Estate Investment Co., Ltd.	Interest income from finance lease	9,596,679.84	2,760,672.82
Dongguan Weisheng International Logistics Limited	Interest income from finance lease	148,436.30	92,472.82
Guangdong Nanyue Logistics Industrial Company Limited	Interest income from finance lease	276,807.55	-
Guangdong Tongyi Expressway Service Area Co., Ltd.	Leasing	6,604,317.88	6,604,317.88
Guangdong Xinlu Advertising Co., Ltd.	Advertising fee income	404,711.40	352,596.65
Guangdong Xinlu Advertising Co., Ltd.	Leasing	1,140,540.10	1,072,878.12
Guangzhou Newsoft Technology Co., Ltd.	Leasing	323,501.79	-
Guangdong United Electronic Fee-Collecting Co., Ltd.	Leasing	310,471.44	549,777.49
Guangdong Yueyun Traffic Rescure Co., Ltd.	Leasing	62,860.95	-
Guangdong Nanyue Logistics Industrial Company Limited	Warehouse service	364,650.00	-
Poly Changda Engineering Co., Ltd.	Service fee	6,051.75	21,443.08
Foshan Guangsan Expressway Co., Ltd.	Service fee	145,283.02	-
Guangdong Feida Traffic Engineering Co., Ltd.	Service fee	1,828.36	1,072.71
Guangdong Gaosu Science and Technology Investment Co., Ltd.	Service fee	106,194.69	116,504.85
Guangdong Hualu Traffic Technology Co., Ltd.	Service fee	44.25	43.10
Guangdong Jiaoke Testing Co., Ltd.	Service fee	471.70	-

XIN YUE COMPANY LIMITED

Notes to the 2019 Consolidated Financial Statements

CNY

Name of related party	Project	During the year	During the previous year
Guangzhou Newsoft Technology Co., Ltd.	Service fee	44.25	-
Guangdong United Electronic Fee-Collecting Co., Ltd.	Service fee	1,118,017.77	307,863.32
Guangzhou Lulutong Co., Ltd.	Service fee	884.96	471.70
Guangdong Luoyang Expressway Co., Ltd.	Service fee	144,069.91	-
Guangdong Maozhan Expressway Co., Ltd.	Service fee	145,283.02	-
Guangdong Expressway Co., Ltd.	Service fee	574,122.18	-
Guangdong Highway Construction Co., Ltd.	Service fee	145,283.02	-
Guangdong Taishan Coastal Expressway Co., Ltd.	Service fee	79,651.42	-
Guangdong Xinyue Transportation Investment Co., Ltd.	Service fee	3,163.12	1,673.72
Guangdong Yangmao Expressway Co., Ltd.	Service fee	145,283.02	-
Guangdong Yueyun Transportation Company Limited	Service fee	5,221,639.27	5,722,694.98
Guangdong Zhaoyang Expressway Co., Ltd.	Service fee	73,854.62	-
Guangfo Expressway Co., Ltd.	Service fee	145,283.02	-
JING-ZHU Expressway GUANG-ZHU Section Co., Ltd.	Service fee	1,090,005.86	2,239,410.74

1. Purchasing goods and accepting services from related parties

Name of related parties	During the year	During the previous year
Dongguan Weisheng International Logistics Limited	24,033,872.15	26,625,080.99
Guangdong Oriental Thought Co., Ltd.	1,006,750.00	589,800.00
Guangdong Feida Traffic Engineering Co., Ltd.	719,850.00	-
Guangdong Xinlu Advertising Co., Ltd.	97,187.05	146,093.05
Guangdong Gausu Science and Technology Investment Co., Ltd.	373,500.00	149,200.00
Guangdong Jiaoke Testing Co., Ltd.	1,764,460.69	3,646,534.00
Guangzhou Newsoft Technology Co., Ltd.	167,500.00	-
Guangdong United Electronic Fee-Collecting Co., Ltd.	11,235,359.89	16,765,669.68
Guangdong Nanyue Logistics Industrial Company Limited	-	2,951,076.43
Guangdong Highway Construction Co., Ltd.	-	506,611.33
Guangdong Province Communications Planning & Design Institute Co., Ltd	851,447.82	1,477,237.83
Guangdong Guantong Expressway Luchan Operation Co., Ltd.	944,053.05	941,926.17
Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.	-	50,480.00
Guangdong Xinyue Transportation Investment Co., Ltd.	130,000.00	85,493.00
Guangdong Yueyun Jiafu Asphalt Co., Ltd.	35,360,358.24	13,293,478.96
Guangdong Yueyun Transportation Company Limited	693,814.28	1,010,603.91
Guangdong Yueyun Traffic Rescure Co., Ltd.	1,890,000.00	1,889,400.00
Dongguan Guangshenzhu Expressway Co., Ltd.	-	125,297.55
Guangzhou Yueyun Transportation Co., Ltd.	171,285.00	336,660.00
JING-ZHU Expressway GUANG-ZHU Section Co., Ltd.	969,708.24	1,333,333.74
Shell Road Solutions Xinyue(foshan) Co., Ltd.	112,582,641.28	130,067,130.45

2. Acceptance of engineering services from related parties

Name of related party	During the year	During the previous year
Poly Changda Engineering Co., Ltd.	1,130,458,342.47	1,991,239.66
Guangdong Oriental Thought Co., Ltd.	90,000.00	-
Guangdong Feida Traffic Engineering Co., Ltd.	12,096,438.10	7,817,612.00
Guangdong Gaoen Expressway Co., Ltd.	105,171,557.67	-
Guangdong Gaosu Science and Technology Investment Co., Ltd.	267,300.00	253,400.00
Guangdong Hualu Traffic Technology Co., Ltd.	8,529,674.01	1,186,875.50
Guangdong Jiaoke Testing Co., Ltd.	5,903,285.12	366,014.50
Guangzhou Newsoft Technology Co., Ltd.	319,400.00	1,139,129.50
Guangdong Province Communications Planning & Design Institute Co., Ltd	563,233.46	344,195.00
Guangdong Xinyue Transportation Investment Co., Ltd.	34,159,859.95	1,916,569.30

3. Rent paid to related parties for property leasing

Name of related party	During the Year	During the previous Year
Guangdong Leatop REAL Estate Investment Co., Ltd.	6,137,452.00	5,979,857.40
Guangdong Expressway Co., Ltd. – Guangqing Branch	-	39,544.00

4. Loans from and borrowing fees paid to related parties

Name of related party	During the Year	During the previous Year
Guangdong Communications Group Finance Co., Ltd.	15,860,250.00	20,221,581.25

5. Interest income from related parties

Name of related party	During the Year	During the previous Year
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	1,505,382.08	1,620,140.20
Guangdong Nanyue Logistics Industrial Company Limited	12,369,514.02	5,024,733.33

6. The balances of claims and debts between the Company and the related parties

Nature	Name of related party	Balance at the end of the year	Aging	Balance at the beginning of the year	Aging
Accounts receivable	Poly Changda Engineering Co., Ltd.	-	-	462,739.20	Within 1 year
	Poly Changda Engineering Co., Ltd.	-	-	1,000,000.00	4 to 5 years
	Poly Changda Engineering Co., Ltd.	15,241,130.80	Over 5 years	15,241,130.80	Over 5 years
	Guangdong Guanghui Expressway Co., Ltd.	2,396,326.00	Within 1 year	-	-
	Guangdong Nanyue Logistics Industrial Company Limited	15,676,109.28	Within 1 year	7,596.60	Within 1 year
	Guangdong Nanyue Logistics Industrial Company Limited	7,596.60	1 to 2 years	-	-
	Guangdong Nanyue Logistics Industrial Company Limited	5,805,069.27	3 to 4 years	5,805,069.27	2 to 3 years
	Guangdong Guangle Expressway Co., Ltd.	240,001.00	1 to 2 years	240,001.00	Within 1 year
	Guangdong Guangle Expressway Co., Ltd.	371,659.42	2 to 3 years	371,659.42	1 to 2 years
	Guangdong Guangle Expressway Co., Ltd.	165,600.00	3 to 4 years	165,600.00	2 to 3 years
	Guangzhou Lulutong Co., Ltd.	4,098,733.77	Within 1 year	-	-
	Guangdong Meiping Expressway Co., Ltd.	800,537.46	Within 1 year	-	-
	Guangdong Shanfen Expressway Co., Ltd.	11,499,112.00	Within 1 year	3,165,589.00	Within 1 year
	Guangdong Shanfen Expressway Co., Ltd.	314,560.00	1 to 2 years	-	-
	Guangdong Provincial Expressway Development Co., Ltd.	101,324.11	Within 1 year	-	-
	Guangdong Expressway Co., Ltd.	5,081,546.42	Within 1 year	7,378,004.91	Within 1 year
	Guangdong Yangmao Expressway Co., Ltd.	-	-	292,678.38	2 to 3 years
	Guangdong Highway Construction Co., Ltd.	875,991.22	Within 1 year	1,859,775.38	Within 1 year
	Guangdong Road and Bridge Construction Development Co., Ltd.	3,554,066.44	Within 1 year	-	-
	Guangdong Nanyue Transportation Longhuai Expressway Management Center	1,300,000.00	Within 1 year	-	-
	Guangdong Changxin Asphalt Concrete Co., Ltd.	1,000,000.00	Over 5 years	1,000,000.00	4 to 5 years
Guangdong Yuedong Expressway Industrial Development Co., Ltd.	-	-	804,422.00	Within 1 year	
Dongguan Guangshenzhu Expressway Co., Ltd.	1,992,907.95	Within 1 year	5,899,163.75	Within 1 year	
Shell Road Solutions Xinyue(joshan) Co., Ltd.	-	-	685,321.76	Within 1 year	
JING-ZHU Expressway GUANG-ZHU Section Co., Ltd.	0.59	1 to 2 years	2,807,025.52	Within 1 year	
Subtotal of Accounts receivable		70,522,272.33		47,185,776.99	
Deposits paid	Dongguan Weisheng International Logistics Limited	-	-	1,666,192.70	Within 1 year

XIN YUE COMPANY LIMITED

Notes to the 2019 Consolidated Financial Statements

CNY

Nature	Name of related party	Balance at the end of the year	Aging	Balance at the beginning of the year	Aging
	Dongguan Weisheng International Logistics Limited	-	-	48,044.62	1 to 2 years
	Guangdong Xinyue Transportation Investment Co., Ltd.	5,331,995.40	Within 1 year	38,268.00	Within 1 year
	Guangdong Feida Traffic Engineering Co., Ltd.	3,911,214.00	Within 1 year	-	-
	Guangdong United Electronic Fee-Collecting Co., Ltd.	40,525.85	Within 1 year	5,119.52	Within 1 year
	Guangdong Yueyun Jiafu Asphalt Co., Ltd.	222,224.55	Within 1 year	-	-
	Guangdong Gaoen Expressway Co., Ltd.	-	-	71,546,241.00	Within 1 year
	Guangdong Hualu Traffic Technology Co., Ltd.	3,292,500.60	1 to 2 years	3,292,500.60	Within 1 year
	Guangdong Jiaoke Testing Co., Ltd.	3,505,875.00	1 to 2 years	3,505,875.00	Within 1 year
	Poly Changda Engineering Co., Ltd.	214,330,722.42	Within 1 year	143,485,252.42	Within 1 year
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	-	-	271,971.00	Within 1 year
Subtotal of Deposits paid		230,635,057.82		223,859,464.86	
Other receivables	Guangdong Xinlu Advertising Co., Ltd.	684.00	Within 1 year	-	-
	Guangdong Leatop REAL Estate Investment Co., Ltd.	861,278.00	1 to 2 years	861,278.00	Within 1 year
	Guangdong Leatop REAL Estate Investment Co., Ltd.	18,600.00	Over 5 years	751,486.00	Over 5 years
	Guangdong Chaohui Expressway Co., Ltd.	-	-	500,000.00	Within 1 year
	Guangdong Zihui Expressway Co., Ltd.	500,000.00	Within 1 year	-	-
	Guang Dong Meihe Expressway Ltd.	30,600.00	Over 5 years	30,600.00	Over 5 years
	Guangdong Expressway Co., Ltd. - Yuegan Branch	-	-	50,000.00	Within 1 year
	Guangdong Road and Bridge Construction Development Co., Ltd.	100,000.00	Within 1 year	-	-
	Guangdong Nanyue Transportation Huaiyang Expressway Management Center	800,000.00	Within 1 year	-	-
	Guangdong Tongyi Expressway Service Area Co., Ltd.	884,435.77	Within 1 year	884,435.77	Within 1 year
	Guangdong Yueyun Transportation Company Limited	350,033.65	Over 5 years	350,033.65	Over 5 years
	Guangdong Nanyue Logistics Industrial Company Limited	137,011.59	1 to 2 years	217,572.98	Within 1 year
	Guangdong Changxin Asphalt Concrete Co., Ltd.	285,033.20	3 to 4 years	285,033.20	2 to 3 years
	Guangdong Changxin Asphalt Concrete Co., Ltd.	844,147.69	4 to 5 years	844,147.69	3 to 4 years
	Guangdong Nanyue Transportation Qingyun Expressway Management Center	6,979,916.40	1 to 2 years	6,979,916.40	Within 1 year
	Guangdong Shanfen Expressway Co., Ltd.	-	-	20,000.00	Within 1 year
	Guangdong Yangmao Expressway Co., Ltd.	-	-	640.00	Within 1 year

Nature	Name of related party	Balance at the end of the year	Aging	Balance at the beginning of the year	Aging
Subtotal of other receivables		11,791,740.30		11,775,143.69	
Interest receivable	Zhongshan Mayor New Concrete Co., Ltd.	173,420.00	3 to 4 years	173,420.00	2 to 3 years
Subtotal of interest receivable		173,420.00		173,420.00	
Long-term receivable	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	5,761,642.69	Within 1 year	17,226,002.90	Within 1 year
	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	17,226,002.90	1 to 2 years	-	-
	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	16,101,180.00	Over 5 years	16,101,180.00	Over 5 years
	Guangdong Highway Construction Co., Ltd.	-	-	45,000,000.00	1 to 2 years
	Guangdong Leatop REAL Estate Investment Co., Ltd.	171,000,000.00	1 to 2 years	180,500,000.00	Within 1 year
	Dongguan Weisheng International Logistics Limited	2,200,000.00	1 to 2 years	3,000,000.00	Within 1 year
Subtotal of long-term receivable		212,288,825.59		261,827,182.90	
Other current assets	Guangdong Nanyue Logistics Industrial Company Limited	332,000,000.00	Within 1 year	49,000,000.00	Within 1 year
Subtotal of other current assets		332,000,000.00		49,000,000.00	
Non-current assets due within 1 year	Guangdong Highway Construction Co., Ltd.	45,160,313.00	Within 1 year	2,167,438.00	1 to 2 Years
	Guangdong Leatop REAL Estate Investment Co., Ltd.	9,500,000.00	Within 1 year	9,500,000.00	Within 1 year
	Dongguan Weisheng International Logistics Limited	835,529.00	Within 1 year	844,754.00	Within 1 year
	Guangdong Nanyue Logistics Industrial Company Limited	15,117,986.00	Within 1 year	-	-
Subtotal of non-current assets due within 1 year		70,613,828.00		12,512,192.00	
Accounts payable	Shell Road Solutions Xinyue(foshan) Co., Ltd.	31,193,936.54	Within 1 year	32,172,242.53	Within 1 year
	Shell Road Solutions Xinyue(foshan) Co., Ltd.	23,699.93	1 to 2 years	191,994.01	1 to 2 years
	Shell Road Solutions Xinyue(foshan) Co., Ltd.	123,255.55	2 to 3 years	661,609.24	2 to 3 years
	Shell Road Solutions Xinyue(foshan) Co., Ltd.	661,609.24	3 to 4 years	13,053.33	3 to 4 years
	Shell Road Solutions Xinyue(foshan) Co., Ltd.	13,053.33	4 to 5 years	-	-
	Guangdong United Electronic Fee-Collecting Co., Ltd.	2,206,880.08	Within 1 year	6,647,323.04	Within 1 year
	Guangdong United Electronic Fee-Collecting Co., Ltd.	1,948,532.53	1 to 2 years	-	-
	Guangdong Yueyun Jiafu Asphalt Co., Ltd.	21,363,882.60	Within 1 year	7,563,414.44	Within 1 year
	Guangdong Yueyun Jiafu Asphalt Co., Ltd.	1,801,259.93	1 to 2 years	-	-
	Guangdong Xinyue Transportation Investment Co., Ltd.	3,375,877.69	Within 1 year	1,396,407.90	Within 1 year
	Guangdong Xinyue Transportation Investment Co., Ltd.	545,133.04	1 to 2 years	1,052,320.52	1 to 2 years
	Guangdong Xinyue Transportation Investment Co., Ltd.	1,052,320.52	2 to 3 years	101,355.00	2 to 3 years

Nature	Name of related party	Balance at the end of the year	Aging	Balance at the beginning of the year	Aging
	Guangdong Xinyue Transportation Investment Co., Ltd.	101,355.00	3 to 4 years	-	-
	Guangdong Feida Traffic Engineering Co., Ltd.	135,078.00	Within 1 year	1,394,545.00	Within 1 year
	Guangdong Feida Traffic Engineering Co., Ltd.	241,095.73	1 to 2 years	-	-
	Guangdong Hualu Traffic Technology Co., Ltd.	14,946.61	Within 1 year	204,321.70	Within 1 year
	Guangdong Hualu Traffic Technology Co., Ltd.	11,080.19	1 to 2 years	39,278.33	1 to 2 years
	Guangdong Hualu Traffic Technology Co., Ltd.	39,278.33	2 to 3 years	-	-
	Guangzhou Newsoft Technology Co., Ltd.	179,450.00	1 to 2 years	905,792.15	Within 1 year
	Guangdong Jindaoda Expressway Economic Development Co., Ltd.	17,680.00	Over 5 years	17,680.00	Over 5 years
	Guangdong Oriental Thought Co., Ltd.	419,961.50	Within 1 year	-	-
	Poly Changda Engineering Co., Ltd.	65,258,921.59	Within 1 year	173,139.00	Within 1 year
	Poly Changda Engineering Co., Ltd.	-	-	446,249.00	1 to 2 years
	Guangdong Highway Construction Co., Ltd.	4,090,949.79	Over 5 years	4,090,949.79	Over 5 years
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	283,737.08	Within 1 year	738,452.83	Within 1 year
	Dongguan Weisheng International Logistics Limited	7,080,044.89	Within 1 year	7,153,973.99	Within 1 year
	Dongguan Weisheng International Logistics Limited	-	-	12,912.59	1 to 2 years
	Guangdong Jiaoke Testing Co., Ltd.	-	-	1,072,380.00	Within 1 year
Subtotal of accounts payable		142,183,019.69		66,049,394.39	
Receipt in advance	Guangdong Nanyue Logistics Industrial Company Limited	3.98	4 to 5 years	3.98	3 to 4 years
	Guangdong Meiping Expressway Co., Ltd.	-	-	1,364,099.50	Within 1 year
	Poly Changda Engineering Co., Ltd.	-	-	6,600,275.03	Within 1 year
Subtotal of receipt in advance		3.98		7,964,378.51	
Other payables	Dongguan Weisheng International Logistics Limited	20,000.00	Within 1 year	3,067,054.79	2 to 3 years
	Guangdong Oriental Thought Co., Ltd.	40,368.84	Within 1 year	-	-
	Guangdong Oriental Thought Co., Ltd.	47,700.00	3 to 4 years	625,816.00	2 to 3 years
	Guangdong Expressway Co., Ltd.	226,933.90	Over 5 years	226,933.90	Over 5 years
	Guangdong Highway Construction Co., Ltd.	6,604.63	Within 1 year	5,879.18	Within 1 year
	Poly Changda Engineering Co., Ltd.	4,514,185.14	Within 1 year	36,135,486.71	Within 1 year
	Poly Changda Engineering Co., Ltd.	36,330,724.13	1 to 2 years	193,231.00	1 to 2 years
	Poly Changda Engineering Co., Ltd.	1,527,927.22	2 to 3 years	8,811.00	2 to 3 years

Nature	Name of related party	Balance at the end of the year	Aging	Balance at the beginning of the year	Aging
	Poly Changda Engineering Co., Ltd.	8,811.00	3 to 4 years	746,747.00	3 to 4 years
	Poly Changda Engineering Co., Ltd.	31,350.00	4 to 5 years	-	
	Guangdong Hualu Traffic Technology Co., Ltd.	165,436.00	Within 1 year	-	-
	Guangdong Guantong Expressway Luchan Operation Co., Ltd.	944,053.05	Within 1 year	941,926.17	Within 1 year
	Guangdong Yueyun Transportation Company Limited	9,173,429.44	Within 1 year	6,042,618.52	Within 1 year
	Guangdong Feida Traffic Engineering Co., Ltd.	1,229,642.18	Within 1 year	348,942.48	Within 1 year
	Guangdong Feida Traffic Engineering Co., Ltd.	101,392.00	1 to 2 years	143,922.50	1 to 2 years
	Guangdong Feida Traffic Engineering Co., Ltd.	95,655.50	2 to 3 years	78,337.00	2 to 3 years
	Guangdong Xinlu Advertising Co., Ltd.	96,477.58	Within 1 year	6,332.14	Within 1 year
	Guangdong Gaosu Science and Technology Investment Co., Ltd.	2,700.00	1 to 2 years	7,137.50	Within 1 year
	Guangdong Gaosu Science and Technology Investment Co., Ltd.	4,169.00	4 to 5 years	4,169.00	3 to 4 years
	Guangdong Xinyue Transportation Investment Co., Ltd.	1,072,006.12	Within 1 year	107,738.04	Within 1 year
	Guangdong Xinyue Transportation Investment Co., Ltd.	35,148.84	1 to 2 years	75,826.91	1 to 2 years
	Guangdong Xinyue Transportation Investment Co., Ltd.	75,826.91	2 to 3 years	165,996.40	2 to 3 years
	Guangdong Xinyue Transportation Investment Co., Ltd.	165,996.40	3 to 4 years	179,741.05	3 to 4 years
	Guangdong Xinyue Transportation Investment Co., Ltd.	138,629.75	4 to 5 years	54,292.00	4 to 5 years
	Guangdong Xinyue Transportation Investment Co., Ltd.	293,261.90	Over 5 years	238,969.90	Over 5 years
	Guangdong Province Communications Planning & Design Institute Co., Ltd	186.00	Within 1 year	16,418.00	Within 1 year
	Guangdong Province Communications Planning & Design Institute Co., Ltd	16,418.00	1 to 2 years	114,410.00	1 to 2 years
	Guangdong Province Communications Planning & Design Institute Co., Ltd	14,410.00	2 to 3 years	-	-
	Guangdong Tongyi Expressway Service Area Co., Ltd.	50,000.00	Within 1 year	6,000.00	1 to 2 years
	Guangdong Tongyi Expressway Service Area Co., Ltd.	6,000.00	2 to 3 years	2,000.00	4 to 5 years
	Guangdong Tongyi Expressway Service Area Co., Ltd.	16,025.00	Over 5 years	14,025.00	Over 5 years
	Guangdong Province Communications Group Company Limited	60,699.90	4 to 5 years	60,699.90	3 to 4 years
	JING-ZHU Expressway GUANG-ZHU Section Co., Ltd.	10,607,774.41	Within 1 year	8,865,124.51	Within 1 year
	JING-ZHU Expressway GUANG-ZHU Section Co., Ltd.	1,000.00	Over 5 years	1,000.00	Over 5 years
	Guangdong Gaoen Expressway Co., Ltd.	5,662,163.00	Within 1 year	50,000.00	Within 1 year
	Guangdong Jiaoke Testing Co., Ltd.	882,000.00	Within 1 year	10,000.00	Within 1 year
	Guangdong Jiaoke Testing Co., Ltd.	10,000.00	1 to 2 years	-	-

Nature	Name of related party	Balance at the end of the year	Aging	Balance at the beginning of the year	Aging
	Guangzhou Newsoft Technology Co., Ltd.	27,524.10	Within 1 year	21,714.35	Within 1 year
	Guangzhou Newsoft Technology Co., Ltd.	21,714.34	1 to 2 years	-	-
	Guangzhou Newsoft Technology Co., Ltd.	250,000.00	Over 5 years	250,000.00	Over 5 years
	Guangdong United Electronic Fee-Collecting Co., Ltd.	38.00	Within 1 year	-	-
	Guangdong Zhaoyang Expressway Co., Ltd.	-	-	17,500.00	Within 1 year
	Guangdong Baomao Expressway Co., Ltd.	-	-	160,000.00	Within 1 year
Subtotal of other payables		73,978,382.28		58,994,800.95	
Interest payable	Guangdong Communications Group Finance Co., Ltd.	454,575.00	Within 1 year	515,968.75	Within 1 year
Subtotal of interest payable		454,575.00		515,968.75	
Dividend payable	Guangdong Highway Construction Co., Ltd.	19,542,319.97	Within 1 year	-	-
	Guangdong Province Communications Group Company Limited	45,097,661.46	Within 1 year	-	-
Subtotal of dividend payable		64,639,981.43		-	
Non-current liabilities due within one year	Guangdong Communications Group Finance Co., Ltd.	2,000,000.00	Within 1 year	395,000,000.00	Within 1 year
Subtotal of non-current liabilities due within one year		2,000,000.00		395,000,000.00	
Long-term payables	Guangdong Province Communications Group Company Limited	59,479,792.00	Over 5 years	58,179,680.00	Over 5 years
	Guangdong Road and Bridge Construction Development Co., Ltd.	100,000,000.00	Over 5 years	100,000,000.00	Over 5 years
	Guangdong Highway Construction Co., Ltd.	102,893,352.45	Over 5 years	106,407,908.60	Over 5 years
Subtotal of long-term payables		262,373,144.45		264,587,588.60	
Long-term borrowings	Guangdong Communications Group Finance Co., Ltd.	346,000,000.00	Within 1 year	-	-
Subtotal of long-term borrowings		346,000,000.00		-	

12. Notes to the financial statements of the holding company

(1) Accounts receivable

Category	At the end of the year				At the beginning of the year			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Single provision for bad debts on a significant individual amount in accounts receivable	-	-	-	-	-	-	-	-
Provision for bad debts based on grouping of credit risk characteristic in accounts receivable	77,931,173.39	100.00	202,957.48	100.00	198,521.23	100.00	198,521.23	100.00
Provision for bad debts on single item in accounts receivable despite that the amount was not significant	-	-	-	-	-	-	-	-
Total	77,931,173.39	100.00	202,957.48	100.00	198,521.23	100.00	198,521.23	100.00

(1) There was no single provision for bad debts on a significant individual amount at the end of the year.

(2) Provision for bad debts based on a combination of credit risk characteristics.

Provision of bad debts of accounts receivable using aging analysis method:

Aging	At the end of the year			At the beginning of the year		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
2 to 3 years	-	-	-	-	-	-
Over 3 years	202,957.48	100.00	202,957.48	198,521.23	100.00	198,521.23
Total	202,957.48	—	202,957.48	198,521.23	—	198,521.23

Provision for bad debts of accounts receivable using other grouping method

Name of grouping	At the end of the year			At the beginning of the year		
	Book balance	Percentage of provision (%)	Provision for bad debts	Book balance	Percentage of provision (%)	Provision for bad debts
Amount due from related party	77,728,215.91	-	-	-	-	-
Total	77,728,215.91	-	-	-	-	-

(3) There was no provision for bad debts on single item despite that the amount was not significant in accounts receivable at the end of the year.

(4) There was no recovery or reverse of provision for bad debts during the reporting period.

(5) There was no accounts receivable being written off during the reporting period.

(6) At the end of the year, the top five balances of accounts receivable are as follow:

Name of debtor	Book balance	Proportion of total accounts receivable (%)	Provision for bad debts
Guangzhou Xin Yue Asphalt Co., Ltd.	62,052,106.63	79.62	-
Guangdong Nanyue Logistics Industrial Company Limited	15,676,109.28	20.12	
Houston Machinery Co., Ltd.	202,957.48	0.26	202,957.48
Total	77,931,173.39	100.00	202,957.48

(7) During the reporting period, no accounts receivable of the Company was derecognized due to transfer of financial assets.

(2) Other receivables

Item	Balance at the end of the year	Balance at the beginning of the year
Interest receivable	1,121,376.82	353,407.59
Dividend receivable	-	-
Other receivables	4,921,417.79	4,367,909.64
Total	6,042,794.61	4,721,317.23

1. Interest receivable

(1) Classification of interest receivable

Item	Balance at the end of the year	Balance at the beginning of the year
Time deposit	1,121,376.82	353,407.59
Entrusted loan	-	-
Others	-	-
Total	1,121,376.82	353,407.59

(2) The Company has no significant overdue interest during the reporting period.

1010 151 151

2. Other receivables

Category	Closing balance				Opening balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Single provision for bad debts on a significant individual amount in other receivables	-	-	-	-	-	-	-	-
Provision for bad debts based on grouping of credit risk characteristics in other receivables	5,179,366.53	100.00	257,948.74	4.98	4,623,505.86	100.00	255,596.22	5.53
Provision for bad debts on single item in other receivables despite that the amount was not significant	-	-	-	-	-	-	-	-
Total	5,179,366.53	100.00	257,948.74	4.98	4,623,505.86	100.00	255,596.22	5.53

(1) Single provision for bad debts on a significant individual amount in other receivables: Nil

(2) Provision for bad debts based on grouping of credit risk characteristics in other receivables

Provision of bad debts of other receivables using aging analysis method:

Aging	At the end of the year			At the beginning of the year		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 1 year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
2 to 3 years	-	-	-	-	-	-
Over 3 years	257,948.74	100.00	257,948.74	255,596.22	100.00	255,596.22
Total	257,948.74	—	257,948.74	255,596.22	—	255,596.22

Provision for bad debts of other receivables using other grouping method

Name of grouping	At the end of the year			At the beginning of the year		
	Book balance	Percentage of provision (%)	Provision for bad debts	Book balance	Percentage of provision (%)	Provision for bad debts
Related parties within the scope of consolidation	4,921,417.79	-	-	4,367,909.64	-	-
Deposit and warranty	-	-	-	-	-	-
Total	4,921,417.79	-	-	4,367,909.64	-	-

(3) Provision for bad debts on single item despite that the amount was not significant in other receivables at the end of the year: Nil.

(4) There was no recovery or reverse of provision for bad debts during the reporting period.

(5) There was no accounts receivable being written off during the reporting period.

(6) At the end of the year, the top five balances of other receivables are as follow:

Name of debtor	Nature	Book balance	Aging	Proportion of total other receivables (%)	Provision for bad debts
Xin Yue (Guangzhou) Investment Co., Ltd.	Current account	4,224,019.31	Within 1 year	81.55	-
Guangzhou Xin Yue Asphalt Co., Ltd.	Tax withheld or payment on behalf	557,786.89	Within 1 year	10.77	-
Guangdong Nanyue Logistics Industrial Company Limited	Demurrage	137,011.59	2 to 3 years	2.65	-
The Incorporated Owners of 118 Connaught Road West	Deposit	77,402.56	over 3 years	1.49	77,402.56
The Hongkong Electric Company, Limited	Deposit	23,469.44	over 3 years	0.45	23,469.44
Total		5,019,689.79		96.92	100,872.00

(3) Long-term equity investments

1. Classification of long-term equity investment

Item	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year
Investment in subsidiaries	968,629,882.75	-	289,479,991.69	679,149,891.06
Investment in joint ventures	-	-	-	-
Investment in associates	645,572,796.76	303,415,163.97	95,874,690.42	853,113,270.31
Subtotal	1,614,202,679.51	303,415,163.97	385,354,682.11	1,532,263,161.37
Less: Provision for impairment loss on long-term equity investments	338,089,991.69	-	-	338,089,991.69
Total	1,276,112,687.82	303,415,163.97	385,354,682.11	1,194,173,169.68

XIN YUE COMPANY LIMITED

Notes to the 2019 Consolidated Financial Statements

CNY

2. Detailed breakdown of long-term equity investments

Investee	Cost of investment	Balance at the beginning of the year	Changes during the year								Balance at the end of the year	Provision for impairment loss at the end of the year
			Additional investment	Reduced investment	Gain or loss from investment recognized under the equity method	Adjustments in other comprehensive income	Other changes in equity	Dividend declared	Provision for impairment loss	Others		
Total	1,566,958,873.17	1,614,202,679.51	195,874,690.42	289,479,991.69	107,540,473.55	-	-	95,874,690.42	-	1,532,263,161.36	338,089,991.69	
1. Subsidiaries	968,629,882.75	968,629,882.75	-	289,479,991.69	-	-	-	-	-	679,149,891.06	338,089,991.69	
Xin Yue (Guangzhou) Financial Leasing Company Limited	68,931,000.00	68,931,000.00	-	-	-	-	-	-	-	68,931,000.00	-	
Xin Yue Haitian Co., Ltd.	338,090,000.00	338,089,991.69	-	-	-	-	-	-	-	338,089,991.69	338,089,991.69	
Xin Yue Humen Co., Ltd.	289,480,000.00	289,480,000.00	-	289,479,991.69	-	-	-	-	-	8.31	-	
Xin Yue Hai Xin Sha Asphalt Company Limited	7.77	7.77	-	-	-	-	-	-	-	7.77	-	
Xin Yue (Guangzhou) Investment Co., Ltd.	272,128,883.29	272,128,883.29	-	-	-	-	-	-	-	272,128,883.29	-	
2. Associates	598,328,990.42	645,572,796.76	195,874,690.42	-	107,540,473.55	-	-	95,874,690.42	-	853,113,270.30	-	
Guangdong Kaiyang Expressway Co., Ltd.	598,328,990.42	645,572,796.76	195,874,690.42	-	107,540,473.55	-	-	95,874,690.42	-	853,113,270.30	-	

(4) Operating income and Operating costs

Item	During the current period		During the previous period	
	Income	Costs	Income	Costs
Subtotal of principal business	536,816,713.96	529,057,451.17	733,658,246.16	718,150,043.43
Including: Trading of asphalt	536,816,713.96	529,057,451.17	733,658,246.16	718,150,043.43
Total	536,816,713.96	529,057,451.17	733,658,246.16	718,150,043.43

13. Other significant events

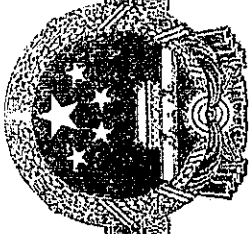
According to the notice on 27 December 2019 sent out by Guangdong Province Communications Group Company Limited regarding the transfer of the 51% shareholdings of the Construction Company in Jiangzhong Company to Xinyue Company (Yue Jiao Ji Tou (2019) No. 159), it was resolved that the preliminary preparation of the partial transfer of shares of Guangdong Jiangzhong Expressway Co., Ltd. be commenced. The relevant matters are as follows: (1) Based on the date 31 December 2019, the 51% shares of Jiangzhong Company held by Guangdong Highway Construction Co., Ltd. be transferred to the Company or its subsidiary. (2) Upon the completion of the share transfer, Guangdong Jiangzhong Expressway Co., Ltd. shall continue to be managed and operated by Guangdong Highway Construction Co., Ltd..

14. Approval of the financial statements

The financial statements have been approved by the Board of Directors of the Company.

Xin Yue Company Limited

10 February 2020



营业执照

(副本)

编号: S0152019052117G(1-1)

统一社会信用代码

914401010827260072



扫描二维码登录
“国家企业信用
信息公示系统”
了解更多登记、
备案、许可、监
管信息。



名称 广东正中珠江会计师事务所(特殊普通合伙)

类型 合伙企业(特殊普通合伙)

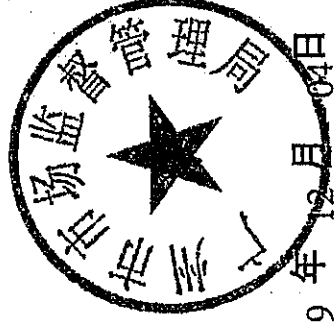
执行事务合伙人 蒋洪峰

成立日期 2013年10月24日

合伙期限 2013年10月24日至长期

主要经营场所 广州市越秀区东风东路555号1001-1008房

经营范围 商务服务业(具体经营项目请登录广州市商事主体信息公示平台查询,网址: <http://cri.gz.gov.cn/>。依法须经批准的项目,经相关部门批准后方可开展经营活动。)



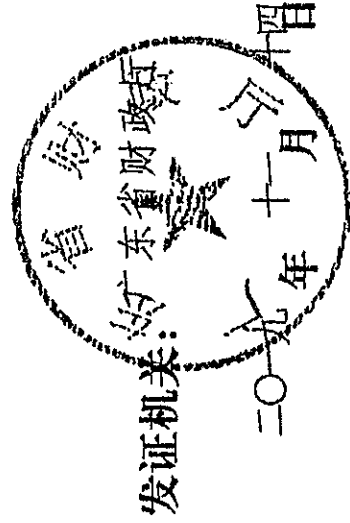
登记机关

2019年12月04日

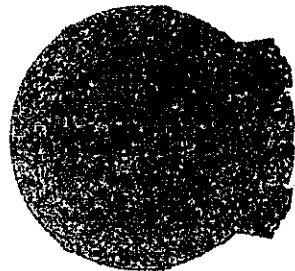
证书序号:0005125

说明

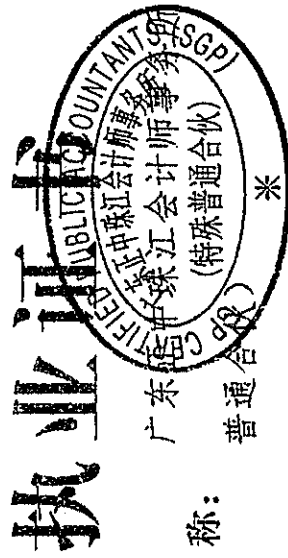
- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。



中华人民共和国财政部制



会计师事务所



名称: 广东珠江会计师事务所(特殊普通合伙) 米

首席合伙人: 蒋洪峰

主任会计师:

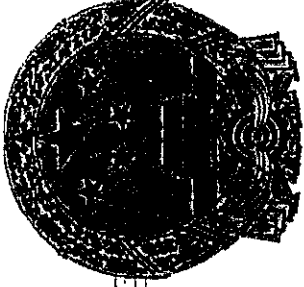
经营场所: 广州市越秀区东风东路555号
1001-1008房

组织形式: 特殊普通合伙

执业证书编号: 44010079

批准执业文号: 粤财会[2013]45号

批准执业日期: 2013年10月16日



证书序号: 000385

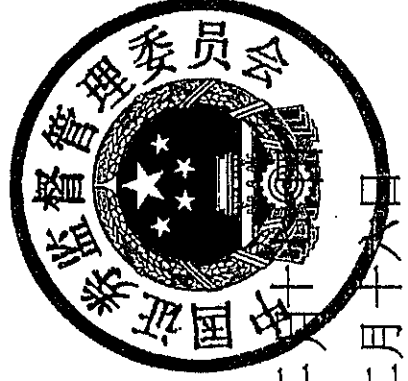
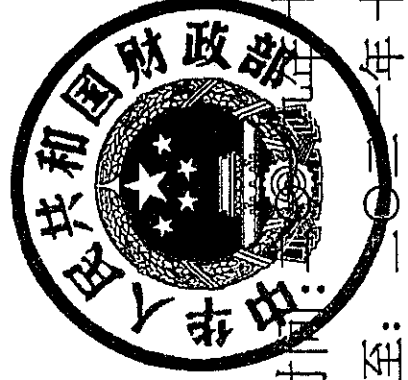
会计师事务所 证券、期货相关业务许可证

经财政部 中国证券监督管理委员会审查, 批准

广东正由珠江会计师事务所 (特殊普通合伙) 执行证券、期货相关业务。



首席合伙人: 蒋洪峰



证书号: 56

发证时间: 二〇一二年十二月十六日

证书有效期至: 二〇一五年十二月十六日

**Guangdong Provincial Communications
Group Co., Ltd.
Review Report and Consolidated
Financial Statements
For the Nine Months Ended 30 Sept 2021**

**Guangdong Provincial Communications
Group Co., Ltd.**

**Review Report and Consolidated
Financial Statements**

(For the nine months ended 30 September 2021)

	Contents	Page
I.	Review Report	1-2
II.	Financial Statements	
	Consolidated Statement of Financial Position	1-2
	Consolidated Statement of Profit or Loss	3
	Consolidated Statement of Cash Flows	4
	Consolidated Statement of Changes in Owners's Equity	5-6
III.	Notes to the Interim Financial Statements	1-105

REVIEW REPORT

Xin Kuai Shi Bao Zi [2021] No. ZC20137

TO GUANGDONG PROVINCIAL COMMUNICATIONS GROUP CO., LTD.:

We have reviewed the accompanying interim financial statements of Guangdong Provincial Communications Group Co., Ltd. (the "Company" or the "GCGC"), which comprises the consolidated and company balance sheets as at 30 September 2021, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in owners' equity for the nine months ended and notes to the interim financial statement. The management of GCGC is responsible for preparing the interim financial statements in accordance with the requirements of Accounting Standard for Business Enterprises. Our responsibility is to issue a review report on the interim financial statements based on our review.

We conducted our review in accordance with Standard on "Review Engagements for Certified Public Accountants of China No. 2101 – Engagements to Review Financial Statements". This Standard requires that we plan and perform the review to obtain limited assurance as to whether the interim financial statements are free from material misstatement. A review is limited primarily to inquiries of personnel of GCGC and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

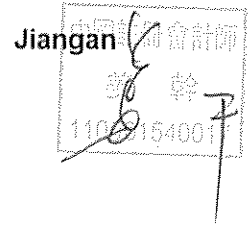
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises, and cannot present fairly, in all material respects, the consolidated and the company's financial position of GCGC as at 30 September 2021, the consolidated operating results and cash flows and the company's operating results and cash flows for the nine months ended 30 September 2021.



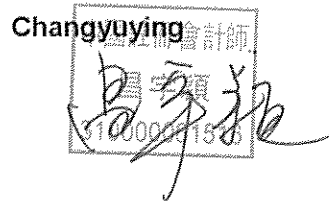
(There is no text on this page)



Certified Public Accountant of China:



Certified Public Accountant of China:



Shanghai, China

22 December 2021

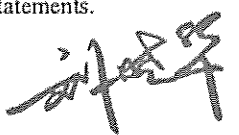
Guangdong Provincial Communications Group Co., Ltd.
Consolidated Balance Sheet (Unaudited)
As at 30 September 2021


(Unless otherwise stated, all amounts are denominated in Renminbi yuan)

Items	Note VII	Closing balance	Opening balance
Current Assets			
Monetary funds		23,026,743,192.88	20,561,227,775.11
Financial assets at fair value through profit or loss		12,686,213,571.19	8,961,651,064.27
Notes receivable		16,957,069.98	53,794,328.82
Accounts receivable	1	1,825,936,640.27	1,598,780,019.67
Prepayments		1,363,138,922.80	941,587,491.20
Other receivables		1,622,523,855.02	2,822,880,653.88
Financial assets held under resale agreements		800,000,000.00	1,694,535,000.00
Inventories	2	2,920,902,892.25	2,473,469,066.79
Contract assets		231,802,988.22	171,881,751.02
Non-current assets due within one year		119,776,133.35	743,568.25
Other current assets		986,032,313.22	324,230,168.05
Total current assets		45,600,027,579.18	39,604,780,887.06
Non-current assets:			
Long-term receivables		818,036,138.48	936,612,124.49
Long-term equity investments		8,776,468,093.89	8,285,596,882.61
Other equity instrument investments		3,073,269,079.21	2,813,666,485.52
Investment properties		1,619,427,128.74	1,558,667,297.31
Fixed assets	3	250,254,516,144.31	249,688,322,363.37
Construction in progress	4	89,433,636,971.43	91,978,235,795.98
Right-of-use assets		1,153,618,032.53	1,232,542,500.18
Intangible assets	5	33,717,418,743.07	34,911,699,824.99
Research and development costs		23,638,508.15	29,490,402.09
Goodwill		405,989,628.60	405,989,628.60
Long-term deferred expenses		600,695,216.85	614,227,107.39
Deferred tax assets		1,573,123,293.91	1,780,423,852.96
Other non-current assets		12,497,248,787.66	12,032,989,384.42
Total non-current assets		403,947,085,766.83	406,268,463,649.91
Total assets		449,547,113,346.01	445,873,244,536.97

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative 

The person in charge of accounting affairs: 

The head of the accounting department: 

Guangdong Provincial Communications Group Co., Ltd.
Consolidated Balance Sheet (Unaudited)(Continued)
As at 30 September 2021
(Unless otherwise stated, all amounts are denominated in Renminbi yuan)

Items	Note VII	Closing balance	Opening balance
Current liabilities:			
Short-term loans	6	1,333,575,647.28	2,458,152,932.86
Notes payable		668,725,943.09	711,634,221.16
Accounts payable	7	9,726,556,790.06	11,361,012,874.53
Advances from customers		371,694,929.44	271,697,907.02
Contract liabilities		887,579,956.90	903,890,612.21
Deposits from customers and interbank		34,944,730.15	65,010,878.16
Employee benefits payable		1,650,210,020.41	607,532,755.25
Taxes and surcharges payable		1,109,475,214.58	1,381,562,047.47
Other payables	8	9,449,061,397.00	10,029,542,474.43
Non-current liabilities due within one year	9	8,670,333,951.94	9,552,714,604.24
Other current liabilities		91,248,514.61	47,296,487.60
Total current liabilities		33,993,407,095.46	37,390,047,794.93
Non-current liabilities:			
Long-term loans	10	238,312,908,958.39	238,617,372,066.79
Bonds payable	11	35,927,195,373.97	31,819,021,962.82
Lease liabilities		1,114,794,512.59	1,157,869,726.34
Long-term payables		803,359,588.42	597,998,388.29
Long-term employee benefits payable		183,876,176.96	195,036,005.23
Deferred income	12	1,499,949,103.44	1,700,560,111.17
Deferred tax liabilities		866,554,677.83	927,579,563.28
Other non-current liabilities	13	8,393,950,369.40	8,394,312,401.27
Total non-current liabilities		287,102,588,761.00	283,409,750,225.19
Total liabilities		321,095,995,856.46	320,799,798,020.12
Equity:			
Paid-in capital		26,800,000,000.00	26,800,000,000.00
Capital reserves		48,378,517,426.03	46,911,329,703.30
Other comprehensive income		283,277,377.81	322,855,981.50
Specific reserves		89,429,759.47	69,246,776.38
Surplus reserves		3,074,566,460.48	3,074,566,460.48
Generic risk reserves		373,501,005.04	373,501,005.04
Undistributed profit		20,249,512,211.50	18,700,578,163.85
Total equity attributed to parent company		99,248,804,240.33	96,252,078,090.55
Total equity attributed to non-controlling interests shareholders ("NCI")		29,202,313,249.22	28,821,368,426.30
Total equity		128,451,117,489.55	125,073,446,516.85
Total liabilities and equity		449,547,113,346.01	445,873,244,536.97

The accompanying notes to the financial statements form an integral part of the financial statements.



Company representative:  The person in charge of accounting affairs: 


The head of the accounting department: 

Guangdong Provincial Communications Group Co., Ltd.
Consolidated Income Statement (Unaudited)
For the nine months ended 30 September 2021
(Unless otherwise stated, all amounts are denominated in Renminbi yuan)

Items	Note VII	Amount for the period	Amount for the prior period
I. Total income		39,310,031,402.06	26,389,419,237.03
Including: Operating income	14	39,141,851,463.80	26,168,329,441.47
Interest income		168,179,938.26	221,089,795.56
II. Total cost		35,211,412,474.28	27,230,251,225.99
Including: Operating cost	14	25,638,395,892.55	18,199,834,804.22
Interest expense		9,711,409.84	14,671,953.41
Charges and commissions expense		190,849,335.67	132,033,713.82
Selling and distribution expense		102,839,159.56	106,537,666.89
General and administrative expense		2,039,243,676.81	1,679,519,876.22
Research and development expense		192,941,862.85	113,431,970.57
Financial expense		7,037,431,137.00	6,984,221,240.86
Including: Interest expense		7,178,349,942.51	7,129,042,809.63
Interest income		162,607,266.77	116,156,146.59
Add: Other income		339,804,972.38	409,160,031.45
Investment income ("-" for loss)		980,058,798.55	2,009,228,618.26
Including: Income from investments in associates and joint ventures		545,363,004.72	183,402,075.01
Impairment loss of credit ("-" for loss)		-56,622,689.31	1,125,274.03
Impairment loss of assets ("-" for loss)		-1,847,474.51	-19,351,912.57
Gains or losses on disposal of assets ("-" for loss)		43,840,585.30	46,999,954.28
III. Operating profit		5,403,853,120.19	1,606,329,976.49
Add: Non-operating income		232,993,097.86	131,128,525.17
Less: Non-operating expense		42,882,770.14	59,712,369.25
IV. Profit before tax		5,593,963,447.91	1,677,746,132.41
Less: Income tax expense		1,820,172,952.32	1,606,473,516.22
V. Net profit		3,773,790,495.59	71,272,616.19
I. Classified by continuity of operation:			
(1) Net profit from continuing operation		3,773,790,495.59	71,272,616.19
(2) Net profit from discontinued operation			
(二) Classified by ownership			
1. Net profit attributed to owners of the Company		2,291,154,047.65	-629,858,857.84
2. Net profit attributed to NCI		1,482,636,447.94	701,131,474.03
VI. Other comprehensive income after tax		-35,773,078.37	-233,460,953.58
Other comprehensive income after tax attributed to parent company		-39,578,603.69	-203,324,201.11
1. Items that will not be reclassified to profit or loss:		-45,366,774.33	-70,072,515.64
(1) Remeasurement of defined benefit plan		2,852,296.41	-2,863,942.22
(2) Changes in fair value of other equity instrument investments		-48,219,070.74	-67,208,573.42
2. Items that will be reclassified to profit or loss:		5,788,170.64	-133,251,685.47
(1) Other comprehensive income that can be transferred into profit or loss under equity method		3,027,554.83	-889,210.07
(2) Changes in the fair value of available-for-sale financial assets			-133,240,931.10
(3) Foreign currency translation differences		2,760,615.81	878,455.70
Other comprehensive income after tax attributed to NCI		3,805,525.32	-30,136,752.47
VII. Total comprehensive income for the period		3,738,017,417.22	-162,188,337.39
Total comprehensive income attributed to owners of the Company		2,251,575,443.96	-833,183,058.95
Total comprehensive income attributed to NCI		1,486,441,973.26	670,994,721.56

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative:  The person in charge of accounting affairs: 

The head of the accounting department: 

Guangdong Provincial Communications Group Co., Ltd.

Cash Flow Statement (Unaudited)


For the nine months ended 30 September 2021

(Unless otherwise stated, all amounts are denominated in Renminbi yuan)

Items	Note VII	Amount for the period	Amount for the prior period
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		39,385,597,679.29	26,003,817,692.15
Net increase of client deposit and bank deposit		-30,066,148.01	716,590,257.64
Cash received from interest, charges and commission		166,735,155.56	234,355,183.29
Net increase of repurchase business		894,535,000.00	-1,099,900,000.00
Cash received from tax refund			3,664,854.43
Other cash received relating to operating activities		3,863,256,848.83	1,101,503,926.03
Sub-total of cash inflows from operating activities		44,280,058,535.67	26,960,031,913.54
Cash paid for goods and services		8,569,297,856.42	9,867,662,434.47
Net increase in loans and advances to customers		100,000,000.00	-57,000,000.00
Net increase in deposit in central bank and other financial institutions		-336,227,348.56	185,120,872.65
Cash paid for interest, charges and commission		8,469,672.59	15,552,270.61
Cash paid to and on behalf of employees		4,521,080,430.06	4,060,071,666.16
Cash paid for all types of taxes		3,193,136,375.90	1,666,557,570.60
Other cash paid relating to operating activities		3,178,622,954.48	918,863,042.07
Sub-total of cash outflows from operating activities		19,234,379,940.89	16,656,827,856.56
Net cash flows from operating activities		25,045,678,594.78	10,303,204,056.98
II. Cash flows from investing activities:			
Cash received from sale of investment		6,783,347,000.00	2,176,850,000.00
Cash received from return on investments		848,186,592.78	471,800,232.14
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		42,579,630.23	31,201,804.56
Net cash received from disposal of subsidiaries and other business units			781,588,066.55
Other cash received relating to investing activities		2,775,921,605.34	561,616,570.34
Sub-total of cash inflows from investing activities		10,450,034,828.35	4,023,056,673.59
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		12,336,559,173.83	17,866,725,126.13
Cash paid for acquisition of investments		10,823,398,900.00	7,402,211,040.00
Other cash paid relating to other investing activities		1,931,156,110.75	230,975,519.94
Sub-total of cash outflows from investing activities		25,091,114,184.58	25,499,911,686.07
Net cash flows from investing activities		-14,641,079,356.23	-21,476,855,012.48
III. Cash flows from financing activities			
Cash received from capital contributions		1,579,355,000.00	1,775,675,637.50
Including: Cash received by subsidiaries from capital contributions of NCI		262,750,000.00	120,452,137.50
Cash received from borrowings		41,570,739,887.27	32,229,191,566.86
Other cash received relating to financing activities		19,356,600.00	1,112,971,600.00
Sub-total of cash inflows from financing activities		43,169,451,487.27	35,117,838,804.36
Cash repayments of borrowings		39,689,650,945.01	13,403,978,835.02
Cash paid for distribution of dividends or profits and interest		10,707,794,695.91	7,199,639,692.62
Including: Cash paid to NCI for distribution of dividends or profits by subsidiaries		1,508,359,056.37	1,095,522,021.60
Other cash paid relating to financing activities		339,647,225.91	109,150,460.27
Sub-total of cash outflows from financing activities		50,737,092,866.83	20,712,768,987.91
Net cash flows from financing activities		-7,567,641,379.56	14,405,069,816.45
IV. Effect on changes in exchange rate on cash and cash equivalents		-8,105,312.18	-4,540,274.03
V. Net increase/decrease in cash and cash equivalents		2,828,852,546.81	3,226,878,586.92
Add: Cash and cash equivalents at beginning of the period		18,737,868,224.10	22,305,806,028.05
VI. Cash and cash equivalents at the end of the period		21,566,720,770.91	25,532,684,614.97

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative:  The person in charge of accounting affairs: 

The head of the accounting department: 

Guangdong Provincial Communications Group Co., Ltd.
Consolidated of Changes in Owners' Equity (Unaudited)
For the nine months ended 30 September 2021
(Unless otherwise stated, all amounts are denominated in Renminbi yuan)

Items	Amount for the period													Total equity	
	Attributable to owners of the Company												Subtotal		NCI
	Paid-in capital	Other equity instruments		Capital reserves	Less: stock shares	Other comprehensive income	Special reserves	Surplus reserves	Generic risk reserves	Undistributed profit					
	Preferred shares	Perpetual debt	others												
I. Closing balance for the previous period	26,800,000,000.00				46,911,329,703.20		322,337,644.22	69,246,776.38	3,074,566,460.48	373,501,005.04	18,723,233,127.20	96,274,214,716.62	28,821,408,467.33	125,095,623,183.95	
Add: Changes in accounting policies						518,337.28					-22,136,626.07		-40,041.03	-22,176,667.10	
II. Opening balance for this period	26,800,000,000.00				46,911,329,703.20		322,855,981.50	69,246,776.38	3,074,566,460.48	373,501,005.04	18,700,578,163.85	96,252,078,090.55	28,821,368,426.30	125,073,446,516.85	
III. Changes in equity during the period ("for decrease")					1,467,187,722.73		-39,578,603.69	20,182,983.09			1,548,934,047.65	2,996,726,149.78	380,944,822.92	3,377,670,972.70	
1. Total comprehensive income							-39,578,603.69				2,291,154,847.65	2,251,571,443.96	1,486,441,973.26	3,738,017,417.22	
2. Capital injections and reduction by owners					1,467,187,722.73							1,467,187,722.73	405,009,857.65	1,872,197,580.38	
(1) Ordinary shares invested by owners					1,463,458,601.64							1,463,458,601.64	392,826,226.46	1,856,284,828.10	
(2) Others					3,729,121.09							3,729,121.09	12,183,631.19	15,912,752.28	
3. Profit distribution											-742,220,000.00	-742,220,000.00	-1,488,092,622.79	-2,230,312,622.79	
(1) Withdrawal of surplus reserves															
(2) Distribution to owners (for shareholders)															
4. Special reserves															
(1) Withdrawal for the period									20,182,983.09			20,182,983.09	-22,414,385.20	-2,231,402.11	
(2) Utilization for the period									31,359,092.60			31,359,092.60	7,038,384.40	38,417,477.00	
IV. Closing balance for this period	26,800,000,000.00				48,378,517,426.03		283,277,377.81	89,429,759.47	3,074,566,460.48	373,501,005.04	20,349,512,111.50	99,248,804,240.33	29,202,313,249.22	128,451,117,489.55	

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative:  The person in charge of accounting affairs:  

Guangdong Provincial Communications Group Co., Ltd.
Consolidated of Changes in Shareholders' Equity (Unaudited) (Continued)
For the nine months ended 30 September 2021
(Unless otherwise stated, all amounts are denominated in Renminbi yuan)

项目	Amount for the prior period											Total equity		
	Attributable to owners of the Company				Attributable to owners of the Company			Subtotal	NCI	Total equity				
	Preference shares	Perpetual debt	Others	Paid-in capital	Capital reserves	Less: stock shares	Other comprehensive income				Special reserves		Surplus reserves	Generic risk reserves
I. Closing balance for the previous period				26,800,000.00	43,789,692.16		1,572,565.66	68,717,068.84	2,850,554.75	326,144,252.03	19,494,586,223.77	94,902,260,137.46	30,111,281,698.08	125,013,541,835.54
II. Opening balance for this period				26,800,000.00	43,789,692.16		1,572,565.66	68,717,068.84	2,850,554.75	326,144,252.03	19,494,586,223.77	94,902,260,137.46	30,111,281,698.08	125,013,541,835.54
III. Changes in equity during the period ("-" for decrease)					1,139,199,525.38		-203,324,201.11	27,672,357.01		12,936,273.59	-1,788,490,094.79	-812,006,139.93	-79,123,502.68	-891,129,642.60
1. Total comprehensive income							-203,324,201.11				-628,858,857.85	-833,183,058.96	670,994,721.56	-162,188,337.40
2. Capital injection and reduction by owners					1,139,199,525.38							1,139,199,525.38	51,613,810.90	1,190,813,436.28
(1) Ordinary shares invested by owners					1,138,718,897.50							1,138,718,897.50	51,613,910.90	1,190,332,808.40
(2) Others					480,627.88							480,627.88		480,627.88
3. Profit distribution										12,936,273.59	-1,158,631,236.94	-1,145,694,963.35	-798,997,021.60	-1,944,691,984.95
(1) Withdrawal of surplus reserves										12,936,273.59	-12,936,273.59			
(2) Distribution to owners (for shareholders)											-1,125,640,000.00	-1,123,040,000.00	-798,997,021.60	-1,922,037,021.60
4. Special reserves								27,672,357.01				27,672,357.01	-2,735,113.54	24,937,243.47
(1) Withdrawal for the period								44,609,475.14				44,609,475.14	22,239,346.93	66,848,822.06
(2) Utilization for the period								16,937,118.13				16,937,118.13	24,974,460.47	41,911,578.60
IV. Closing balance for this period				26,800,000.00	44,928,891,692.09		1,369,241,468.72	96,389,425.85	2,850,554,756.28	339,080,525.62	17,706,096,128.98	94,090,251,997.54	30,032,158,195.40	124,122,412,192.94

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative: 

The person in charge of accounting affairs:  The head of the accounting department: 

Guangdong Provincial Communications Group Co., Ltd.
Notes to the Interim Financial Statements
For the nine months ended 30 September 2021
(Unless otherwise stated, all amounts are denominated in Renminbi yuan)

I. Company Profile

1. Company Status

Guangdong Provincial Communications Group Co., Ltd. (the "Company"), is comprised of 126 state-owned enterprises, under the approval of the Communist Party of China (the "CPC") Guangdong Provincial Committee Municipality and People's Government of Guangdong Province Municipality Yue Ban Fa [2000] No.9 "Overall Plan for Asset Restructuring of State-Owned Enterprises in Guangdong Province". It was established on 23 June 2020, and its enterprise unified social credit code is 91440000723838552J. The registered capital of the Company was RMB 26,800,000,000.00 and the registered office of the Company is Room 605, No. 83 & 85 Baiyun Road, Yuexiu District, Guangzhou, Guangdong Province. The legal representative of the Company is Mr. Deng Xiaohua.

The company sets up the Committee of the Communist Party of China **Guangdong Provincial Communications Group Co., Ltd.** (hereinafter referred to as the "Party committee"), which is composed of nine Party Committee members, including 1 party secretary, 3 deputy party secretaries and 1 (concurrently) secretary of the Discipline Inspection Commission. The Party committee plays the role of leadership core and political core, and pre studies and discusses major issues of the company. The board of directors is the decision-making body of the company, and the company implements the general manager responsibility system under the leadership of the board of directors. The board is composed of 5 directors, with 1 chairman. The company has 1 general manager and 4 deputy general managers.

2. Business Nature and Principal Business Activities of the Company

The principal business of the Company mainly include: the management of shares, reorganization of assets and optimal allocation, raising capital through mortgage, property right transfer, joint-stock reformation etc., investment and operation, transportation infrastructures construction, highway project operation and related industries, technology development, application, consultation and service, highway passenger and freight transportation and modern logistics business, overseas related business, value added telecommunications services.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in highway construction and operation, highway transportation, material sales, engineering technology, highway service area operation and others.

II. Basis of preparation of interim financial statements

The interim financial statements of the Group have been prepared in accordance with the requirements of Accounting Standard for Business Enterprises – Basic Standards and its relevant specific accounting standards, Application Guidance for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant requirements.

The financial statements are prepared on a going concern basis.

III. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully, the consolidated financial position as at 30 September 2021 and the consolidated results of operations and the cash flows for the nine months ended 30 September 2021 of the Company in accordance with Accounting Standards for Business Enterprises.

IV .Significant Accounting Policies and Accounting Estimates

1. Accounting period

The accounting year of the Group is from 1 January to 31 December in a calendar year.

2. Functional currency

Renminbi (“RMB”) is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiaries choose the currency of the main economic environment where the operating business is located as its functional currency. The Group adopts RMB to prepare the financial statements.

3. Basis of book-keeping and principle of measurement

Unless otherwise stated, the Group adopts the accrual basis as the basis of book-keeping in accounting.

4. Accounting treatments for business combinations under common control and not under common control

Business combinations involving entities under common control: The assets and liabilities acquired by the acquirer through business combination shall be measured at the carrying value of the assets, liabilities of the acquiree (including goodwill incurred in the acquisition of the acquiree by ultimate controlling party) in the financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not involving entities under common control: The assets paid and liabilities incurred or committed as a consideration of business combination by the acquirer are measured at fair value on the date of acquisition and the difference between the fair value and its carrying value shall be charged to current profit or loss. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, the Company shall recognise such difference as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to current profit or loss.

The direct relevant expenses incurred for the business combinations are recognised as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities or debt securities issued for business combination shall be recognised as the initial recognition amount of equity securities or debt securities.

5. Preparation of consolidated financial statements

(1) Scope of consolidation

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(2) Consolidation procedures

The Company regards the entire enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flow of the Group. The impact of internal transactions between the Company and its subsidiaries or between subsidiaries shall be offset. If internal transactions indicate that the relevant assets have suffered impairment losses, this part of losses shall be confirmed in full.

If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

The shareholders' equity, net profit or loss and other comprehensive income of subsidiaries for the period attributable to non-controlling shareholders are respectively and separately presented under the shareholders' equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the loss for the period shared by a non-controlling shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the non-controlling shareholder in the shareholders' equity of the subsidiary at the beginning of the period, non-controlling interest will be written down accordingly.

a. Increase of subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the operating results and cash flows of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated financial statements; the beginning amount of the consolidated financial statements and relevant items in the comparative statements are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller has the control.

Where control can be exercised on the investee under the common control for additional investment or other reasons, equity investments held before the control over the combined party is obtained, the related profits or losses, other comprehensive income as well as other changes in net assets recognised from the later between the date when the original equity is obtained and the date when the

acquirer and the acquiree are under common control to the combination date will respectively write down the opening retained earnings or the current profit or loss during the period for comparing financial statements.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, all identifiable assets, liabilities and contingent liabilities will be included in the consolidated financial statements from the acquisition date based on their fair value determined on the acquisition date. Where the Company can control the investee not under common control for additional investments, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. Where equity of the acquiree held before the acquisition date involves in other comprehensive income that can be reclassified into profit or loss and other changes in shareholders' equity accounted for under the equity method shall be transferred to the investment income in the year which the acquisition date falls in.

b. Disposal of subsidiaries

① General treatment methods

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be re-measured by the Company at the fair value thereof on the date of losing the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. Other comprehensive income that will be reclassified into profit or loss later associated with the equity investments of the original subsidiary, or the changes in other shareholders' equity calculated under the equity method, shall be transferred into investment income of the current period when control is lost.

② Disposal of subsidiaries by stages

If the control is lost due to disposal of the equity investments in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions related to the disposal of equity investments in subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions

will be treated a package deal:

The transactions are concluded at the same time or under the consideration of mutual effect;

These transactions as a whole can reach a complete business result;

The occurrence of a transaction depends on that of other transaction or more; and

A single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose subsidiaries and lose the control; the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognised as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions do not belong to a package deal, before the loss of the control, accounting treatment shall be made according to the partial disposal of equity investments in the subsidiary without losing control; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

c. Purchase of non-controlling interests in a subsidiary

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. If the share premium is insufficient to offset, retained earnings will be adjusted.

d. Partial disposal of equity investments in subsidiaries without losing control

The equity premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the equity premium of capital reserves is insufficient, the retained earnings will be adjusted.

6. Classification of joint arrangements and accounting treatment

Joint arrangements can be classified into joint operations and joint ventures.

When the Group is a party to a joint arrangement and has rights to the assets, and obligations for the liabilities, relating to such arrangement, the joint arrangement is classified as a joint operation.

The Group recognises the following items in relation to its share of benefits in joint operations:

- a. the assets held solely by the Group and those jointly held on a pro-rata basis;
- b. the liabilities assumed solely by the Group and those jointly assumed on a pro-rata basis;
- c. the income generated from the sale of the products of the joint operation attributable to the Group;
- d. the income generated by the joint operation from the sale of products on a pro-rata basis;
- e. the expenses incurred solely by the Group and those incurred by the joint operation on a pro-rata basis.

The Group adopts equity method for computing the investments in joint ventures.

7. Recognition standard for cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term and highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8. Foreign currency transactions and translation of financial statements denominated in foreign currencies

(1) Foreign currency transactions

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange difference are recognised in profit or loss for the current period, except for those differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalised as cost of the borrowings.

(2) Translation of financial statements denominated in foreign currency

The assets and liabilities in the balance sheets are translated at the spot exchange rate on the balance sheet date. Except for “Retained earnings”, all items under owner’s equity are translated at the spot exchange rates when incurred. The income and expenses items in the income statement are translated at the spot exchange rates on the transaction dates.

On disposal of a foreign operation, the translation difference of the financial statements in foreign currency relating to that foreign operation is transferred from shareholders’ equity to profit or loss of the period during which the disposal occurs.

9. Financial instruments

The Group recognises a financial asset, a financial liability or equity instrument when it becomes a party to the financial instrument contract.

(1) Classification of financial instruments

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. At the initial recognition, a financial asset is classified as: financial assets at the amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset (debt instruments) is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL. At initial

recognition, the Group may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces accounting mismatch.

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

The Group designates a financial liability as FVTPL on initial recognition when the financial liability satisfies one of the following criteria:

- such designation eliminates or significantly reduces accounting mismatch;
- The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the documented risk management or investment strategy of the Group, and information about the grouping is reported to key management personnel on that basis;
- The qualified hybrid financial instrument combines financial liability with embedded derivatives.

(2) Recognition basis and measurement method of financial instruments

a. Financial assets at amortised cost

Financial assets measured at amortised cost include notes receivable and accounts receivable, other receivables, long-term receivables, and creditors' investment, etc., of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognised amount; exclude accounts receivable with significant financing component and accounts receivable with the financing component not exceeding one year and not considered by the Company, of which initial measurement is made at the contract transaction price.

During the holding period, the interest calculated with the effective interest method should be included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in the current profit or loss.

b. Financial assets (debt instruments) at fair value through other comprehensive income

Financial assets (debt instruments) measured at fair value through other comprehensive income include receivables financing and other creditors' investment, of which initial measurement is made at fair value, and relevant transaction costs are

included in the initially recognised amount. The subsequent measurement of such financial assets is made at fair value. Changes in fair value are included in other comprehensive income except for the interest calculated by the effective interest method, impairment losses or reversal, and exchange gains or losses.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the current period profit or loss.

c. Financial assets (equity instruments) at fair value through other comprehensive income

Financial assets (equity instruments) measured at fair value through other comprehensive income, including the investment in other equity instruments, are initially measured at fair value, and relevant transaction costs are included in the initially recognised amount. The subsequent measurement of such financial assets is made at fair value, and the changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the retained earnings.

d. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial assets is made at fair value, and changes in fair value are included in the current profit or loss.

e. Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include trading financial liabilities and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial liabilities is made at fair value, and changes in fair value are included in the current profit or loss.

At derecognition, the difference between the book value and the consideration paid of such financial liabilities is included in the current profit or loss.

f. Financial liabilities measured at amortised cost

Financial liabilities measured at the amortised cost include short-term borrowings, bills payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, of which initial measurement is made at fair value, and related transaction costs are included in the initially recognised amount.

During the holding period, the interest calculated by the effective interest method is included in the current profit or loss.

At derecognition, the difference between the consideration paid and the book value of such financial liabilities is included in the current period profit or loss.

(3) Derecognition and transfer of financial assets

Where one of the following conditions is met, the Group shall derecognise financial assets:

- The contractual right of collecting cash flows of financial assets is terminated;
- The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, and the Group does not retain the control over the financial assets through it has neither transferred nor retained nearly all risks and rewards related to the ownership of the financial assets.

At the transfer of financial assets, where nearly all of the risks and rewards related to the ownership of the financial assets have been retained, such financial assets shall not be derecognised.

In determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the principle of substance over form will be adopted.

The Group divides the transfer of financial assets into entire transfer and partial transfer. Where the entire transfer of financial assets meets the derecognition conditions, the difference of the following two amounts is included in the current period profit or loss:

- a. The book value of the transferred financial asset;
- b. The sum of consideration received from the transfer, and the accumulated change amount of fair value originally recorded in shareholders' equity (the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value

through other comprehensive income).

Where the partial transfer of a financial asset meets the derecognition criteria, the entire book value of the financial asset transferred shall be allocated between the derecognised part and the recognised part based on the relative fair value, and the difference between the following two amounts shall be included in the current profit or loss:

- a. The book value of derecognised part;
- b. The sum of the consideration for the derecognised part and the amount corresponding to the de-recognition part in the accumulated change amount of fair value originally and directly included in shareholders' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through other comprehensive income).

Where the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognised, and the consideration received shall be recognised as a financial liability.

(4) Derecognition of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liabilities or any part thereof shall be derecognised; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities shall be derecognised, and at the same time, the new financial liabilities shall be recognised.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities shall be derecognised in whole or in part, and the financial liabilities of which terms have been modified shall be recognised as the new financial liabilities.

Where financial liabilities are derecognised in whole or in part, the difference between the book value of the financial liabilities derecognised and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in current period profit or loss.

Where the Group redeems part of its financial liabilities, it shall, on the redemption

date, allocate the entire book value of whole financial liabilities according to the comparative fair value of the part that continues to be recognised and the derecognised part. The difference between the book value allocated to the derecognised part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current period profit or loss.

(5) Determination of fair value of financial assets and financial liabilities

Unless otherwise stated, the Group measures the fair value of financial assets and liabilities based on following principal:

Fair value refers to the price that market participants can receive for the sale of an asset or pay for the transfer of a liability in an orderly transaction that occurs on the measurement date.

When estimating the fair value, the Group considers the characteristics (including asset status and location, restrictions on the sale or use of assets, etc.) that market participants consider when pricing the relevant assets or liabilities on the measurement date, and adopts valuation techniques that are applicable to the current circumstance and is supported by sufficient available data and other information. The valuation techniques used mainly include market approach, income approach and cost approach.

(6) Impairment of financial assets

a. Confirmation method of impairment provision

On the basis of expected credit losses("ECL"), the Company shall make provision for impairment and recognize credit impairment losses for the above items according to the applicable measurement method of expected credit losses (general method or simplified method).

Credit loss refers to the difference between all contract cash flows discounted and receivable under the contract and all expected cash flows received by the company at the original actual interest rate, namely, the present value of all cash shortfalls. For the financial assets purchased or originated with credit impairment, the Company discounts the financial assets according to the real interest rate of credit adjustment. ECL and the method of measuring means, the company at each balance sheet date to assess credit risk after the initial recognition of financial assets have increased

significantly, if credit risk increased significantly since the initial confirmation, the company in accordance with the equal to the sum of the expected throughout the duration of the credit loss measurement loss; If the credit risk has not increased significantly since the initial recognition, the Company measures the loss provision at an amount equivalent to the expected credit loss within the next 12 months. In assessing expected credit losses, the Company considers all reasonable and evidence-based information, including forward-looking information.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that the credit risk has not increased significantly since the initial recognition and chooses to measure the loss provision in accordance with the expected credit losses in the next 12 months.

b. Criteria for judging significant increases in credit risk

If the default probability of a financial asset in the expected lifetime determined on the balance sheet date is significantly higher than the default probability in the expected lifetime determined at the initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except in exceptional circumstances, the Company uses the change in default risk occurring within the next 12 months as a reasonable estimate of the change in default risk occurring throughout the duration to determine whether the credit risk has increased significantly since the initial recognition.

c. Portfolio-based assessment for judging ECLs

The Group separately evaluates the credit risks of financial assets with significantly different credit risks, such as receivables in dispute with the other party or involved in litigation or arbitration; Receivables where there is a clear indication that the debtor is likely to be unable to meet repayment obligations.

In addition to financial assets for individual credit risk assessment, the Company divides financial assets into different groups based on common risk characteristics and evaluates credit risk on a portfolio basis.

d. Accounting treatment of impairment of financial assets

the Company calculates the ECLs of various financial assets at the end of the period. If the ECLs is greater than the carrying amount of its current impairment reserve, the

difference will be recognized as an impairment loss. If it is less than the carrying amount of the current impairment provision, the difference is recognized as an impairment gain.

e. Determination method of credit loss of various financial assets

i. Accounts receivable

For receivables without significant financing components, the Company measures the loss provision according to the amount equivalent to the expected credit loss in the whole duration.

For accounts receivable, and lease receivables with significant financing components, the Company chooses to measure the loss provision according to the amount equivalent to the expected credit loss during the duration.

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

Items	Criteria
Aging portfolio	This portfolio takes aging as the credit risk characteristic
Others	This portfolio takes the nature of receivables as the credit risk characteristic

For aging portfolio, the measurement of provision for bad debt is aging analysis method:

Aging	Proportion of accounts receivables accrued (%)
Within 1 year (inclusive)	0
1-2 years	5
2-3years	20
3-4years	30
4-5years	50
Over 5 years	100

ii. Other receivables

According to whether the credit risk of other receivables has increased significantly since initial recognition, the Company adopts the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measure the impairment loss. In addition to other receivables individually assessed for credit risk, they are divided into different portfolios based on their credit risk characteristics:

Items	Criteria
Portfolio of deposits, Petty cash and warranty deposits	This portfolio includes all kinds of deposits, advances, quality assurance deposit and other receivables that should be received in daily operation.
Portfolio of funds of clearing institutions	This portfolio includes the receivables that payments made by banks and third-party clearing houses
Others	Other receivables other than the aboveportfolios.

Portfolio of deposits, Petty cash and warranty deposits generally do not withdraw provision for bad debt, except that there is objective evidence that the Company will not be able to recover the amount according to the original terms of accounts receivable. The measurement of provision for bad debt of other portfolios is aging analysis method, and the accrual proportion is the same as that of accounts receivable.

iii. Debt investment

Debt investment mainly accounts for bond investment measured at amortized cost. According to whether its credit risk has increased significantly since initial recognition, the Company adopts the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measure the impairment loss. The company accrues impairment loss for debt investment based on individual assessment of credit risk.

10. Inventories

(1) Classification and initial recognition

The Group's inventories mainly include raw materials, low-value consumables, packaging materials, finished goods, construction materials.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

When the land for development is obtained, it shall be included in the development cost according to the actual cost. The land acquisition and demolition compensation fees and preliminary engineering fees incurred in the process of development and construction are directly included in the development cost.

(2) Cost of inventories transferred out

Cost of inventories transferred out is calculated using the weighted average method.

(3) Basis for determining the net realisable value and provisioning methods for impairment losses of inventories

At the balance sheet date, inventories are carried at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes.

Net realisable values of merchandise inventories held directly for sale, such as finished goods, stock commodities, and available-for-sale materials, are measured at the estimated selling prices less estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realisable values of material inventories which need further processing are measured at the estimated selling prices less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realisable values of inventories held for the purpose of fulfillment of sales contracts or service contracts are calculated on the basis of the contract prices; if the quantity of inventories held exceeds that stated in the contract, the net realisable values of the excessive part are calculated on the basis of normal selling prices.

When the provision for inventory impairment is made, where the previous factor rendering the write-down of the inventory value has been eliminated, for which the net realisable value of the inventory is higher than the book value of the same, the provision for inventory impairment shall be reversed from the amount of provision for inventory impairment originally made, and the reversed amount shall be included in the current profit or loss.

(4) Inventory system

The Group maintains a perpetual inventory system.

(5) Amortisation of low-value consumables and packaging materials

Low-value consumables and Packaging materials are amortised using one-off write-off method.

11. Contract assets

(1) Recognition and standard of contract assets

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration that the Group has the right (and this right depends on factors other than passage of time) to receive for goods transferred to customers is listed as contract assets; the obligation of the Group to transfer goods or provide services to customers for which the consideration is received or receivable is presented as contract liabilities. Contract assets and contract liabilities under the same contract shall be shown on a net basis.

(2) Method of determination of expected credit loss of contract assets and accounting treatment

For the method of determination of expected credit loss of contract assets and accounting treatment methods, please refer to the Note IV.9(6). "Accounting treatment for impairment testing of financial assets".

12. Long-term equity investments

(1) Basis for determining joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. If the Group together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is joint venture of the Group.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Group can exercise significant Influence over an investee, the investee is an associate of the Group.

(2) Determination of initial investment cost

a. Long-term equity investments acquired through a business combination

For business combinations involving entities under common control: where the Group pays cash, transfers non-cash assets, bear debts or issue equity securities as

consideration of combinations, the initial investment cost of long-term equity investments are its share of the book value of the shareholders' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons, on the combination date, the initial cost of long-term equity investments shall be determined based on share of the carrying amount of the net assets of the combined party in the consolidated financial statement of the ultimate controlling party after the combination. The difference between initial investment cost of long-term equity investment the date of combination and the sum of the carrying value of long-term equity investment before combination and the carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

Business combinations involving entities not under common control: the cost of the combination determined on the date of acquisition shall be taken as the initial investment cost of the long-term equity investment. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost when changing to the cost method shall be the sum of the carrying value of the equity investment originally held and the newly increased initial investment cost.

- b. Long-term equity investments acquired other than through a business combination
The initial investment cost of a long-term equity investment obtained by the Group by cash payment shall be the purchase cost which is actually paid.
The initial investment cost of a long-term equity investment obtained by the Group by means of issuance of equity securities shall be the fair value of the equity securities issued.

(3) Subsequent measurement and recognition of profit or loss

- a. Long-term equity investments accounted for under cost method
Long-term equity investments of the Company in its subsidiaries are accounted for under cost method unless such investments meet the conditions of holding for sale. Under the cost method, except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been

declared but not yet distributed, the Company recognises the proportion it shall enjoy in the cash dividends or profits declared by the investee as its investment income.

b. Long-term equity investments accounted for under cost method

Long-term equity investments in associates and joint ventures are accounted for under equity method. Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

After the acquisition of the investment in joint ventures and associates, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group. The Group adjusts the carrying amount of the long-term equity investment for changes in shareholders' equity of the investee other than those arising from net profits or losses and other comprehensive income and distributions to shareholders ("other changes in shareholders' equity"), and recognises the corresponding adjustment in shareholders' equity.

In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

Unrealised profits and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's interest in the associates or joint venture. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest

that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

c. Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included in the current investment income.

For long-term equity investments with partial disposal accounting by the equity method, where the remaining equity is still accounted for by the equity method, other comprehensive income recognised originally upon the accounting by the equity method shall be carried forward at the corresponding proportion on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity shall be carried forward to the current profit or loss in proportion.

Where the Group loses the common control over or significant influence on the investee on account of the disposal of equity investment and any other reason, when the accounting by the equity method is terminated, other comprehensive income recognised upon the accounting by the equity method from the original equity investment shall be subject to the accounting treatment which is made on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity shall be transferred to the current profit or loss in full.

Where the Group loses the control over the investee on account of the disposal of partial equity and any other reason, at the preparation of any single financial statements, if the remaining equity has the common control over or significant influence on the investee, the accounting shall be made by the equity method, and an adjustment shall be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognised before the control over the investee is obtained shall be carried forward on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity recognised on account of the accounting by the equity method shall be carried forward to the current profit or loss in proportion; if

the remaining equity has no common control over or significant influence on the investee, relevant financial assets shall be recognised, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same shall be included in the current profit or loss, and other comprehensive income and other changes in shareholders' equity which have been recognised before the control over the investee is obtained shall be carried forward in full.

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment shall be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed and the corresponding control is lost; before the loss of control, the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity disposed shall be firstly recognised as other comprehensive income in the individual financial statements, and at the loss of control, all transferred to the profit or loss for the period when the control is lost. Where the aforesaid disposal does not belong to a package deal, the accounting treatment shall be made respectively for each transaction.

13. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Specifically exemplify as a land use right that is leased out, a land use right held for transfer upon capital appreciation and a building that is leased out (including after the completion of self-construction or development activities and buildings under development for future rental purpose).

Investment properties are accounted for using the cost model. Subsequently expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred. The Group adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings or land use rights.

Investment properties are accounted for using the cost model. The Group adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings or land use rights.

14. Fixed assets

(1) Recognition and initial measurement of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of over one accounting year. A fixed asset is recognised only when:

- It is probable that economic benefits associated with the assets will flow into the Group; and
- The costs of the asset can be measured reliably.

Fixed assets are initially measured at cost (and by taking the impact of expected disposal costs). The fixed assets that have been delivered for use but have not yet gone through the completion settlement shall be temporarily estimated and recorded according to the book value or estimated value of the project, and the recorded book value shall be adjusted to the actual value when the completion settlement is completed.

If the purchased fixed assets need trial production or trial operation, when the trial operation results show that the assets can normally produce qualified products or operate, the assets shall be considered to have reached the expected serviceable state. According to “The Measures for Completion (handover) Acceptance of Highway Projects” (Order No. 3 of the Ministry of Communications in 2004) and “Implementation Rules for Completion Acceptance of Highway Projects” (Jiao Highway Fa [2010] No. 65) issued by the Ministry of Transportation, the newly-built highway assets belong to the above situations requiring trial operation. According to the reply on relevant accounting policies on the time point when new highway assets are carried forward to fixed assets (Yue Caikuai Han [2013] No. 33) issued by the Provincial Department of Finance and “The Reply on Accounting of New Highway Projects” (Yue Guozi Han [2013] No. 1004) issued by the Provincial SASAC, and in combination with the actual situation of the company's new highway assets, When the company uniformly determines that the trial operation period of the new highway project is no more than 2 years and no more than 3 years, and meets other necessary conditions for project completion acceptance, it is confirmed that the new highway asset has reached the expected usable state.

(2) Depreciation method

The depreciation of fixed assets is calculated by the straight-line method according

to the original value, estimated useful life and estimated residual value of fixed assets, except that the highway and wharf are withdrawn by the straight-line method or workload method without residual value. The residual value rate is 3% or 5%. The annual depreciation rates of different classification of PPE are presented by categories as follows:

Category	Useful lives (years)	Annual depreciation rate (%)
Highway	Approved operating period	Workload method or year average method
Highway improvements	10-12	Workload method or year average method
Building and structures	10-50	1.90-9.70
Transportation vehicles	5-12	7.92-19.40
Machinery and equipment	2-15	6.33-47.50
Electronic equipment, office equipment and others	3-10	9.50-32.33
Wharfs	44	2.27

(3) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised when the fixed asset is on disposal or no future economic benefit is expected to be generated from its use or disposal. When a fixed asset is sold, transferred, disposed or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

15. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is transferred to a fixed asset when it is ready for its intended use and the relevant fixed asset is depreciated starting from the following month after the transfer.

16. Borrowing costs

(1) Recognition criteria of capitalisation of borrowing costs

The borrowing costs incurred to the Group and directly attributable to the acquisition and construction or production of assets eligible for capitalisation should be capitalised and recorded into relevant asset costs; other borrowing costs should be

recognised as costs according to the amount incurred and be included into the current profit or loss.

Assets eligible for capitalisation refer to fixed assets, investment properties, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

(2) Capitalisation period for borrowing costs

Capitalisation period refers to the period from the beginning of capitalisation to the cease of capitalisation, excluding the period of capitalisation suspension of borrowing costs.

Capitalisation shall start when the following conditions are satisfied simultaneously:

- Asset expenditures, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalisation, have already been incurred;
- Borrowing costs have already been incurred, and
- The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

Capitalisation of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalisation have reached their intended use or sale status.

(3) Capitalisation suspension period

If the acquisition, construction or production activities of assets eligible for capitalisation are abnormally interrupted and such interruption lasts for more than 3 months, the capitalisation of borrowing costs should be suspended; if the interruption is necessary for the acquired, constructed or produced assets eligible for capitalisation to reach the working condition for their intended use or sale, the borrowing costs will continue to be capitalised. Borrowing costs incurred during the interruption are recognised as the current profit or loss and the borrowing cost shall continue to be capitalised until the acquisition, construction or production of the assets restarts.

(4) Measurement method of capitalisation rate and capitalised amounts of

borrowing costs

For specific borrowings for acquiring, constructing or producing assets eligible for capitalisation, borrowing costs actually incurred during the period for specific borrowings less the interest income from the unused borrowings deposited in the bank or investment income from temporary investment with the unused borrowings should be recognised as the capitalisation amount of borrowing costs.

For general borrowings used for acquiring and constructing or producing assets eligible for capitalisation, the amount of general borrowings to be capitalised should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalisation rate for the used general borrowings. The capitalisation rate is determined based on the weighted and average effective interest rate for general borrowings.

During the period for capitalisation, the exchange differences arising from translation of the principal and interest of the specific borrowings denominated in foreign currency should be capitalised, and included in the cost of assets eligible for capitalisation. The exchange differences arising from translation of the principal and interest of borrowings denominated in foreign currency other than the specific borrowings denominated in foreign currency should be included in the current profit or loss.

17. Intangible assets

(1) Recognition of intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the company. Including land use right, franchise right, coastline use right, software, passenger service license, etc. Intangible assets are recognized only when the following conditions are met:

- The economic benefits related to the intangible assets are likely to flow into the company;
- The cost of the intangible asset can be measured reliably.

(2) Valuation of intangible assets

- a. Initial measurement shall be made at cost when obtaining intangible assets

Intangible assets are initially measured at cost, except that the franchise right of toll

bridge is recorded on the basis of the value approved by the shareholders at the time of investment. The cost of purchased intangible assets includes the purchase price, relevant taxes and other expenses directly attributable to enabling the asset to achieve the intended purpose.

b. Subsequent measurement

The Group analyses and judges the service life of intangible assets when obtaining them.

Intangible assets with limited service life shall be amortized within the period that brings economic benefits to the enterprise; If it is impossible to predict the period during which intangible assets will bring economic benefits to the enterprise, it shall be regarded as intangible assets with uncertain service life and shall not be amortized.

(3) Estimate of useful lives for intangible assets with definite useful lives

Classification	Estimation of service life(year)
Land use rights	20-70/unsure
Software	3-10
Coastline use right	48
Passenger service licenses	unsure
Station franchise right	38
Toll highway franchise operating right	30
Patent right	10
Line license use right and route operation right	3-20
BOT construction project franchise operating rights	Approved operating period
Toll highway franchise operating rights	Approved remaining operating period

At the end of the period, the service life and amortization method of intangible assets with limited service life shall be reviewed and adjusted if necessary.

The station franchise rights held by the company are the franchise rights of Xintang bus passenger station obtained from government departments. During the term of the franchise right, the company has the right to charge the service object, but the amount of the charge is uncertain. The right does not constitute an unconditional right to receive cash. The company recognizes the right as an intangible asset and amortizes it according to the straight-line method during the franchise period.

The franchise right of toll bridge held by the company is the franchise right of Taiping interchange invested by shareholders and obtained from government departments. The company has the right to collect fees from the users of the public

infrastructure within the term of the franchise, but the amount of fees is uncertain. The right does not constitute an unconditional right to receive cash. The company recognizes the right as an intangible asset and amortizes it according to the straight-line method within 30 years of the term of the franchise.

The franchise right of toll highway held by the company is the franchise right of Guangfo Zhaoping Heping Expressway invested by shareholders and obtained from government departments. During the term of the franchise right, the company has the right to charge the users of the public infrastructure, but the amount of the charge is uncertain. The right does not constitute an unconditional right to receive cash. The company recognizes the right as an intangible asset and amortizes it according to the workload method within the approved operation term when it is available for use after reaching the intended purpose of the product.

The toll highway franchise rights held by the company are the toll road related operating expenses incurred during the epidemic prevention and control period from February 17, 2020 to May 5, 2020 recognized by the company according to the toll road compensation policy implemented by the company according to the relevant government documents. The company recognizes them as intangible assets and amortizes them within the remaining toll period.

(4) The judgment basis of intangible assets with uncertain service life and the procedure for rechecking their service life

At the end of each period, the service life of intangible assets with uncertain service life shall be reviewed.

(5) Specific criteria for classifying research and development phases

Expenditure on an internal research and development project of the Group is classified into expenditure on the research phase and expenditure on the development phase.

Research phase: Research phase is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development phase: Development phase is the phase when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved

material, device or product.

(6) Criteria for capitalisation of development expenditures

The research expenditure is included in the current profit or loss when it incurred. The development expenditure is recognised as intangible assets when it meets the following conditions at the same time, and is included in the current profit or loss when it fails to meet the following conditions:

- It is feasible technically to finish intangible assets for use or sale;
- It is intended to finish and use or sell the intangible assets;
- The expenditure attributable to the intangible assets during its development phase can be measured reliably.
- If the research expenditure and development expenditure are indistinguishable, all research and development expenditures incurred will be included in the current profit or loss.

18. Impairment of long-term assets

Impairment of long-term assets, such as long-term equity investment, investment properties measured using a cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful life, long-term deferred expenses and other non-current assets, are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

Goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment at least at the end of each year.

When the Group performs impairment test on goodwill, the Group shall, as of the purchase day, allocate on a reasonable basis the carrying value of the goodwill formed by merger of

enterprises to the relevant asset group, or if there is a difficulty in allocation, to allocate it to the set of asset groups. When the Group allocates the carrying value of goodwill, the allocation shall be made based on the relative benefits gained from the synergy of business combination by relevant asset group or set of asset groups, based on which impairment tests for goodwill shall be carried out.

For the purpose of impairment test on the relevant asset group or the set of asset groups containing goodwill, if any evidence shows that the impairment of asset group or set of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset group or set of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognise the corresponding impairment loss. Then the Group will perform an impairment test on the asset groups or set of asset groups containing goodwill, and compare the carrying value of the asset groups or set of asset groups (including the carrying value of the goodwill allocated thereto) with the recoverable amount. Where the recoverable amount of the relevant assets group or set of the asset groups is lower than the carrying value thereof, it shall recognise the impairment loss of the goodwill.

Once an impairment loss is recognised, it is not reversed in subsequent periods.

19. Long-term deferred expenses

Expenditure incurred with beneficial period over one year is recognised as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortisation and impairment losses.

20. Contract liabilities

The Group has presented contract assets or contract liabilities in the balance sheet based on the connection between the fulfilment of performance obligations and payment of the customers. A contract liability represents the obligation to transfer goods or services to a customer for which the Group has received a consideration or an amount of consideration that is due from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

21. Employee benefits

(1) Short-term employee benefits

In the accounting period in which employees provide service for the Group, short-

term benefits actually incurred are recognized as liabilities and charged to profit or loss or cost of relevant assets.

With regard to contributions to social insurance schemes and housing funds and provision for labour union expenses and employee education expenses as required by regulations, the Group should calculate and recognize the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide service.

Welfare expenses incurred by the Group in profit or loss when incurred or costs related assets based on actual amount. Non-currency employee benefits will be accounted for in accordance with their fair value if they can be measured reliably.

(2) Post-employment benefits

a. Defined contribution plans

Pursuant to the relevant laws and regulations of the PRC, the Company and its domestic subsidiaries participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Company and its domestic subsidiaries makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

Pursuant to the relevant laws and regulations of Hong Kong, subsidiaries of the Company in Hong Kong make contributions to the Mandatory Provident Fund Schemes for all Hong Kong employees at the lower of 5% of the monthly employee benefits or the cap (which is adjusted annually). The contributions are recognised as part of the cost of assets or charged to profit or loss when incurred.

b. Defined benefit plans

The qualified retired employees and early retired employees (until formal retirement) of the Group are entitled to certain amount of allowance for a period of time.

In accordance with the projected unit credit method, the Group measures the obligations under defined benefit plans using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial

variables, and discount obligations under the defined benefit plans to determine the present value of the defined benefit liability.

The Group attributes benefit obligations under a defined benefit plan to periods of service provided by respective employees. Service cost and interest expense on the defined benefit liability are charged to profit or loss or recognised as part of the cost of assets, and remeasurements of the defined benefit liability are recognised in other comprehensive income.

22. Bonds payable

The bonds issued by the Group shall be initially measured at the fair value after deducting the transaction cost, and the subsequent measurement shall be carried out at the amortized cost using the effective interest rate method during the duration of the bonds.

In addition to being capitalized when meeting the conditions for capitalization of borrowing costs, interest expenses shall be directly included in the current profits and losses.

23. Provisions

A provision is recognised for an obligation related to a contingency if:

- the Group has a present obligation;
- it is probable that an outflow of economic benefits will be required to settle the obligation;
- the amount of obligation can be estimated reliably.

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

When all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset only when it is virtually certain that the reimbursement will be received, and the amount of reimbursement recognised does not exceed the carrying amount of the provisions.

The Group reviews the carrying amount of provision on the balance sheet date. If there is unambiguous evidence indicating that the carrying amount cannot reflect the current best estimate, such carrying amount will be adjusted based on the current best estimate.

24. Revenue

(1) Accounting policies on revenue recognition and measurement

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's

performance; or

- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation, except that the progress cannot be measured reasonably. The Group considers the nature of the goods or services to determine whether input method or output method shall be adopted to measure the progress towards complete satisfaction of the performance obligation. When the progress of the performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

The right of the Company to collect consideration from the customer unconditionally (subject only to the passage of time) is shown as receivables.

The company's obligation to transfer goods or services to customers for consideration received or receivable from customers is shown as a contractual liability.

25. Contract costs

If the incremental cost incurred by the company to obtain the contract is expected to be recovered, it shall be recognized as the contract acquisition cost as an asset. However, if the amortization period of the asset does not exceed one year, it shall be included in the current profit and loss when it occurs.

If the cost incurred for performing the contract does not fall within the scope of other

accounting standards for business enterprises other than the accounting standards for Business Enterprises No. 14 - Revenue (revised in 2017) and meets the following conditions at the same time, it shall be recognized as an asset: ① the cost is directly related to a current or expected contract, including direct labour, direct materials and manufacturing expenses (or similar expenses), the cost clearly borne by the customer and other costs incurred only due to the contract; ② the cost increases the resources used by the company to perform its 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 asset and included in the current profit and loss.

26. Government grants

(1) Classification

Government grants are non-reciprocal transfers of monetary or non-monetary assets which are classified as related to an asset or related to income.

Government grants related to an asset refer to government grants for acquiring, construction or other means to form a long-term asset. Government grants related to income refers to government grants other than those related to an asset.

(2) Measurement and derecognition

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If fair value cannot be obtained reliably, it shall be measured at the nominal amount.

A government grant related to an asset is recognised as deferred income or offset against book value of related assets and amortised over the useful life of the related asset on a reasonable and systematic manner as profits and losses in current accounting period (a government grant related to the ordinary activities of the Group shall be included in other income; a government grant unrelated to the ordinary activities of the Group shall be included in non-operating income). If relevant assets are sold, transferred, scrapped or damaged before the end of their useful lives, the undistributed balance of deferred income shall be transferred to the profits and losses

of the current period of asset disposal.

A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in profits and losses in current accounting period (a government grant related to the ordinary activities of the Group shall be included in other income; a government grant unrelated to the ordinary activities of the Group shall be included in non-operating income) or offset against relevant expenses or losses. A grant that compensates the Group for expenses or losses incurred is included in profits or losses in current period (a government grant related to the ordinary activities of the Group shall be included in other income; a government grant unrelated to the ordinary activities of the Group shall be included in non-operating income) or offset against relevant expenses or losses.

Government grants measured in nominal amount shall be directly included in current profits and losses.

The subsidies of policy preferential loans obtained by the Group shall be subject to accounting treatment according to the following two situations:

- If the finance allocates the discount funds to the lending bank and the lending bank provides loans to the Group at the policy preferential interest rate, the book value of loans will be the actual money received, the relevant borrowing costs will be calculated at loan principal and the policy preferential interest rate;
- If the finance allocates the discount funds to the Group directly, the discount funds will be offset against borrowing costs.

27. Deferred tax assets and liabilities

The income tax expenses include current income tax and deferred income tax. Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity.

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

For temporary differences arise from the differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined

according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

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

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

Taxable temporary differences arising on investments in subsidiaries, associates and joint ventures are recognised as deferred tax liabilities unless the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences arising on investments in subsidiaries, associates and joint ventures are recognised as deferred assets when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

28. Leases

A lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the

asset throughout the period of uses; and

- the lessee has the right to direct the use of the asset.

For a contract that contains multiple lease components, the lessee and lessor separates and accounts for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and lessor separates the lease and non-lease components. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. When separating the lease and non-lease components of a contract, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lessor allocates the consideration in the contract in accordance with the principles of transaction price allocation described in Note IV. 24 Revenue.

(1) The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. If it is reasonably certain that the lease will transfers ownership of the underlying asset to the lessee by the end of the lease term, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses are recognised in accordance with the accounting policy described in Note III. 21 Long Term Impairment of Asset. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate.

The Group calculates interest expenses in each period during the lease term based on a constant periodic rate of interest, and recognizes the interest expenses in profit or loss or part of the cost of another related assets. Variable lease payments not

included in the measurement of the lease liability are recognized in profit or loss or part of the cost of another related asset as incurred.

After the commencement date, the Group remeasures the lease liability by discounting the revised lease payments, if either:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of an option to purchase the underlying asset, to extend or terminate the lease, or the exercise of the option to extend or terminate the lease is different from the previous assessment.

When the lease liability is remeasured, the Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (leases that have a lease term of 12 months or less) and leases of low-value assets, and recognized the lease payments associated with these leases in profit or loss or part of the cost of another related assets on a straight-line basis over the lease term.

(2) The Group as a lessor

At the lease inception date, the Group classify each of its leases as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

Under finance leases, at the commencement date, the Group recognises finance lease

receivable and derecognises the underlying assets. The Group initially measures finance lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the commencement date, discounted at the interest rate implicit in the lease.

The Group calculates and recognises finance income in each period during the lease term, based on a constant periodic rate of interest. The derecognition and impairment losses are recognised in accordance with the accounting policy described in Note III. 10 Financial Tools. Variable lease payments not included in the measurement of the net investment in the lease are recognized in profit or loss as incurred.

Lease payments received under operating leases are recognised as lease income on a straight-line basis over the lease term. The Group capitalises the initial direct costs incurred in obtaining an operating lease and recognises those costs as expenses over the lease term on the same basis as the lease income. Variable lease payments not included in the measurement of the net investment in the lease are recognized in profit or loss as incurred.

29. Held for sale assets

If the book value of a non currentnon-current asset or disposal group is recovered mainly through sale (including non monetarynon-monetary asset exchange with commercial substance) rather than continuous use, it is classified as held for sale.

The company classifies non currentnoncurrent assets or disposal groups that meet the following conditions as held for sale:

- According to the practice of selling such assets or disposal group in similar transactions, it can be sold immediately under the current situation;
- -The sale is likely to occur, that is, the company has made a resolution on a sale plan and obtained a confirmed purchase commitment. It is expected that the sale will be completed within one year. If the relevant provisions require the approval of the relevant authority or regulatory department of the company before the sale, the approval has been obtained.

If the book value of non currentnon-current assets (excluding financial assets and deferred income tax assets) or disposal groups classified as held for sale is higher than the net amount of fair value minus selling expenses, the book value shall be written down to the net amount of fair value minus selling expenses, and the written down amount shall be recognized as asset impairment loss and included in the current profits and losses, At the same time,

provision for impairment of assets held for sale shall be made.

30. Discontinued operation

Discontinued operation is a component that meets one of the following conditions and can be distinguished separately, and the component has been disposed of by the company or classified as held for sale by the company:

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

Profits and losses from continuing operations and profits and losses from discontinued operations are presented separately in the income statement. Operating profit and loss such as impairment loss and reversal amount of discontinued operation and disposal profit and loss are presented as discontinued operation profit and loss. For the discontinued operation reported in the current period, the company will re report the information originally reported as the profit and loss of continuing operation as the profit and loss of discontinued operation in the comparable accounting period in the current financial statements.

31. Significant changes in accounting policies and accounting estimates

(1) Changes in accounting policies

The MOF issued the revised accounting standards in April 2017 of CAS No.22 – Financial Instruments: Recognition and Measurement (Caikuai [2017] No.7), CAS No.23 – Transfer of Financial Assets (Caikuai [2017] No.8), CAS No.24 – Hedge Accounting ([2017] No.9) and CAS No.37 – Presentation and Disclosures of Financial Instruments ([2017] No.14) (collectively the “new financial instruments standards”).

The MOF issued the revised accounting standards in July 2017 of CAS No.14 – Revenue (Caikuai [2017] No.22) (the “new revenue standard”).

The MOF issued the revised accounting standards in December 2018 of CAS No.21 – Leases (Caikuai [2018] No.35) (“new leases standard”).

Except for listed subsidiaries according to the prescribed time implementation, the Group has applied the above revised accounting standards since 1 January 2021.

(2) Significant impact of changes in accounting policies

a. New financial instruments standards

The new financial instruments standards classify financial assets into three basic categories:

- a. financial assets measured at amortised cost;
- b. financial assets measured at FVOCI; and
- a. financial assets measured at FVTPL.

The classification of financial assets under the new financial instruments standards is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The new financial instruments standards cancel the previous categories of held to maturity investments, loans and receivables and available for sale financial assets under the old financial instruments standards. Under the new financial instruments standards, derivatives embedded in contracts where the host is a financial asset are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The new financial instruments standards replace the “incurred loss” model in the old financial instruments standards with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in the old financial instruments standards.

The Group has applied the classification and measurement requirements (including impairment) of new financial instruments standards retrospectively.

The Group recognised any difference between the previous carrying amount under previous financial instruments standards and the carrying amount at the beginning of the annual reporting period that includes the date of initial application (on 1 January 2021) in the opening retained earnings or other comprehensive income. Comparative information has not been restated.

b. New revenue standard

Under new revenue standard, revenue is recognised when the customer obtains control of the promised goods or services in the contract:

- a. Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers. The Group satisfies a performance obligation over time if certain criteria is met; or otherwise, a performance obligation is satisfied at a point in time. Where a contract

has two or more performance obligations, the Group determines the stand alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand- alone selling prices. The Group recognizes as revenue the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term.

The Group have adjusted the relevant accounting policies in accordance with the specific provisions on specific matters or transactions under new revenue standard, such as contract costs, warranties, principal versus agent considerations, licensing, and receipt in advance.

Under new revenue standard, the Group presents a contract liability in the balance sheet based on the relationship between the Group's performance and the customer's payment.

c. New lease standard

As a lessee

The New Standard on Lease cancelled the classification of operating lease and finance lease and required to recognize right-of-use assets and lease liabilities for all leases at the commencement date except for short-term lease and leases of low-value assets.

For leases classified as operating leases before the date of initial application, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial

application. Right-of-use assets are measured at: an amount equal to the lease liability, adjusted by the amount of any prepaid lease payments the Group applied this approach to all other leases.

Accounted for lease modifications before the initial year of application according to the final arrangement of the change under new leases standard without retrospective adjustments.

For leases classified as finance leases before the date of initial application, the right-of-use asset and the lease liability are measured at the original carrying amount of the assets under finance lease and obligations under finance leases at the date of initial application.

As a lessor

The Group is not required to make any adjustments to the opening balances of retained earnings and other related items in the financial statements in the initial year of application and surplus for leases for which it acts as a lessor. The Group has applied new leases standard since the date of initial application.

(3) Effect of the application of revised accounting standards since 1 January 2021 on financial statements

Items	Closing balance at the end of previous year	Opening balance	Remeasurement			
			Total	New financial instruments standards	New revenue standard	New lease standard
Cash at bank and on hand	20,519,194,211.66	20,561,227,775.11	42,033,563.45	42,033,563.45		
The trading financial assets		8,961,651,064.27	8,961,651,064.27	8,961,651,064.27		
Financial assets at fair value through profit or loss	8,682,823,710.69		-8,682,823,710.69	-8,682,823,710.69		
Accounts receivable	1,629,507,243.85	1,598,780,019.67	-30,727,224.18	-7,938,201.88	-22,789,023.10	
Prepayments	942,480,259.70	941,587,491.20	-893,268.50		-61,516.51	-831,751.99
Other receivables	3,031,350,117.40	2,822,880,653.88	-208,469,463.52	-55,380,214.78	-153,089,248.74	
Inventories	2,473,407,550.28	2,473,469,066.79	61,516.51		61,516.51	
Contract assets	5,276,369.96	171,881,751.02	166,605,381.06		166,605,381.06	
Total current assets	39,357,343,028.66	39,604,780,857.06	247,437,858.40	257,542,501.17	-9,272,890.78	-831,751.99
Available-for-sale financial assets	2,098,857,222.09		-2,098,857,222.09	-2,098,857,222.09		
Other equity instrument investments	992,891,274.78	2,813,666,485.52	1,820,775,210.74	1,820,775,210.74		
Fixed assets	250,256,056,210.16	249,688,322,363.37	-567,733,846.79			-567,733,846.79
Right-of-use assets	1,057,649,674.52	1,232,542,500.18	174,892,825.66			174,892,825.66
Long-term deferred expenses	615,234,854.39	614,227,107.39	-1,007,747.00			-1,007,747.00
Deferred tax assets	1,779,304,943.39	1,780,423,852.96	1,118,909.57	1,118,909.57		

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Closing balance at the end of previous year	Opening balance	Remeasurement			
			Total	New financial instruments standards	New revenue standard	New lease standard
Other non-current assets	12,024,701,921.75	12,032,989,384.42	8,287,462.67		8,287,462.67	
Total non-current assets	406,936,988,057.15	406,268,463,649.91	-662,524,407.24	-276,963,101.78	8,287,462.67	-393,848,768.13
Total assets	446,288,331,085.81	445,873,244,536.97	-415,086,548.84	-19,420,600.61	-985,428.11	-394,680,520.12
Short-term borrowing	2,453,996,196.75	2,458,152,932.86	4,156,736.11	4,156,736.11		
Deposits from customers and interbank	64,936,403.93	65,010,878.16	74,474.23	74,474.23		
Advances from customers	1,172,031,540.55	271,697,907.02	-900,333,633.33		-900,333,633.33	
Contract liabilities	45,999,759.92	903,890,612.21	857,890,852.29		857,890,852.29	
Other payables	11,044,281,038.66	10,029,542,474.43	-1,014,738,564.23	-1,014,738,564.23		
Non-current liabilities due within one year	8,504,901,774.48	9,552,714,604.24	1,047,812,829.76	1,010,507,353.89		37,305,475.87
Other current liabilities	5,131,113.85	47,296,487.60	42,165,373.75		42,165,373.75	
Total current liabilities	37,353,019,726.35	37,390,047,794.93	37,028,068.58		-277,407.29	37,305,475.87
Lease liabilities	1,025,527,322.90	1,157,869,726.34	132,342,403.44			132,342,403.44
Deferred income	2,262,840,464.93	1,700,560,111.17	-562,280,353.76			-562,280,353.76
Total non-current liabilities	283,839,688,175.51	283,409,750,225.19	-429,937,950.32			-429,937,950.32
Total liabilities	321,192,707,901.86	320,799,798,020.12	-392,909,881.74		-277,407.29	-392,632,474.45
Other comprehensive income	322,337,644.22	322,855,981.50	518,337.28	518,337.28		
Undistributed profit	18,723,333,127.20	18,700,578,163.85	-22,654,963.35	-19,898,896.86	-708,070.82	-2,048,045.67

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Closing balance at the end of previous year	Opening balance	Remeasurement			
			Total	New financial instruments standards	New revenue standard	New lease standard
Total equity attributable to owners of the Company	96,274,214,716.62	96,252,078,090.55	-22,136,626.07	-19,380,559.58	-708,020.82	-2,048,045.67
Non-controlling interests	28,821,408,467.33	28,821,368,426.30	-40,041.03	-40,041.03		
Total equity	125,095,623,183.95	125,073,446,516.85	-22,176,667.10	-19,420,600.61	-708,020.82	-2,048,045.67
Total liabilities and shareholders' equity	446,288,331,085.81	445,873,244,536.97	-415,086,548.84	-19,420,600.61	-985,428.11	-394,680,520.12

V. Taxation

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value added tax ("VAT")	Taxable income	Tax free, 0%, 1%, 3%, 5%, 6%, 9%, 11%, 13%
City maintenance and construction tax	VAT paid	1%, 5%, 7%
Education surcharge	VAT paid	3%
Local education surcharge	VAT paid	2%
Cultural construction tax	Income from advertisements	3%
Corporate income tax	Taxable profit	5%, 15%, 20%, 25%
Hong Kong Profits tax	Assessable profit	16.5%

VI. Change in Scope of Consolidation

1. Business combination not under common control

The Group has no business combination not under common control during the period.

2. Business combination under common control

The Group has no business combination under common control during the period.

3. Disposal of subsidiary

The Group has no disposal of subsidiary during the period.

4. Other change in the scope of consolidation

Foshan Nanhai Yueyun Transportation Co. Ltd., a subsidiary of the Group, which was cancelled and liquidated on 9 June 2021, is no longer included in the scope of consolidation.

VII. Notes to the Interim Financial Statements

1. Accounts receivable

(1) Accounts receivable disclosed by aging portfolio

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Ageing	Closing balance	Opening balance
Within 1 year	1,702,399,824.64	1,556,482,530.50
1-2 years	130,907,638.92	89,684,591.11
2-3 years	96,372,783.81	28,634,661.69
Over 3 years	147,552,126.40	116,666,835.11
Subtotal	2,077,232,373.77	1,791,468,618.41
Less: Bad debt provision	251,295,733.50	192,688,598.74
Total	1,825,936,640.27	1,598,780,019.67

(2) Accounts receivable disclosed according to the method of provision for bad debts:

Categories	Closing balance			Opening balance			Book value		
	Book balance		Bad debt provision	Book balance		Bad debt provision			
	Amount	Proportion (%)		Amount	Proportion (%)			Accrual Proportion (%)	
Items for which provision for bad debt is recognized separately	22,692,744.80	1.09	22,692,744.80	100.00	23,416,758.06	1.31	23,416,758.06	100.00	
Bad debt provision on group basis	2,054,539,628.97	98.91	228,602,988.70	11.13	1,768,051,860.35	98.69	169,271,840.68	9.57	1,598,780,019.67
Including:									

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
For the nine months ended 30 September 2021
Notes to interim financial statements

Categories	Closing balance				Opening balance				
	Book balance		Bad debt provision		Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual Proportion (%)	Amount	Proportion (%)	Amount	Accrual Proportion (%)	
aging portfolios	2,053,824,933.40	98.87	228,602,988.70	11.13	1,767,277,231.58	98.65	169,271,840.68	9.58	1,598,005,390.90
others	714,695.57	0.03			774,628.77	0.04			774,628.77
Total	2,077,232,373.77	100.00	251,295,733.50		1,791,468,618.41	100.00	192,688,598.74		1,598,780,019.67

Bad debt provision on individual basis:

Name	Closing balance				Reason for accrual
	Carrying amount	Bad debt provision	Accrual Proportion (%)	Estimated unrecoverable	
Shenzhen Hongbao Trading Co., Ltd.	14,264,922.29	14,264,922.29	100.00	Estimated unrecoverable	
Zhuhai Yuxinyuan Trade Development Co., Ltd.	1,285,603.65	1,285,603.65	100.00	Estimated unrecoverable	
Guangzhou Junfa Trading Co., Ltd.	2,914,775.00	2,914,775.00	100.00	Estimated unrecoverable	
Others	4,227,443.86	4,227,443.86	100.00	Estimated unrecoverable	

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
 For the nine months ended 30 September 2021
 Notes to interim financial statements

Name	Closing balance				Reason for accrual
	Carrying amount	Bad debt provision	Accrual Proportion (%)	Accrual Proportion (%)	
Total	22,692,744.80	22,692,744.80			

Provision on group basis:

Aging	Closing balance			Accrual Proportion (%)
	Accounts receivable	Bad debt provision	Bad debt provision	
Within 1 year	1,949,229,107.58	150,787,847.12		7.74
1-2 years	25,535,808.65	6,639,063.65		26.00
2-3 years	35,791,191.41	30,350,706.33		84.80
Over 3 years	43,268,825.76	40,825,371.61		94.35
Total	2,053,824,933.40	228,602,988.70		

(3) Top five entities with the largest balances of accounts receivable

Name	Closing balance			Bad debt provision
	Accounts receivable	Proportion of accounts receivable (%)	Bad debt provision	
Poly Changda Engineering Co., Ltd.	284,202,984.80	13.68		39,903,602.90

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
For the nine months ended 30 September 2021
Notes to interim financial statements

Name	Closing balance		
	Accounts receivable	Proportion of accounts receivable (%)	Bad debt provision
Cccc Second Highway Engineering Bureau Co., Ltd.	89,391,770.75	4.30	3,299,240.18
China Railway Shanhaiguan Bridge Group Co., Ltd.	37,967,728.22	1.83	
China Railway Tunnel Bureau Group Co., Ltd.	41,014,921.59	1.97	5,414,560.64
Luoyang Zhongjiao Ergong Bureau No.4 Engineering Co.,Ltd.Machinery	35,746,385.89	1.72	691,549.39
Total	488,323,791.25	23.51	49,308,953.11

2. Inventories

(1) Categories of inventories

Items	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Net carrying amount	Gross carrying amount	Provision for impairment	Net carrying amount
Raw materials	207,931,147.32	362,501.09	207,568,646.23	151,528,172.38	1,128,596.97	150,399,575.41

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
 For the nine months ended 30 September 2021
 Notes to interim financial statements

Items	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Net carrying amount	Gross carrying amount	Provision for impairment	Net carrying amount
Self-made semi-finished goods and work in process	1,501,132,581.24		1,501,132,581.24	1,431,370,546.35		1,431,370,546.35
Including: Development costs	1,501,132,581.24		1,501,132,581.24	1,431,370,546.35		1,431,370,546.35
Goods in stock (finished goods)	666,487,933.22	1,672.35	666,486,260.87	467,197,702.17	1,672.35	467,196,029.82
Turnover materials (packages, low value consumables, etc.)	713,174.51		713,174.51	359,773.01		359,773.01
Contract performance costs	389,628,661.38		389,628,661.38	114,815,122.85		114,815,122.85
Others	155,373,568.02		155,373,568.02	309,328,019.35		309,328,019.35
Total	2,921,267,065.69	364,173.44	2,920,902,892.25	2,474,599,336.11	1,130,269.32	2,473,469,066.79

(2) Provision for inventory impairment or contract performance cost impairment

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Amount reserved or written off	Others	
Raw materials	1,128,596.97			766,095.88		362,501.09
Goods in stock (finished goods)	1,672.35					1,672.35

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
For the nine months ended 30 September 2021
Notes to interim financial statements

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Amount reserved or written off	Others	
Total	1,130,269.32			766,095.88		364,173.44

3. Fixed assets

(1) Fixed assets and fixed assets in liquidation

Item	Closing balance	Opening balance
Fixed assets	249,888,338,623.40	249,322,221,705.86
Fixed assets in liquidation	366,177,520.91	366,100,657.51
Total	250,254,516,144.31	249,688,322,363.37

(2) Details of fixed assets

Items	Highway properties	Building and structures	Machinery equipment	Transportation equipment	Electronic equipment	Office equipment	Others	Total
1. Original cost								
(1) Opening balance	328,103,483,690.51	12,894,514,313.52	21,839,917,808.15	5,080,820,629.92	201,394,867.47	1,232,033,307.84	832,000,041.27	370,184,164,658.68
(2) Increase	12,302,533,259.15	308,546,741.17	346,685,775.59	172,915,420.10	14,837,229.49	61,433,743.68	19,721,612.46	13,226,673,781.64

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
For the nine months ended 30 September 2021
Notes to interim financial statements

Items	Highway properties	Building and structures	Machinery equipment	Transportation equipment	Electronic equipment	Office equipment	Others	Total
-Purchases		2,836,337.50	15,766,268.19	156,102,063.21	14,837,229.49	56,345,582.97	19,379,862.46	265,267,343.82
- Transferred from construction in progress	12,263,305,967.26	287,943,744.39	295,564,070.57	14,256,743.16		4,424,762.52	341,750.00	12,865,837,037.70
-Adjustments upon final account for completed project	23,017,183.89		20,286,218.75					43,303,402.64
-Transferred from investment properties		289,639.52						289,639.52
-Reclassification	16,710,108.00	11,866,119.76	15,069,218.28	2,556,613.73		663,398.19		46,365,457.96
-Others		5,610,900.00						5,610,900.00
(3) Decrease	182,756,678.90	194,800,275.53	126,667,178.00	470,394,682.47	7,699,775.70	49,756,334.21	5,973,710.67	1,038,048,635.48
-Disposals or obsolescence	21,808,588.35	8,312,113.58	114,629,712.25	446,967,168.16	7,072,790.27	33,267,166.62	5,973,710.67	698,031,249.90
-Adjustments upon final account for completed project	160,948,090.55	32,228,753.00	151,430.54					193,328,274.09
-Transferred to investment properties		152,091,627.56						152,091,627.56
-Reclassification		322,024.28	11,822,740.76	17,325,689.49	626,985.43	16,268,018.00		46,365,457.96
-Foreign currency translation differences		1,845,757.11	63,294.45	6,101,824.82		221,149.59		8,232,025.97
(4) Closing balance	340,233,260,270.76	13,008,260,779.16	22,059,936,405.74	4,783,341,367.55	208,532,321.26	1,243,710,717.31	845,747,943.06	383,372,789,804.84
2. Accumulated depreciation								
(1) Opening balance	99,047,016,324.56	4,654,409,638.53	12,639,707,919.33	2,807,353,518.95	78,958,487.81	887,344,836.59	639,860,337.33	120,754,651,063.10
(2) Increase	9,170,593,819.37	422,651,168.92	2,164,583,362.06	436,350,088.67	25,638,024.48	81,730,542.46	28,804,313.58	12,329,751,319.54

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
For the nine months ended 30 September 2021
Notes to interim financial statements

Items	Highway properties	Building and structures	Machinery equipment	Transportation equipment	Electronic equipment	Office equipment	Others	Total
-Accrued for this year	9,170,163,462.53	421,971,693.51	2,159,330,555.78	435,318,649.32	25,638,024.48	81,730,542.46	28,804,313.58	12,322,957,241.66
-Transferred from investment properties		33,395.41						33,395.41
-Reclassification	430,356.84	46,080.00	5,252,806.28	1,031,439.35				6,760,682.47
(3) Decrease	52,858,461.20	48,059,650.03	109,668,366.87	442,245,767.80	6,825,435.38	30,778,055.25	6,679,500.70	697,115,237.23
-Disposals or obsolescence	52,858,461.20	4,924,736.29	100,124,983.32	432,907,217.16	6,825,435.38	30,065,998.89	6,679,500.70	634,389,332.94
-Transferred to investment properties		42,031,975.63						42,031,975.63
-Reclassification				6,281,665.65		479,016.82		6,760,682.47
-Foreign currency translation differences		1,102,938.11	255.79	3,056,884.99		230,039.54		4,390,118.43
-Adjustments upon final account for completed project			9,543,127.76					9,543,127.76
(4) Closing balance	108,164,751,682.73	5,028,401,157.42	14,694,622,914.52	2,801,457,839.82	97,771,076.91	938,297,323.80	661,985,150.21	132,387,287,145.41
3. Provision for impairment								
(1) Opening balance		13,998,559.71	87,594,729.76	4,855,284.51		828,746.19	14,569.55	107,291,889.72
(2) Increase		2,889,394.16	365.65					2,889,759.81
-Accrued for this year		2,889,394.16	365.65					2,889,759.81
(3) Decrease		6,122,536.18	6,811,433.94	83,643.38				13,017,613.50
-Disposals or obsolescence		6,070,170.13	6,811,433.94	83,643.38				12,965,247.45
-Foreign currency translation differences		52,366.05						

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Highway properties	Building and structures	Machinery equipment	Transportation equipment	Electronic equipment	Office equipment	Others	Total
(4) Closing balance		10,765,417.69	80,783,661.47	4,771,641.13		828,746.19	14,569.55	97,164,036.03
4. Book value								
(1) Book value at the end of the period	232,058,508,588.03	7,969,094,204.05	7,284,529,829.75	1,977,111,886.60	110,761,244.35	304,584,647.32	183,748,223.30	249,888,338,623.40
(2) Book value at the beginning of the period	229,056,467,365.95	8,226,106,115.28	9,112,615,159.06	2,268,611,826.46	122,436,379.66	343,859,725.06	192,125,134.39	249,322,221,705.86

Note: As at 30 Sept 2021, fixed assets with carrying amount of RMB 351,410,044.60 have been used as collateral for bank loans. And the toll rights of Group's highways at the open stage were pledged, and the total net carrying amount of highway properties is RMB 219,572,951,019.10.

(3) Fixed assets in liquidation

Items	Closing balance	Opening balance
Shenzhen landscape improvement project and Guanfan relocation project	61,390.00	61,390.00
Yueying project assets (Note)	366,022,940.73	366,001,924.99
Machinery equipment, transportation equipment etc.	93,190.18	37,342.52
Total	366,177,520.91	366,100,657.51

Note:

According to “The Notice on Promoting the Cancellation of Ordinary Highway Tolls” (Yue Jiaofei Han [2017] No. 2286) issued by The Department of transportation of Guangdong Province and The Development and Reform Commission of Guangdong Province, since 24:00 on 31 Dec 2017, the tolls of 10 ordinary highway projects, including the Shijiao toll station of Ying (De) Fo (Gang) Class I Highway under the name of Yueying, will be suspended and the toll stations set by them will be cancelled. The compensation scheme involved in the cancellation of toll stations is still under negotiation.

4. Construction in progress**(1) Construction in progress and engineer materials**

Items	Closing balance	Opening balance
Construction in progress	89,205,519,736.52	91,649,221,276.32
Engineer materials	228,117,234.91	329,014,519.66
Total	89,433,636,971.43	91,978,235,795.98

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

(2) Status of construction in progress

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Expressway and ancillary Facilities project	88,483,834,036.93	1,298,450.00	88,482,535,586.93	91,145,310,654.60	1,298,450.00	91,144,012,204.60
Transportation project	352,247,903.75	451,957.10	351,795,946.65	181,068,040.01	451,957.10	180,616,082.91
Logistics service engineering	305,902,443.95		305,902,443.95	250,361,373.88		250,361,373.88
Maintenance data center	46,654,326.70		46,654,326.70	46,589,326.70		46,589,326.70
Other fundamental infrastructure project	32,716,877.29	14,085,445.00	18,631,432.29	66,500,911.83	38,858,623.60	27,642,288.23
Total	89,221,355,588.62	15,835,852.10	89,205,519,736.52	91,689,830,307.02	40,609,030.70	91,649,221,276.32

Note: As of 30 Sept 2021, the book value of the assets with restricted ownership or use right due to the pledge and mortgage of the toll right of the expressway in the trial operation stage and under construction stage is RMB 74,353,316,211.59.

(3) Changes in significant construction in progress in the current period

Items	Budget	Opening balance	Increase	Transferred to fixed assets during the period	Other decrease	Closing balance
Zijin Huiyang Expressway project	9,287,060,000.00	6,916,764,163.87	159,739,865.94			7,076,504,029.81
Xingshan Expressway (Haifeng to Honghai Bay section)	4,496,258,198.00	2,473,953,489.34	336,081,281.14			2,810,034,770.48
Hailing bridge of Huajiji Yangjiang Expressway	975,009,300.00	979,782,721.91	23,786,213.77			1,003,568,935.68
Reconstruction and expansion of Yangjiang Maoming section	8,038,124,732.00	2,786,950,008.72	1,137,434,396.55			3,924,384,405.27
Shenshanxi Expressway Expansion Project	29,168,667,684.00	2,001,606,779.10	1,544,053,596.25			3,545,660,375.35
Reconstruction and expansion of Maozhan Expressway	12,268,575,241.00	1,509,586,366.57	1,619,617,612.26			3,129,203,978.83
Expansion of Yuegan Huihe Expressway	19,097,260,000.00	28,921,847.95	45,200,705.82			74,122,553.77
Zhanxu Wushi Branch Project	2,040,000,000.00	59,377.54	39,476,461.46			39,535,839.00
Guangshen expansion project	36,500,000,000.00	28,513,643.48	36,917,758.28			65,431,401.76
Gaoen Expressway Project	3,650,000,000.00	3,536,131,819.06	151,520,568.22	3,687,652,387.28		0.00

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Budget	Opening balance	Increase	Transferred to fixed assets during the period	Other decrease	Closing balance
Luoxin Expressway Project	15,567,033,900.00	12,434,267,548.02	728,394,828.44			13,162,662,376.46
Humen second bridge project	10,100,000,000.00	6,509,956,429.59	81,924,732.91	6,554,754,459.11		37,126,703.39
Huizhou Qingyuan section of Shanzhan Expressway	20,791,668,700.00	16,984,922,528.06	751,073,868.85			17,735,996,396.91
Wuhua Luhe section project of Xingning Shanwei Expressway	5,147,318,600.00	4,603,080,201.14	500,136,010.66			5,103,216,211.80
Meizhou East Ring Branch Line project	1,996,935,900.00	1,795,421,460.49	128,477,181.12			1,923,898,641.61
Jingzao Bridge	2,102,753,400.00		12,308,849.00			12,308,849.00
Chaoshan Ring Expressway (including Chaoshan connecting line) project	15,221,408,800.00	14,245,369,190.62	546,696,325.42			14,792,065,516.04
Lianshan - Hezhou Branch line	1,113,690,000.00	69,118,830.28	150,578,161.00			219,696,991.28
Lianzhou connecting line	460,000,000.00	308,573,192.25	104,201,353.61			412,774,545.86
Green Lake interchange project	197,520,000.00	52,045,974.12	100,402,393.05			152,448,367.17
Huizhou North interchange project	239,168,600.00	283,432.73	46,152,500.50			46,435,933.23
Reconstruction and expansion project of Sanbao Shuikou section	3,426,206,700.00	29,547,232.58	6,036,651.30			35,583,883.88

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Budget	Opening balance	Increase	Transferred to fixed assets during the period	Other decrease	Closing balance
Reconstruction and expansion project of Zhongshan Xinlong Jiangmen Longwan section	10,697,064,575.00	127,104,729.65	880,518,660.17			1,007,623,389.82
Dabu Chaozhou Expressway (including Dabu Zhangzhou Branch Line)	11,483,352,700.00	10,591,117,701.01	677,986,951.31			11,269,104,652.32
Meizhou Pingyuan Expressway in Guangdong Province	3,447,522,000.00	2,783,913,206.26	132,941,710.37	2,916,854,916.63		
Total		91,010,279,240.29	9,999,409,224.39	13,180,064,554.65		87,829,623,910.03

(continue)

Items	Proportion of accumulated project investment in budget (%)	Project progress	Accumulated amount of interest capitalization	Including: current interest capitalization amount	Current interest capitalization rate (%)	Resources of funds
Zijin Huiyang Expressway project	76.20%	100.00%	352,553,573.16	112,191,892.32	4.08%	Self-raised, loans and financial appropriations
Xingshan Expressway (Haifeng to Honghai Bay section)	62.50%	62.50%	167,601,759.60	51,575,946.53	4.03%	Self-raised, loans and financial appropriations

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
For the nine months ended 30 September 2021
Notes to interim financial statements

Items	Proportion of accumulated project investment in budget (%)	Project progress	Accumulated amount of interest capitalization	Including current interest capitalization amount	Current interest capitalization rate (%)	Resources of funds
Hailing bridge of Huaji Yangjiang Expressway	102.93%	100.00%	71,918,461.84	19,558,591.16	4.06%	Self-raised, loans and financial appropriations
Reconstruction and expansion of Yangjiang Maoming section	48.82%	48.82%	154,580,642.37	73,728,450.25	4.00%	Self-raised and loans
Shenshan Expressway Expansion Project	12.16%	12.16%	77,958,266.28	57,951,041.21	3.85%	Self-raised, loans and financial appropriations
Reconstruction and expansion of Maozhan Expressway	25.51%	25.51%	79,156,572.14	55,782,938.88	3.85%	Self-raised, loans and financial appropriations
Expansion of Yuegan Huihe Expressway	0.39%	0.39%				Self-raised
Zhanxu Wushi Branch Project	1.94%	1.94%				Self-raised
Guangshen expansion project	0.18%	0.18%				Self-raised
Gaoen Expressway Project	97.00%	100.00%	325,699,592.79	24,367,366.55	4.33%	Self-raised, loans and financial appropriations
Luoxin Expressway Project	85.00%	100.00%	790,084,668.32	225,852,400.55	4.26%	Self-raised, loans and financial appropriations

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Proportion of accumulated project investment in budget (%)	Project progress	Accumulated amount of interest capitalization	Including: current interest capitalization amount	Current interest capitalization rate (%)	Resources of funds
Humen second bridge project	100.00%	100.00%	947,803,889.26	51,587,057.91	4.10%	Self-raised, loans and financial appropriations
Huizhou Qingyuan section of Shanzhan Expressway	93.24%	100.00%	1,246,736,127.04	310,974,396.30	4.33%	Loans and financial appropriations
Wuhua Luhe section project of Xingning Shanwei Expressway	99.18%	100.00%	287,238,063.40	85,746,014.77	4.07%	Loans and financial appropriations
Meizhou East Ring Branch Line project	96.34%	100.00%	114,763,742.75	34,852,012.83	4.03%	Self-raised, loans and financial appropriations
Jingzao Bridge	0.59%	3.61%				Loans and financial appropriations
Chaoshan Ring Expressway (including Chaoshan connecting line) project	97.85%	100.00%	958,653,593.82	283,034,093.67	4.02%	Loans and financial appropriations
Lianshan - Hezhou Branch line	20.00%	20.00%	1,517,006.94	1,517,006.94	3.85%	Loans and financial appropriations
Lianzhou connecting line	90.00%	90.00%	23,046,794.61	6,286,579.36	3.91%	Loans and financial appropriations

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Proportion of accumulated project investment in budget (%)	Project progress	Accumulated amount of interest capitalization	Including: current interest capitalization amount	Current interest capitalization rate (%)	Resources of funds
Green Lake interchange project	77.18%	77.00%				Financial appropriations
Huizhou North interchange project	19.42%	19.00%				Self-raised and financial appropriations
Reconstruction and expansion project of Sanbao Shuikou section	75.94%	82.00%	72,779,504.82			Self-raised and loans
Reconstruction and expansion project of Zhongshan Xinlong Jiangmen Longwan section	90.00%	90.00%	7,579,166.67	7,579,166.67	5.100%	Self-raised and loans
Dabu Chaozhou Expressway (including Dabu Zhangzhou Branch Line)	96.00%	100.00%	795,709,468.89	195,762,603.29	5.00%	Loans and financial appropriations
Meizhou Pingyuan Expressway in Guangdong Province	90.00%	100.00%	248,791,258.96	46,239,284.45	5.00%	Loans and financial appropriations
Total			6,724,172,153.66	1,644,586,843.64		

(4) Engineering materials

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Engineering materials	228,117,234.91		228,117,234.91	329,014,519.66		329,014,519.66
Total	228,117,234.91		228,117,234.91	329,014,519.66		329,014,519.66

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

5. Intangible assets

(1) Details of intangible assets

Items	Land use rights	Joint operation earning rights	Patent rights	Trade mark rights	Line route operation rights and license use rights	Toll highway franchise operating rights	Passenger service licenses	BOF construction project franchise operating rights	Software	Others	Total
1. Original cost											
(1) Opening balance	1,136,094,691.61	42,747,190.60	8,503,544.70	4,321,958.72	273,800,645.39	4,200,556,124.83	36,880,898.18	31,198,319,249.70	633,376,182.87	4,747,604.92	37,539,348,091.52
(2) Increase	8,261,027.98			67,200.00	8,985,134.50				31,441,670.56		48,755,033.04
-Purchases	2,743,812.84			67,200.00	8,985,134.50				30,155,670.56		41,951,817.90
-Others	5,517,215.14										5,517,215.14
(3) Decrease	45,796,506.14				2,503,234.38				33,757,896.69		82,057,637.21
-Disposals or obsolescence	23,087.82				2,503,234.38				33,757,896.69		36,284,218.89
-Transfer to investment properties	6,691,269.81										6,691,269.81
-Foreign currency translation differences	828,552.61										828,552.61
-Others	38,253,595.90										38,253,595.90
(4) Closing balance	1,098,559,213.45	42,747,190.60	8,503,544.70	4,389,158.72	280,282,545.51	4,200,556,124.83	36,880,898.18	31,198,319,249.70	631,059,956.74	4,747,604.92	37,506,045,487.35

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Land use rights	Joint operation earning rights	Patent rights	Trade mark rights	Line route operation rights and license use rights	Toll highway franchise operating rights	Passenger service licenses	BOT construction project franchise operating rights	Software	Others	Total
2. Accumulated amortization:											
(1) Opening balance	226,991,881.76	19,508,900.86	8,450,340.77	1,638,451.61	156,043,948.59	494,087,678.68		1,229,559,828.90	461,654,637.74		2,597,935,668.91
(2) Increase	23,604,927.77	2,827,373.83	2,830.14	208,558.73	22,876,024.60	196,028,592.61		886,162,846.85	61,533,984.51		1,193,245,139.02
--Accrued for this year	23,604,927.77	2,827,373.83	2,830.14	208,558.73	22,876,024.60	196,028,592.61		886,162,846.85	61,533,984.51		1,193,245,139.02
(3) Decrease	61,768.02				2,494,168.00				29,710,725.25		32,266,661.27
• Disposals or obsolescence	61,768.02				2,494,168.00				29,710,725.25		32,266,661.27
(4) Closing balance	250,535,041.51	22,336,274.69	8,453,170.91	1,847,010.34	176,425,805.19	690,116,271.29		2,115,722,675.75	493,477,897.00		3,758,914,146.66
3. Provision for impairment:											
(1) Opening balance	24,560,042.71								5,152,554.91		29,712,597.62
(2) Closing balance	24,560,042.71								5,152,554.91		29,712,597.62
4. Book value											

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Land use rights	Joint operation earning rights	Patent rights	Trade mark rights	Line route operation rights and license use rights	Toll highway franchise operating rights	Passenger service licenses	BOT construction project franchise operating rights	Software	Others	Total
(1) Book value at the end of the period	823,464,129.24	20,410,915.91	50,373.79	2,542,148.38	103,856,740.33	3,510,439,853.55	36,880,898.18	29,082,596,573.95	132,429,504.84	4,747,604.92	33,717,418,743.07
(2) Book value at the beginning of the period	884,542,767.14	23,238,289.74	53,203.93	2,683,507.11	117,756,696.80	3,706,468,446.15	36,880,898.18	29,968,759,420.80	166,568,990.22	4,747,604.92	34,911,699,824.99

Note: As of 30 Sept 2021, intangible assets of the Group with carrying amount of RMB 186,495,092.22 have been used as collateral for bank loans, and the carrying amount of assets with restricted ownership or use rights arising from the pledge of fee collection right is RMB 23,329,385,403.29.

6. Short-term loans

(1) Category of short-term loans

Items	Closing balance	Opening balance
Pledged loans		234,156,736.11
Mortgaged loans	209,282,648.99	190,096,898.32
Credit loans	1,124,292,998.29	2,033,899,298.43
Total	1,333,575,647.28	2,458,152,932.86

(2) As at 30 Sept 2021, the Group had no overdue short-term loans.

7. Accounts payable

(1) Accounts payable presented by aging portofolio

Items	Closing balance	Opening balance
Within 1 year (inclusive)	5,338,877,651.17	7,156,786,191.99
1-2 years (inclusive)	886,394,959.54	929,473,709.40
2-3 years (inclusive)	551,442,229.17	369,979,043.79
Over 3 years	2,949,841,950.18	2,904,773,929.35
Total	9,726,556,790.06	11,361,012,874.53

(2) Significant accounts payable aged over 1 year

Items	Closing balance	Reasons for outstanding or carried forward
Guangdong Goldsign Electronic Data Service Co., Ltd.	297,915,077.63	Unsettlement
Poly Changda Engineering Co., Ltd.	173,690,619.43	Unsettlement
Foshan Shunde District Land Reserve Development Center	76,112,265.35	Unsettlement
Yangjiang Expressway Construction Project Headquarters	68,176,860.00	Unsettlement

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Closing balance	Reasons for outstanding or carried forward
Beijing Rhy Technology Development Co., Ltd.	58,097,563.32	Unsettlement
Shenzhen Chenggu Technology Co., Ltd.	57,455,452.27	Unsettlement
Guangdong Guanyue Road and Bridge Co., Ltd.	54,843,453.45	Unsettlement
Zhongshan Land Acquisition and Demolition Management Office	54,392,647.36	Unsettlement
Requisition Office of Panyu District People's Government, Guangzhou	52,472,443.37	Unsettlement
People's Government of Wuhua County	47,985,738.65	Unsettlement
China Railway 12th Bureau Group Co.,Ltd.	45,254,209.78	Unsettlement
Sihui Land and Resources Bureau	40,986,080.00	Unsettlement
Shenzhen Longgang District People's Government	39,108,207.06	Unsettlement
Zhongshan Land and Resources Bureau	38,729,831.09	Unsettlement
Zhongshan Land Requisition and Demolition Management Office	33,201,590.05	Unsettlement
Foshan City Land and Resources Bureau	30,507,598.21	Unsettlement
Zijin County People's Government	28,906,683.34	Unsettlement
Guangdong Gaintop Highway Engineering Construction Group Co.,Ltd.	28,794,136.56	Unsettlement
Zhaoqing Highway Bureau	28,375,580.00	Unsettlement
Guangzhongjiang Expressway Project Management Office	28,000,000.00	Unsettlement
China Railway 11th Bureau Group Co.,Ltd.	24,232,425.00	Unsettlement
Maoming Dianbai District Eryun Transportation Co., LTD.	22,100,294.00	Unsettlement
Shenzhen Genvict Technology Co., LTD.	18,112,719.07	Unsettlement
Shantou Municipal People's Government	14,609,840.06	Unsettlement
Guangdong Province Communications Planning&Design Institute Co.,Ltd.	14,481,581.25	Unsettlement
Guangdong Zhubo Road&Bridge Engineering Co.,Ltd.	13,271,775.72	Unsettlement

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Closing balance	Reasons for outstanding or carried forward
Guangzhou Zhongxinqu Traffic Construction Co.,Ltd.	11,603,095.50	Unsettlement
Zhuhai Communication Group Co.,Ltd.	10,638,451.47	Unsettlement
Heyuan Municipal People's Government	10,210,900.00	Unsettlement
Heshan City Land and Resources Bureau	10,186,893.60	Unsettlement
Total	1,432,454,012.59	

8. Other payables

Items	Closing balance	Opening balance
Interest payables		
Dividend payables	50,382,566.76	66,849,146.17
Other payables	9,398,678,830.24	9,962,693,328.26
Total	9,449,061,397.00	10,029,542,474.43

(1) Dividends payable

Items	Closing balance	Opening balance
Ordinary share dividend	50,382,566.76	66,849,146.17
Total	50,382,566.76	66,849,146.17

(2) Other payables

Listed by the nature of other payables:

Items	Closing balance	Opening balance
Toll to be settled	3,297,394,051.80	3,127,780,837.36
Project quality deposits payable	2,365,622,634.10	2,831,061,262.31
Other provisional accounts receivable and payable	1,095,408,960.67	1,354,487,916.83
Project performance bond payable	602,605,487.40	1,043,335,122.62
Current accounts	858,251,712.61	476,814,149.58
Deposits	390,346,118.02	211,040,668.00

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Closing balance	Opening balance
Progress payment of agent construction project	90,724,797.90	209,503,121.25
Excellent project price and safety production guarantee fee temporarily withheld	304,930,982.79	203,941,839.26
Payable to Department of Communications	26,161,126.18	147,750,977.18
Bid security payables	56,529,549.46	127,506,925.05
Collection and payment of project materials	190,018,833.96	105,597,658.39
Land acquisition and demolition fees payable	70,704,364.78	71,863,864.78
Completion document preparation fees and insurance premium	43,880,169.20	47,547,724.65
Technical expenses such as completion acceptance and information management	8,004,011.82	4,461,261.00
Total	9,398,678,830.24	9,962,693,328.26

9. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	6,699,709,700.94	6,746,404,710.30
Including: Credit loans	786,082,487.90	327,973,980.00
Guaranteed loans	281,646,768.51	220,689,535.97
Pledged loans	74,880,717.65	112,723,580.51
Mortgaged loans	5,557,099,726.88	6,085,017,613.82
Bonds payable due within one year	391,310,000.00	1,000,000,000.00
Long-term payables due within one year	239,244,542.37	507,302,293.81
Including: Finance lease sale and leaseback	189,699,470.20	469,599,470.20
Payments for car purchase	48,600,732.55	21,970,748.15
Entrusted loans		15,000,000.00
Others	944,339.62	732,075.46
Lease liabilities due within one year	158,963,012.41	226,483,569.23
Other non-current liabilities due within one year	1,181,106,696.22	1,072,524,030.90
Including: Accrued interests payable within 1 year	1,181,106,696.22	1,072,524,030.90
Total	8,670,333,951.94	9,552,714,604.24

10. Long-term borrowings

Items	Closing balance	Opening balance
Pledged loans	209,061,978,400.41	208,983,932,913.29
Mortgaged loans	1,710,946,654.92	448,835,770.65
Guaranteed loans	3,456,984,655.91	2,322,013,422.96
Credit loans	24,082,999,247.15	26,862,589,959.89
Total	238,312,908,958.39	238,617,372,066.79

11. Bonds payable

Items	Closing balance	Opening balance
Corporate bonds	32,500,000,000.00	28,392,533,626.17
Medium-term notes	3,427,195,373.97	3,426,488,336.65
Total	35,927,195,373.97	31,819,021,962.82

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Changes in bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Name of bonds	Par value	Issue date	Term (years)	Issuing amount	Opening balance	Issue in the period	Interest accrued interest according to par value	Premium and discount amortization	Repayments during the period	Re-classify to non-current liabilities due within 1 year	Closing balance
10 Yue Lujian bond	2,000,000,000.00	2010/7/16	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
13 Yue Lujian bond	2,000,000,000.00	2013/3/29	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
15 Yue Lujian bond	1,500,000,000.00	2015/12/11	15	1,500,000,000.00	1,500,000,000.00						1,500,000,000.00
19 Yue Lujian bond	2,000,000,000.00	2019/3/25	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
21 Yue Lujian bond	1,000,000,000.00	2021/4/27	5	1,000,000,000.00		1,000,000,000.00					1,000,000,000.00
10 Guangdong Expressway bond	2,000,000,000.00	2010/7/2	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
12 Guangdong Expressway bond	1,500,000,000.00	2012/6/26	15	1,500,000,000.00	1,500,000,000.00						1,500,000,000.00
14 Guangdong Expressway bond	2,000,000,000.00	2014/10/29	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
16 Yue Expressway 01 bond	2,000,000,000.00	2016/6/16	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
16 Yue Expressway 02 bond	1,000,000,000.00	2016/8/11	15	1,000,000,000.00	1,000,000,000.00						1,000,000,000.00

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
For the nine months ended 30 September 2021
Notes to interim financial statements

Name of bonds	Par value	Issue date	Term (years)	Issuing amount	Opening balance	Issue in the period	Interest accrued interest according to par value	Premium and discount amortization	Repayments during the period	Reclassify to non-current liabilities due within 1 year	Closing balance
18 Guangdong Expressway bond 01	1,000,000,000.00	2018/12/13	15	1,000,000,000.00	1,000,000,000.00						1,000,000,000.00
19 Guangdong Expressway bond 01	2,000,000,000.00	2019/7/31	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
21 Yue Expressway 01	1,500,000,000.00	2021/4/22	10	1,500,000,000.00		1,500,000,000.00					1,500,000,000.00
21 Yue Expressway 02	500,000,000.00	2021/4/22	15	500,000,000.00		500,000,000.00					500,000,000.00
15 Yue Laotiao Bond	2,000,000,000.00	2015/5/21	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
2016 Yue Bridge 01	3,000,000,000.00	2016/7/12	15	3,000,000,000.00	3,000,000,000.00						3,000,000,000.00
2016 Yue Bridge 02	2,000,000,000.00	2016/9/23	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
2018 Yue Bridge 01	500,000,000.00	2018/8/16	15	500,000,000.00	500,000,000.00						500,000,000.00
2018 Yue Bridge 02	1,500,000,000.00	2018/11/20	15	1,500,000,000.00	1,500,000,000.00						1,500,000,000.00
2021 Yue Bridge 01	1,500,000,000.00	2021/4/20	8	1,500,000,000.00		1,500,000,000.00					1,500,000,000.00
19 Yue Expressway MTN001	680,000,000.00	2019/3/1	5	680,000,000.00	678,575,316.87			-336,983.86			678,912,300.73

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
 For the nine months ended 30 September 2021
 Notes to interim financial statements

Name of bonds	Par value	Issue date	Term (years)	Issuing amount	Opening balance	Issue in the period	Interest accrued interest according to par value	Premium and discount amortization	Repayments during the period	Reclassify to non-current liabilities due within 1 year	Closing balance
20 Yue Expressway MTN001	750,000,000.00	2020/3/18	5	750,000,000.00	747,913,019.78			-370,053.46			748,283,073.24
14 Yueyun 01 bond	400,000,000.00	2015/9/28	7	400,000,000.00	392,533,626.17		14,621,095.28	1,223,626.17		405,931,095.28	
13 Yue Transportation MTN1	500,000,000.00	2013/1/29	15	500,000,000.00	500,000,000.00						500,000,000.00
13 Yue Transportation MTN2	1,500,000,000.00	2013/4/24	15	1,500,000,000.00	1,500,000,000.00						1,500,000,000.00
Total				36,330,000,000.00	31,819,021,962.82	4,500,000,000.00	14,621,095.28	516,588.85		405,931,095.28	35,927,195,373.97

12. Other non-current liabilities

Items	Closing balance	Opening balance
Guangdong-Macao Cooperation & Development Fund (limited partnership)	7,415,060,000.00	7,415,060,000.00
Investment fund amount of Guangdong Hengzhao Equity Investment Fund (limited partnership)	977,000,000.00	977,000,000.00
Pension subsidies for retirees of Sanshui Material Station	1,890,369.40	2,252,401.27
Total	8,393,950,369.40	8,394,312,401.27

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
 For the nine months ended 30 September 2021
 Notes to interim financial statements

13. Operating income and operating costs

Items	Current period		Prior period	
	Income	Costs	Income	Costs
Vehicle toll business	29,786,630,674.25	17,229,032,324.62	18,103,384,963.56	10,833,028,501.74
Material sales business	3,461,542,009.39	3,202,659,343.17	2,786,751,105.34	2,604,234,366.84
Passenger and freight transportation business	1,998,471,860.97	2,169,685,993.06	2,011,417,095.51	2,226,850,845.35
Expressway service zones services	2,676,424,257.86	2,222,979,713.80	2,009,127,668.37	1,605,646,936.00
Engineering technology	553,790,797.43	466,986,304.72	669,045,163.06	572,358,006.34
Others	664,991,863.90	347,052,213.18	588,603,445.63	357,716,147.95
Total	39,141,851,463.80	25,638,395,892.55	26,168,329,441.47	18,199,834,804.22

14. Interest income and expenditure

Items	Current period	Prior period
Interest income	168,179,938.26	221,089,795.56
Including: Interbank deposits	147,102,468.22	203,973,491.18
Deposits in the Central Bank	17,457,616.41	14,525,996.47
Loans and advances	1,086,458.33	1,765,441.56
Financial assets purchased under resale agreements	2,533,395.30	824,866.35
Interest expense	9,711,409.84	14,671,953.41
Including: absorbed deposit and savings in other banks	9,711,409.84	14,671,953.41
Net interest income	158,468,528.42	206,417,842.15

15. Supplement to cash flow statement

(1) Supplement to cash flow statement

Items	Amount for the period	Amount for the prior period
1.Reconciliation of net loss to cash flows from operating activities		
Net profit	3,773,790,495.59	71,272,616.19
Add: Impairment loss of credit	56,622,689.31	-1,125,274.03
Impairment loss of asset	1,847,474.51	19,351,912.57
Depreciation of fixed assets	12,322,957,241.66	8,466,412,841.13
Depreciation of right-of-use assets	85,833,095.97	84,549,313.45
Amortisation of intangible assets	1,193,245,139.02	916,024,845.47
Amortisation of long-term deferred expenses	102,268,705.96	84,229,986.79
Gains on disposal of fixed assets, intangible assets and other long-term assets	-46,419,291.27	-57,298,778.69
Loss on disposal of fixed assets	2,070,426.42	28,804,300.34
Financial expenses	7,178,349,942.51	7,129,042,809.63
Investment income	-980,058,798.55	-2,009,228,618.26

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Amount for the period	Amount for the prior period
Increase in deferred tax assets	207,300,559.05	71,630,599.36
Increase in deferred tax liabilities	-61,024,885.45	-146,133,988.02
Decrease in inventories	-374,982,108.72	-158,881,586.63
Decrease in operating receivables	1,759,327,116.86	-2,989,016,587.67
increase in operating payables	-159,504,390.61	-1,206,430,334.65
Changes in others		
Net cash inflow from operating activities	25,045,678,594.78	10,303,204,056.98
2.Change in cash and cash equivalents:		
Cash and cash equivalents at the end of the period	21,566,720,770.91	25,532,684,614.97
Less: Cash and cash equivalents at the beginning	18,737,868,224.10	22,305,806,028.05
Net Increase in cash and cash equivalents	2,828,852,546.81	3,226,878,586.92

(2) Details of cash and cash equivalents

Items	Closing balance	Opening balance
1. Cash	21,566,720,770.91	18,737,868,224.10
Including: Cash on hand	209,797.42	7,842,679.85
Bank deposits always available for payment	21,504,688,482.24	18,704,283,640.18
Other monetary funds always available for payment	61,822,491.25	25,741,904.07
2. Closing balance of cash and cash equivalents	21,566,720,770.91	18,737,868,224.10

VIII. Contingent events

1. Contingent liabilities arising from pending litigation or arbitration

There is no material litigation that needs to be disclosed in the Company this period.

2. Provision of guarantee

No.	Guarantors	Guarantees			Guarantee form	Guaranty type	Counter guarantee	Actual amount guaranteed
		Name	Nature of the business	Whether it is a listed company				
1	Xin Yue (Guangzhou) Investment Co., Ltd.	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	83,750,000.00
2	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Yuecai Investment Holding Co., Ltd.	State-owned	No	Joint liability guarantee	Loan guarantee	Joint liability guarantee	15,000,000,000.00

(Continued)

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

No.	Guarantor	Guarantee		Whether it is overdue	Whether to be sued	Amount of compensatory loss	Amount included in provisions	Amount included in provisions in the current period	Whether it is guaranteed in proportion to equity	Note
		Name	Operation status							
1	Xin Yue (Guangzhou) Investment Co., Ltd.	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Normal operation	No	No				Yes	
2	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Yuecai Investment Holding Co., Ltd.	Normal operation	No	No				No	

IX. Related Party Relationships and Transactions

1. Parent company

The Group is controlled by the State-owned Assets Administration Commission of Guangdong Provincial People's Government

2. Other related parties of the Company

Name of other related parties	Relationship with the company
Zhaoqing Yuezhao Highway Co., Ltd.	Joint venture
Guangdong Shantou Haiwan Bridge Co., Ltd.	Joint venture
Shell Road Solutions Xinyue(foshan) Co., Ltd.	Joint venture
Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.	Joint venture
Guangdong Road Network Digital Media Information Technology Co., Ltd.	Joint venture
Guangdong Automobile Terminal Co., Ltd.	Joint venture
Huishen (Yantian) Expressway Huizhou Co., Ltd.	Joint venture
Guangdong Yue Huahui Business Management Limited	Joint venture
Guangzhou Yueyun Software Technology Co., LTD	Joint venture
Guangdong Province Communications Planning & Design Institute Co., Ltd.	Associate
Guangdong Jiuyu Engineering technology Consulting Co., LTD	A subsidiary of associate
Zhongshan Shunyi Construction Engineering Design Consulting Co., Ltd.	A subsidiary of associate
Guangdong Xiangfei Road Engineering Supervision Co., Ltd.	A subsidiary of associate
Guangdong Civil Engineering Co., Ltd.	A subsidiary of associate
Jiangmen Jianghe Expressway Co., Ltd.	Associate
Foshan Guangsan Expressway Co., Ltd.	Associate
Guangdong Shenshan Speedway East Section Co., Ltd.	Associate
Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	Associate
Guangzhou Northern Second Ring Expressway Co., Ltd.	Associate
Guangzhou Pearl River Huangpu Daqiao Construction Co., Ltd.	Associate
Guangdong Panyu Bridge Co., Ltd.	Associate

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Name of other related parties	Relationship with the company
Shenzhen Yantian Port Holdings Co., Ltd.	Associate
Ganzhou Kangda Expressway Co., Ltd.	Associate
Ganzhou Gankang Expressway Co., Ltd.	Associate
Guangdong Yuepu Microfinance Co., Ltd.	Associate
Guoyuan Securities Company Limited	Associate
Hunan Lianzhi Technology Co., Ltd.	Associate
Southern United Assets & Equity Exchange	Associate
Guangzhou Tianhe Passenger Transportation Station Co., Ltd.	Associate
Shantou Automotive Passenger Transportation Center Station Co., Ltd.	Associate
Guangdong Zhongyou Yueyun Natural Gas Co., Ltd.	Associate
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	Associate
Lufeng Shenshan Expressway Service Co., Ltd.	Associate
Express Cross-Border Coach Mgt. Co., Ltd.	Associate
Guangdong Guangjiang High Speed Passenger Transportation Co., Ltd.	Associate
Jiangmen Guangjiang High Speed Passenger Transport Co., Ltd.	Associate
Shantou Chaonan Yueyuntiandao Transportation Co., Ltd.	Associate
Guangdong Guangye Yueyun Gas Co., Ltd.	Associate
Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	Associate
Qingyuan Zhongguan Development Co., Ltd.	Associate
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	Associate
Heyuan Yueyun New Energy Co., Ltd.	Associate
Guangdong Wangfei Logistics Technology Co., Ltd.	Associate
Shaoguan Libao Technology Co., Ltd.	Associate
Shaoguan Danxia Tourist Bus Co., Ltd	Associate
Zhuhai Nanqi Special Cargo Transportation Co., Ltd	Associate
Zhuhai Macao Land Transportation (Macao) Co., Ltd	Associate
Guangdong Keying Development Co., Ltd.	Associate
Guangzhou Its Communication Equipment Co., Ltd.	Associate
Guangdong Feida Traffic Engineering Co., Ltd.	Associate

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Name of other related parties	Relationship with the company
Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	Associate
Zhuhai Yuegong Xinhai Transportation Co., Ltd.	Associate
Zhuhai Wanda Hong Kong Zhuhai Macao Bridge Zhuhai Port Passenger Service Co., Ltd.	Associate
Qiguan New Energy Vehicle Technology (Guangdong) Co., Ltd.	Associate
Poly Changda Engineering Co., Ltd.	Associate
Guangzhou Zhentong Industrial Development Co., Ltd.	Associate
Guangdong Changxin Municipal Engineering Co., Ltd.	The subsidiary of associate
Zhongshan Mayor New Concrete Co., Ltd.	The subsidiary of associate
Guangdong Changda China Overseas Engineering Group Co., Ltd.	The subsidiary of associate
Tibet Changtong Highway Engineering Co., Ltd.	The subsidiary of associate
Guangdong Changxin Construction Engineering Co., Ltd.	The subsidiary of associate
Guangzhou Luoxi Bridge Widening Construction Co., Ltd.	The subsidiary of associate
Guangdong Changda Road Maintenance Co., Ltd.	The subsidiary of associate
Guangdong Changda Engineering Ship Service Co., Ltd.	The subsidiary of associate
Guangdong Changda Zhuhai Engineering construction Co., LTD	The subsidiary of associate
Guangdong Changda Property Management Co., Ltd.	The subsidiary of associate
Guangdong Changxin Asphalt Concrete Co., Ltd.	The subsidiary of associate
Guangdong Changda Experimental Technology Development Co., Ltd.	The subsidiary of associate
Guangdong Changda Development Investment Co., Ltd.	The subsidiary of associate
Yangjiang Binhai Highway Investment and Construction Co., Ltd.	The subsidiary of associate
Zhongshan Tanzhou Express Construction Investment Co., Ltd.	The subsidiary of associate
Guangzhou Zhongma Overseas Investment Co., Ltd.	The subsidiary of associate
Huiketong Technology (Zhuhai) Co., Ltd.	Associate
Guangdong United Electronic Service Data Technology Co., Ltd.	Associate
Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.	Associate

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
For the nine months ended 30 September 2021
Notes to interim financial statements

Name of other related parties	Relationship with the company
Hong Kong & Macao International Airport Transportation Service (HK) Co. Ltd.	Associate
Hong Kong Airport Passenger Service (Macao) Co., Ltd.	Associate
Guangdong Nanyue Transportation CNOOC Energy Co., Ltd.	Other significant impact
Guangdong Nanyue Communications Petrochemical Energy Co., Ltd.	Other significant impact
Guangdong Nanyue Transportation PetroChina Energy Co., Ltd.	Other significant impact
Guangdong Nanyue Transportation Shaogan Expressway Management Center	Other significant impact
Guangdong Section Management Office of Shaogan Expressway	Other significant impact
Guangdong Jiangzhao Expressway Management Center	Other significant impact
Guang zhongjiang Expressway Project Management Office	Other significant impact
Guangdong Nanyue Transportation Chaozhang Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Qingyun Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Renbo Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Yunzhan Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Longhuai Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Hehuiguan Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Donglei Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Huaiyang Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Dafenghua Expressway Co., Ltd.	Other significant impact
Shenzhong Channel Management Center	Other significant impact

3. Significant transactions between the Group and its related parties

(1) Transaction of goods and services with related parties

Purchase of goods and receipt of services from related parties

Related parties	Current period	Prior period
Poly Changda Engineering Co., Ltd.	1,619,551,886.21	3,688,499,034.93
Guangdong Feida Traffic Engineering Co., Ltd.	75,636,122.60	140,765,826.76
Shell Road Solutions Xinyue(foshan) Co., Ltd.	76,928,655.41	153,103,148.44
Guangdong Province Communications Planning & Design Institute Co., Ltd.	69,205,268.76	56,572,851.00
Guangdong Changda Road Maintenance Co., Ltd.	2,929,038.00	9,967,473.42
Guangdong Yue Huahui Business Management Limited	8,724,590.90	6,778,398.28
Guangdong Xiangfei Road Engineering Supervision Co., Ltd.	2,729,673.35	7,716,424.57
Guangdong Guangye Yueyun Gas Co.,Ltd.	1,694,650.66	6,236,443.83
Shaoguan Libao Technology Co., Ltd.	112,840.00	1,140,379.30
Zhaoqing Yuezhao Highway Co., Ltd.	195,288.00	253,230.00
Hunan Lianzhi Technology Co.,Ltd.	1,608,781.14	
Guangdong Shantou Haiwan Bridge Co., Ltd.	375,484.34	582,004.39
Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.	5,520.00	48,060.00

Sales of goods and rendering of service to related parties

Related parties	Current period	Prior period
Poly Changda Engineering Co., Ltd.	492,731,405.60	198,616,735.20
Guangdong Nanyue Transportation Longhuai Expressway Management Center	3,869,036.58	109,433.96
Foshan Guangsan Expressway Co., Ltd.	113,671.70	31,286,471.80
Shell Road Solutions Xinyue(foshan) Co., Ltd.	5,800,973.08	5,719,927.20
Guangdong Nanyue Transportation Qingyun Expressway Management Center	1,639,689.57	12,073,361.65

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Related parties	Current period	Prior period
Guangdong Nanyue Transportation Renbo Expressway Management Center	2,862,685.17	3,820,451.67
Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	14,601,643.40	13,901,320.78
Guangdong Nanyue Transportation Investment construction Co., LTD.	7,460,880.61	8,261,119.36
Guangzhou Zhentong Industrial Development Co., Ltd.	387,776.18	
Guangdong Nanyue Transportation Shaogan Expressway Management Center	11,928,847.29	4,134,896.77
Shenzhong Channel Management Center	5,726,415.11	5,157,846.98
Zhaoqing Yuezhao Highway Co., Ltd.	1,545,939.01	1,294,196.37
Guangdong Province Communications Planning & Design Institute Co., Ltd.		2,575,566.97
Guangdong Jiangzhao Expressway Management Center	905,990.51	2,169,420.31
Guangdong Shenshan Speedway East Section Co., Ltd.	1,075,109.44	1,089,260.38
Guangdong Nanyue Transportation Yunzhan Expressway Management Center	3,223,518.12	183,486.24
Guangdong Feida Traffic Engineering Co., Ltd.	79,489.27	182,300.88
Guang zhongjiang Expressway Project Management Office	637,306.29	457,446.60
Guangdong Nanyue Transportation Huaiyang Expressway Management Center	1,066,582.98	1,766,030.17
Express Cross-Border Coach Mgt. Co.,Ltd.		2,257,672.93
Guangdong Nanyue Transportation Hehuiguan Expressway Management Center	1,668,984.13	103,773.58
Guangdong Nanyue Traffic Jiehui Expressway Management Center	761,238.17	100,943.40
Guangdong Road Network Digital Media Information Technology Co., Ltd.	845.47	163,290.42
Shenzhen Yantian Port Holdings Co., Ltd.	1,380,042.75	463,931.13
Guangdong Nanyue Transportation Dafenghua Expressway Co., Ltd.	139,105.95	

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Related parties	Current period	Prior period
Guangdong Nanyue Transportation Chaozhang Expressway Management Center	788,972.83	117,924.53
Ganzhou Gankang Expressway Co., Ltd.	585,983.44	476,429.32
Ganzhou Kangda Expressway Co., Ltd.	162,691.45	516,239.87
Guangdong Shantou Haiwan Bridge Co., Ltd.	95,283.02	111,320.75
Huishen (Yantian) Expressway Huizhou Co., Ltd.	116,207.54	174,629.71

(2) Borrowings from or lending to related parties

Borrowing funds from related parties

Related parties	Amount	Commencement date	Maturity date	Explanation
Guangdong Panyu Bridge Co., Ltd.	39,000,000.00	2020-12-23	2022-12-22	

Lending funds to related parties

Related parties	Amount	Commencement date	Maturity date	Explanation
Guangzhou Zhentong Industrial Development Co., Ltd.	36,000,000.00	2020/12/22	2021/12/21	Automatic renewal upon expiration
Guangzhou Zhentong Industrial Development Co., Ltd.	308,560,000.00	2021/1/21	2022/1/20	
Guangzhou Zhentong Industrial Development Co., Ltd.	24,000,000.00	2021/3/15	2022/3/14	
Guangzhou Zhentong Industrial Development Co., Ltd.	22,000,000.00	2021/5/10	2022/5/14	
Guangzhou Zhentong Industrial Development Co., Ltd.	9,000,000.00	2020/12/22	2021/12/21	Automatic renewal upon expiration
Guangzhou Zhentong Industrial Development Co., Ltd.	77,140,000.00	2021/1/21	2022/1/21	
Guangzhou Zhentong Industrial Development Co., Ltd.	6,000,000.00	2021/3/15	2022/3/15	
Guangzhou Zhentong Industrial Development Co., Ltd.	5,500,000.00	2021/5/10	2022/5/10	

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Related parties	Amount	Commencement date	Maturity date	Explanation
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	9,978,840.00	2012/10/24	2017/10/23	After the loan expires, the company will extend it every year according to the actual operation
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	4,989,420.00	2013/2/5	2014/2/4	
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	11,309,352.00	2017/11/1	2018/10/31	
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	3,625,000.00	2019/12/26		No agreed due date
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	4,875,000.00	2020/12/28		No agreed due date

(3) Interest income

Related parties	Description	Current period	Prior period
Guangdong Province Communications Planning & Design Institute Co., Ltd.	Interest income from issuing loans	815,208.33	1,687,395.17
Guangzhou Zhentong Industrial Development Co., Ltd.	Interest income from issuing loans	11,066,812.95	5,922,926.60
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Interest income from issuing loans	317,015.51	147,098.44
Total		12,199,036.79	7,757,420.21

(4) Interest expenses

Related parties	Description	Current period	Prior period
Shenzhong Channel Management Center	Interest expense on deposits	1,379,563.24	14,459,664.53
Guangdong Province Communications Planning & Design Institute Co., Ltd.	Interest expense on deposits	115,904.57	186,016.27
Guangdong Jiuyu Engineering technology Consulting Co., LTD	Interest expense on deposits	10,630.00	8,766.24
Zhongshan Mayor New Concrete Co., Ltd.	Interest expense on deposits	953.07	511.39

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Related parties	Description	Current period	Prior period
Guangdong Changxin Asphalt Concrete Co., Ltd.	Interest expense on deposits	8,049.35	12,349.53
Guangzhou Yueyun Software Technology Co., LTD.	Interest expense on deposits	2,983.63	712.77
Poly Changda Engineering Co., Ltd.	Loan interest expense	1,205,793.91	1,655,416.68
Guangdong Panyu Bridge Co., Ltd.	Loan interest expense	621,075.00	20,475.00
Total		3,344,952.77	16,343,912.41

(5) Deposit funds of the Group Finance Company

Name	Closing balance	Opening balance	Benefits
Guangdong Province Communications Planning & Design Institute Co., Ltd.	4,785,963.22	35,430,125.22	Deposit interest is calculated and charged according to the bank's current deposit interest rate
Shenzhen Channel Management Center	13,851,036.60	19,572,095.83	
Guangdong Jiuyu Engineering technology Consulting Co., Ltd.	3,515,872.88	7,270,441.60	
Zhongshan Mayor New Concrete Co., Ltd.		170,251.87	
Guangdong Changxin Asphalt Concrete Co., Ltd.		1,539,131.92	
Guangzhou Yueyun Software Technology Co., Ltd.	458,798.44	684,803.78	
Total	22,885,822.80	64,666,850.22	

(6) Loans and advances to related parties

Name	Closing balance	Opening balance
Guangdong Province Communications Planning & Design Institute Co., Ltd.	100,000,000.00	
合计	100,000,000.00	

4. Amounts due from/to related parties

(1) Amount due from related parties

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
 For the nine months ended 30 September 2021
 Notes to interim financial statements

Items	Related parties	Closing balance	Opening balance
Accounts receivable			
	Poly Changda Engineering Co., Ltd.	284,202,984.80	49,546,497.36
	Guangdong Nanyue Transportation Huaiyang Expressway Management Center	8,102,133.00	6,740,656.50
	Guangdong Jingzhu Expressway Guangzhou North Section Co., Ltd.	5,559,253.00	5,980,163.99
	Guangdong Nanyue Transportation Longhuai Expressway Management Center	1,495,749.00	3,928,840.89
	Guangdong Feida Traffic Engineering Co., Ltd.	1,831,561.50	3,274,356.00
	Guangdong Nanyue Transportation Renbo Expressway Management Center	523,987.75	2,991,582.64
	Guangzhou Zhentong Industrial Development Co., Ltd.	1,287,000.00	2,476,430.00
	Guangdong Nanyue Transportation Investment construction Co., Ltd.	659,103.87	2,097,535.44
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.		2,026,398.22
	Guangdong Jiangzhao Expressway Management Center	165,132.01	1,786,035.76
	Guang zhongjiang Expressway Project Management Office	25,020.84	1,115,973.49
	Guangdong Changxin Asphalt Concrete Co., Ltd.	1,000,000.00	1,000,000.00
	Express Cross-Border Coach Mgt. Co.,Ltd.		373,939.92
	Guangdong Nanyue Transportation Yunzhan Expressway Management Center	840,640.24	309,033.13
	Shenzhen Yantian Port Holdings Co., Ltd.	258,425.91	258,425.88
	Guangdong Nanyue Transportation Chaozhang Expressway Management Center		208,932.64
	Guangdong Nanyue Transportation Qingyun Expressway Management Center		185,237.13

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Related parties	Closing balance	Opening balance
	Guangdong Nanyue Traffic Jiehui Expressway Management Center		179,380.93
	Guangdong Nanyue Transportation Hehuiguan Expressway Management Center	737,035.80	168,238.92
	Shaoguan Libao Technology Co., Ltd.		103,578.95
	Shantou Chaonan Yueyuntiandao Transportation Co., Ltd.		74,876.00
	Guangdong Nanyue Transportation Donglei Expressway Management Center	5,702,150.32	26,971.00
	Guangdong Nanyue Transportation Dafenghua Expressway Co., Ltd.	3,533,498.48	26,971.00
	Jiangmen Jianghe Expressway Co., Ltd.		26,957.48
	Guangdong Road Network Digital Media Information Technology Co., Ltd.		19,302.76
	Shantou Automotive Passenger Transportation Center Station Co., Ltd.		2,031.00
	Guangdong Guangjiang High Speed Passenger Transportation Co., Ltd.		1,150.00
	Guangdong Shenshan Speedway East Section Co., Ltd.		957.85
	Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.		65.97
	Zhaoqing Yuezhaoh Highway Co., Ltd.	22,667.85	
	Shell Road Solutions Xinyue(foshan) Co., Ltd.	892,164.00	
Prepayments			
	Poly Changda Engineering Co., Ltd.	318,542,157.72	28,148,826.07
	Guangdong Feida Traffic Engineering Co., Ltd.	2,763,202.40	3,419,649.40
	Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.		1,331,600.00
	Guangdong Nanyue Transportation Chaozhang Expressway Management Center		1,255,723.05
	Zhaoqing Yuezhaoh Highway Co., Ltd.		151,938.00

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Related parties	Closing balance	Opening balance
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.		87,179.48
	Guangdong Changda Road Maintenance Co., Ltd.	264,420.00	
Other receivables			
	Shenzhong Channel Management Center		630,220,500.00
	Poly Changda Engineering Co., Ltd.	3,093,816.71	564,329,340.87
	Shenzhen Expressway Company Limited		52,500,000.00
	Ganzhou Gankang Expressway Co., Ltd.	22,500,000.00	45,000,000.00
	Guangdong Nanyue Transportation Longhuai Expressway Management Center	652.48	14,920,378.20
	Guangdong Shenshan Speedway East Section Co., Ltd.	14,121,843.23	14,121,843.23
	Guangdong Nanyue Transportation Qingyun Expressway Management Center	5,521,420.00	7,200,038.00
	Guangdong Nanyue Transportation Renbo Expressway Management Center		4,755,252.00
	Guangdong Changda Development Investment Co., Ltd.	4,430,197.53	4,430,197.53
	Shantou Automotive Passenger Transportation Center Station Co., Ltd.		4,221,868.79
	Guangdong Nanyue Transportation Huaiyang Expressway Management Center		3,078,065.00
	Guangdong Nanyue Transportation Yunzhan Expressway Management Center		3,077,471.29
	Guangdong Nanyue Traffic Jichui Expressway Management Center		2,310,241.00
	Shantou Chaonan Yueyuntiandao Transportation Co., Ltd.		1,867,229.02
	Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited		994,742.11
	Guangdong Nanyue Transportation Shaogan Expressway Management Center		973,489.26

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)
For the nine months ended 30 September 2021
Notes to interim financial statements

Items	Related parties	Closing balance	Opening balance
	Guangdong Jiangzhao Expressway Management Center	1,321,500.00	506,320.64
	Guangdong Guangye Yueyun Gas Co., Ltd.		504,782.53
	Zhaoqing Yuezhao Highway Co., Ltd.	350,000.00	360,000.00
	Guangzhou Yueyun Software Technology Co., Ltd.	200,000.00	200,000.00
	Guang zhongjiang Expressway Project Management Office		195,460.00
	Shaoguan Libao Technology Co., Ltd.	22,716.91	178,037.07
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.		150,769.64
	Guangdong Feida Traffic Engineering Co., Ltd.	95,843.44	142,423.44
	Shaoguan Danxia Tourist Bus Co., Ltd.		138,420.30
	Guangdong Nanyue Transportation Chaozhang Expressway Management Center		55,811.26
	Guangdong Changda China Overseas Engineering Group Co., Ltd.		9,159.79
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	650.00	
Contract assets			
	Guangdong Feida Traffic Engineering Co., Ltd.	48,230.00	48,230.00
	Zhaoqing Yuezhao Highway Co., Ltd.		22,667.85
Other non-current assets			
	Poly Changda Engineering Co., Ltd.	480,892,470.21	507,724,521.63
	Guangdong Feida Traffic Engineering Co., Ltd.	1,801,070.70	29,964,498.42
	Guangdong Xiangfei Road Engineering Supervision Co., Ltd.	2,511,358.00	
	Hunan Lianzhi Technology Co., Ltd.	1,873,470.00	
Long-term receivables			
	Huishen (Yantian) Expressway Huizhou Co., Ltd.	113,048,085.30	113,048,085.30
	Guangzhou Zhentong Industrial Development Co., Ltd.	118,234,238.92	650,017,085.81

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Related parties	Closing balance	Opening balance
	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	41,963,566.98	42,026,164.85
Dividend receivables	Shell Road Solutions Xinyue(foshan) Co., Ltd.	28,140,487.67	36,140,487.67
	Ganzhou Gankang Expressway Co., Ltd.	1,500,000.00	1,500,000.00
Interest receivables			
	Poly Changda Engineering Co., Ltd.	1,136,041.68	1,136,041.68

(2) Amount due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable			
	Poly Changda Engineering Co., Ltd.	222,192,794.94	741,420,418.72
	Shell Road Solutions Xinyue(foshan) Co., Ltd.	37,031,569.10	49,859,233.87
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	13,044,008.41	44,928,336.13
	Guang zhongjiang Expressway Project Management Office	28,000,000.00	28,000,000.00
	Guangzhou Its Communication Equipment Co., Ltd.	1,308,212.78	17,949,438.49
	Guangdong Feida Traffic Engineering Co., Ltd.	29,562,740.18	14,011,181.15
	Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd		5,432,648.05
	Guangdong Yue Huahui Business Management Limited		2,871,370.70
	Guangdong Civil Engineering Co., Ltd.		981,088.00
	Guangdong Nanyue Transportation Chaozhang Expressway Management Center		975,596.86
	Shaoguan Libao Technology Co., Ltd.	62,840.35	750,515.85
	Guangdong Xiangfei Road Engineering Supervision Co., Ltd.	722,136.00	639,536.00
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.		401,314.00

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Related parties	Closing balance	Opening balance
	Guangdong Changda Road Maintenance Co., Ltd.	327,793.40	327,793.40
	Guangdong Jingzhu Expressway Guangzhou North Section Co., Ltd.	307,345.20	195,672.16
	Guangdong Guangye Yueyun Gas Co., Ltd.		190,307.06
	Guangdong Nanyue Transportation Renbo Expressway Management Center	217,549.59	188,049.59
	Guangdong Nanyue Transportation Longhuai Expressway Management Center	172,965.05	165,590.05
	Zhaoqing Yuezhao Highway Co., Ltd.		71,504.00
	Zhuhai Wanda Hong Kong Zhuhai Macao Bridge Zhuhai Port Passenger Service Co., Ltd.		59,958.00
	Shaoguan Danxia Tourist Bus Co., Ltd.		59,816.32
	Guangdong Nanyue Traffic Jiehui Expressway Management Center		50,000.00
	Jiangmen Jianghe Expressway Co., Ltd.	12,380.48	12,380.48
	Foshan Guangsan Expressway Co., Ltd.	1,127,723.29	
	Guangdong Jiangzhao Expressway Management Center	1,052,529.56	
	Guangdong Shenshan Speedway East Section Co., Ltd.	28,571.43	
Other payables			
	Poly Changda Engineering Co., Ltd.	289,370,739.54	884,781,593.24
	Guangdong Feida Traffic Engineering Co., Ltd.	22,096,358.75	18,998,847.84
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	3,298,179.61	9,329,238.04
	Guangdong Nanyue Transportation Yunzhan Expressway Management Center	4,029,765.00	6,079,390.00
	Guangdong Xiangfei Road Engineering Supervision Co., Ltd.	3,166,878.20	3,096,493.00
	Shaoguan Libao Technology Co., Ltd.	237,621.14	2,668,213.54
	Guangdong Changda Road Maintenance Co., Ltd.	2,184,384.63	2,417,228.63

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Related parties	Closing balance	Opening balance
	Guangdong Nanyue Transportation Investment construction Co., Ltd.	2,774,568.86	2,183,916.60
	Guang zhongjiang Expressway Project Management Office	200,000.00	1,200,000.00
	Guangdong Road Network Digital Media Information Technology Co., Ltd.		320,000.00
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.		318,505.00
	Guangzhou Its Communication Equipment Co., Ltd.	200,601.00	218,955.00
	Hunan Lianzhi Technology Co.,Ltd.	265,715.00	200,000.00
	Guangzhou Zhentong Industrial Development Co., Ltd.	148,060.00	148,060.00
	Guangdong Civil Engineering Co., Ltd.		134,177.00
	Guangzhou Yueyun Software Technology Co., Ltd.		65,500.00
	Shantou Chaonan Yueyuntiandao Transportation Co., Ltd.		53,192.10
	Guangdong Guangye Yueyun Gas Co.,Ltd.		30,000.00
	Huiketong Technology (Zhuhai) Co., Ltd.		19,303.78
	Guangdong Shenshan Speedway East Section Co., Ltd.		15,920.00
	Guangdong Jiangzhao Expressway Management Center	100.00	
	Guangdong Nanyue Transportation Qingyun Expressway Management Center	1,000,000.00	
Contract liabilities			
	Poly Changda Engineering Co., Ltd.	1,067,743.05	7,339,449.54
	Foshan Guangsan Expressway Co., Ltd.	11,216,678.74	
	Guangdong Jiangzhao Expressway Management Center	42,070,196.07	26,323,336.75
	Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	1,770,043.13	1,737,779.13

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Related parties	Closing balance	Opening balance
	Guangdong Shantou Haiwan Bridge Co., Ltd.	990,825.69	990,825.69
	Guangdong Shenshan Speedway East Section Co., Ltd.	23,706,422.02	23,706,422.02
	Guangdong Nanyue Transportation Chaozhang Expressway Management Center	18,994,892.60	14,596,330.28
	Guangdong Nanyue Transportation Donglei Expressway Management Center	14,980.96	
	Guangdong Nanyue Transportation Hehuiguan Expressway Management Center	243,164.15	18,455.05
	Guangdong Nanyue Transportation Huaiyang Expressway Management Center	32,533.96	53,392.37
	Guangdong Nanyue Transportation Jiehui Expressway Management Center	13,963,302.75	13,963,302.75
	Guangdong Nanyue Transportation Longhuai Expressway Management Center	449,924.04	156,196.70
	Guangdong Nanyue Transportation Qingyun Expressway Management Center	15,001,484.40	26,243,777.06
	Guangdong Nanyue Transportation Renbo Expressway Management Center	519,433.90	22,102,572.15
	Guangdong Nanyue Transportation Shaogan Expressway Management Center	42,456,839.43	42,456,839.43
	Guangdong Nanyue Transportation Investment and Construction Co., Ltd.	134,409.84	252,021.10
	Guangdong Nanyue Transportation Yunzhan Expressway Management Center	5,224,782.16	53,333.70
	Guangzhongjiang Expressway Project Management Office	17,857,036.20	17,857,036.20
	Jiangmen Jianghe Expressway Co., Ltd.	142,399.82	142,399.82
	Shenzhen Yantian Port Holdings Co., Ltd.	220,424.22	1,018,550.83
	Zhaoqing Yuezhao Highway Co., Ltd.	18,098,218.21	18,098,218.21

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Items	Related parties	Closing balance	Opening balance
Non-current liabilities due within one year			
	Poly Changda Engineering Co., Ltd.	8,320,569.37	8,216,666.71

X. Subsequent Events

No events after the balance sheet date that need to be disclosed.

XI. Other Significant Events

1. Segment reporting

(1) Financial information of reportable segments

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. There are 5 reportable segments, which are highway operation management, material logistics service, passenger and freight transportation service, service area business and engineering technology service. Segment accounting policies are consistent with those for the consolidated financial statements. Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment revenue and segment expenses are determined according to the actual revenue and expenses of each segment. Segment assets or liabilities are distributed according to the assets used in the daily activities of the operating segment that can be attributed to the operating segment or the liabilities generated that can be attributed to the operating segment.

Financial information of reportable segments for the nine months ended 30 September 2021 is shown as follows:

Items	Highway operation management	Material logistics service	Passenger and freight transportation service	Expressway service zones services	Engineering technology	Other undistributed	Inter segment offset	Total
Operating income								
External income	29,717,061,640.06	3,522,985,378.69	1,899,500,472.12	2,676,424,257.86	639,455,233.27	854,604,420.06		39,310,031,402.06
Inter-segment income	112,593,188.71	49,787,414.51	93,474,109.43		694,437,567.08	337,727,940.04	-1,288,020,219.77	
Total	29,829,654,828.78	3,572,772,793.20	1,992,974,581.55	2,676,424,257.86	1,333,892,800.35	1,192,332,360.10	-1,288,020,219.77	39,310,031,402.06
Operating costs	17,301,549,512.64	3,268,125,654.34	2,179,792,063.76	2,284,716,726.03	1,113,662,982.30	767,081,272.60	-1,266,820,909.28	25,648,107,302.39

Guangdong Provincial Communications Group Co., Ltd. (Consolidated)

For the nine months ended 30 September 2021

Notes to interim financial statements

Segment operating profit	5,388,483,753.45	217,825,947.33	-401,184,893.18	241,860,291.03	-23,073,216.69	459,583,955.22	-479,642,716.97	5,403,853,120.19
Segment assets	438,757,550,790.56	6,355,153,559.12	6,495,991,961.65	3,510,761,770.69	2,854,722,347.76	36,581,661,534.77	-45,008,728,618.54	449,547,113,346.01
Segment liabilities	312,755,865,489.13	4,983,914,786.26	3,547,897,916.24	2,791,388,473.13	1,850,842,775.50	30,237,285,730.91	-35,071,139,314.71	321,093,995,856.46

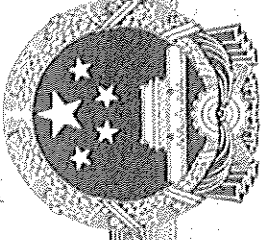
Financial information of reportable segments for the nine months ended 30 September 2020 is shown as follows:

Items	Highway operation management	Material logistics service	Passenger and freight transportation service	Service area business	Engineering technology	Other undistributed	Inter segment offset	Total
Operating income								
External income	17,883,184,892.96	2,998,526,809.27	1,778,959,503.23	2,129,127,668.37	716,011,988.45	883,608,374.76		26,389,419,237.03
Inter-segment income	128,571,428.57	143,912,599.67	81,228,636.75		271,657,174.21	287,048,488.40	-912,418,327.69	
Total	18,011,756,321.53	3,142,439,408.94	1,860,188,139.98	2,129,127,668.37	987,669,162.66	1,170,656,863.16	-912,418,327.69	26,389,419,237.03
Operating costs	10,775,580,321.88	2,931,676,557.86	2,140,495,689.94	1,725,646,936.00	815,510,386.83	702,948,289.66	-877,271,424.54	18,214,506,757.63
Segment operating profit	1,324,910,158.49	220,332,577.73	-523,561,999.71	243,334,918.63	80,029,856.31	679,757,235.57	-418,472,770.52	1,606,329,976.49
Segment assets	429,267,750,315.09	6,037,497,746.20	7,495,950,843.90	3,307,249,312.82	2,987,943,254.05	35,739,441,255.87	-42,825,910,401.78	442,009,922,326.15
Operating income	302,717,410,252.64	4,195,720,822.70	3,500,395,044.06	2,588,512,434.71	2,060,693,748.10	29,745,690,228.37	-28,555,782,804.66	316,252,639,725.92

Guangdong Provincial Communications Group Company, Limited

22 Dec 2021





营业执照

(副本)

统一社会信用代码

91310101568093764U

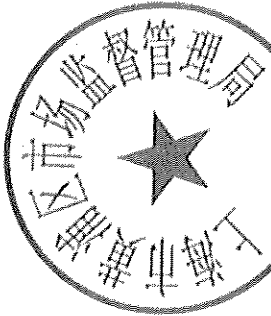
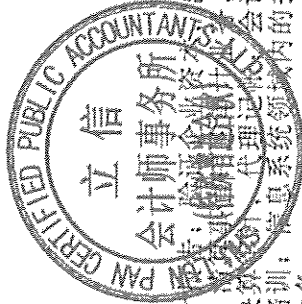
证照编号: 01000000202107140026

扫描二维码
登录
国家企业信用信息公示系统,
了解更多登记、备案、许可、监管信息。



名称 立信会计师事务所 (特殊普通合伙)
 成立日期 2011年01月24日
 类型 特殊普通合伙企业
 合伙期限 2011年01月24日 至 不约定期限
 执行事务合伙人 朱建弟, 杨志国
 主要经营场所 上海市黄浦区南京东路61号四楼

经营范围
 审查企业会计报表,出具审计报告;审核企业年度财务报告,出具审计报告;基本建设资金管理;法律、法规须经批准的项目;经相关部门批准后方可开展经营活动
 【依法须经批准的项目,经相关部门批准后方可开展经营活动】



登记机关

2021年07月14日

证书序号: 0001247

说明

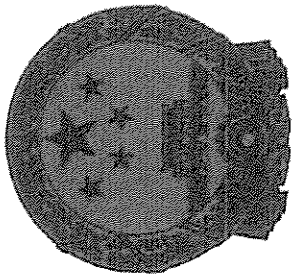
1. 《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
2. 《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
3. 《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
4. 会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。



发证机关:

二〇一八年六月一日

中华人民共和国财政部制



会计师事务所 执业证书

名称: 立信会计师事务所(特殊普通合伙)

首席合伙人: 朱建弟

主任会计师:

经营场所: 上海市黄浦区南京东路61号四楼



组织形式: 特殊普通合伙制

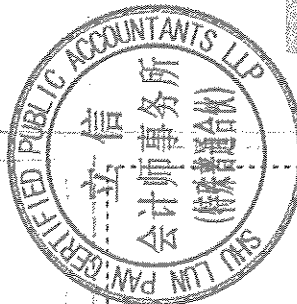
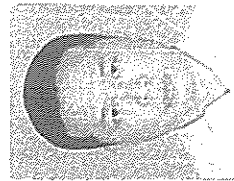
执业证书编号: 31000006

批准执业文号: 沪财会〔2000〕26号(转制批文 沪财会〔2010〕82号)

批准执业日期: 2000年6月13日(转制日期 2010年12月31日)



姓名	姜千
Full name	
性别	男
Sex	
出生日期	1977-02-01
Date of birth	
工作单位	立信会计师事务所
Working unit	特殊普通合伙(广东分所)
身份证号码	440502197702012017
Identity card No.	



姜千(110001540017), 已通过广东省注册会计师协会2020年任职资格检查, 通过文号: 粤注协(2020)132号。



110001540017

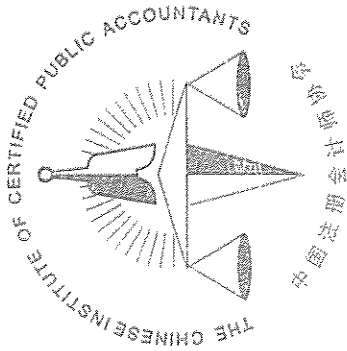
证书编号: 110001540017
No. of Certificate

批准注册协会: 广东省注册会计师协会
Authorized Institute of CPAs

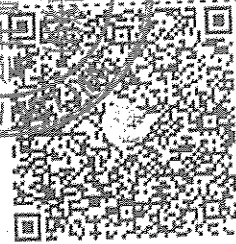
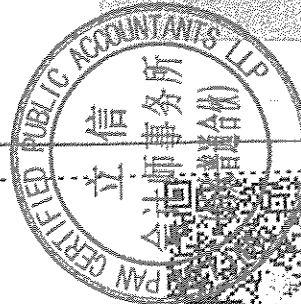
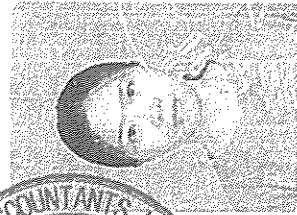
发证日期: 2001 年 12 月 11 日
Date of Issuance /y /m /d

年 月 日
/y /m /d

2020 年 9 月换发



姓名	昌宇颖
Sex	女
Date of birth	1981-05-07
Working unit	立信会计师事务所(特殊普通合伙)
Identity card No.	广东分所 513624198105074885



昌宇颖(310000061516), 已通过广东省注册会计师协会2020年任职资格检查。通过文号: 粤注协(2020)132号,



310000061516

证书编号:
No. of Certificate

310000061516

批准注册协会:
Authorized Institute of CPAs

广东省注册会计师协会

发证日期:
Date of Issuance

2017 年 12 月 14 日
/y /m /d

年 月 日
/y /m /d

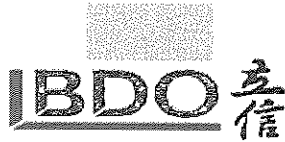
**Guangdong Provincial Communications
Group Co., Ltd.
Auditor's Report and Consolidated
Financial Statements
For the Year Ended 31 December 2020**

Guangdong Provincial Communications Group Co., Ltd.

Auditors' Report and Consolidated Financial Statements

(For the Year Ended 31 December 2020)

	Contents	Page
I.	Auditors' Report	1-4
II.	Financial Statements	
	Consolidated Balance Sheet	1-2
	Consolidated Income Statement	3
	Consolidated Cash Flow Statement	4
	Consolidated Statement of Changes in Equity	5-6
III.	Notes to the Consolidated Financial Statements	1-191



立信会计师事务所(特殊普通合伙)
BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

Auditor's Report

Xin Kuai Shi Bao Zi [2021] No. ZC20054

TO GUANGDONG PROVINCIAL COMMUNICATIONS GROUP CO., LTD.

1. AUDIT OPINION

We have audited the financial statements of Guangdong Provincial Communications Group Co., Ltd. (the "Company" or the "GCGC") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of balance sheet as at 31 December 2020, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and the consolidated financial performance and the consolidated cash flows of the Group for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

2. BASIS FOR OPINION

We concluded our audit in accordance with China Standards on Auditing for Certified Public Accountants("CSAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management of the Group (the “management”) is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

4. AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, further events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit, we remain solely responsible for our audit opinion.

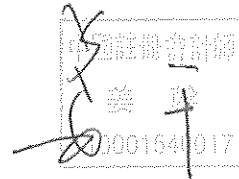
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(There is no text on this page)



Certified Public Accountant of China

Jiang Gan



Certified Public Accountant of China

Chang Yuying



Shanghai, China

31 March 2021


Guangdong Provincial Communications Group Co., Ltd.

Consolidated Statement of Financial Position as at 31 December 2020


(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note VIII	31 December 2020	31 December 2019
Current Assets			
Monetary funds	1	20,519,194,211.66	23,689,445,074.33
Financial assets at fair value through profit or loss	2	8,682,823,710.69	300,116,541.99
Notes receivable	3	53,794,328.82	49,359,744.33
Accounts receivable	4	1,629,507,243.85	1,402,598,172.07
Prepayments	5	942,480,759.70	2,478,373,660.39
Other receivables	6	3,031,350,117.40	1,997,538,998.76
Including: Dividend receivables		60,124,508.53	20,707,233.55
△Financial assets held under resale agreements	7	1,694,535,000.00	
Inventories	8	2,473,407,550.28	7,699,796,036.78
Including: Raw materials		150,399,575.41	199,636,977.70
Merchandised inventories (Finished goods)		467,196,029.82	293,584,478.50
☆Contract assets	9	5,276,369.96	4,786,948.62
Non-current assets due within one year	10	743,568.25	1,321,299.96
Other current assets	11	324,230,168.05	421,974,222.54
Total current assets		39,357,343,028.66	38,045,310,699.77
Non-current assets			
△Loans and advances	12		55,575,000.00
Available-for-sale financial assets	13	2,098,857,222.09	3,677,790,001.56
Long-term receivables	14	936,612,124.49	462,874,292.10
Long-term equity investments	15	8,285,596,882.61	6,797,140,210.75
☆Other equity instrument investments	16	992,891,274.78	1,091,698,351.26
Investment properties	17	1,558,667,297.31	1,292,508,134.85
Fixed assets	18	250,256,056,210.16	250,167,970,666.78
Including: Original costs of fixed assets		371,124,775,365.16	357,059,966,485.58
Accumulated depreciation		121,127,527,922.79	107,145,523,137.51
Provision for impairment		107,291,889.72	114,448,068.93
Construction in progress	19	91,978,235,795.98	77,652,199,469.67
☆Right-of-use assets	20	1,057,649,674.52	723,954,382.18
Intangible assets	21	34,911,699,824.99	31,927,099,756.11
Research and development costs	22	29,490,402.09	26,915,965.66
Goodwill	23	405,989,628.60	418,291,644.26
Long-term deferred expenses	24	615,234,854.39	533,414,757.53
Deferred tax assets	25	1,779,304,943.39	1,872,732,438.11
Other non-current assets	26	12,024,701,921.75	9,830,780,492.68
Total non-current assets		406,930,988,057.15	386,530,945,563.50
Total assets		446,288,331,085.81	424,576,256,263.27

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative: 

The person in charge of accounting affairs: 

The head of the accounting department: 

Guangdong Provincial Communications Group Co., Ltd.


Consolidated Statement of Financial Position as at 31 December 2020 (continued)


(Unless otherwise stated, all amounts are denominated in Reuminbi Yuan)

Items	Note VIII	Closing balance	Opening balance
Current liabilities			
Short-term loans	27	2,453,996,196.75	314,051,323.41
Notes payable	28	711,634,221.16	713,262,399.91
Accounts payable	29	11,361,012,874.53	12,489,417,221.26
Advances from customers	30	1,172,031,540.35	1,310,298,568.80
☆Contract liabilities	31	45,999,759.92	35,324,665.50
△Deposits from customers and interbank	32	64,936,403.93	173,680,108.11
Employee benefits payable	33	607,532,755.25	610,336,216.27
Including: Accrued payroll		298,718,727.35	320,523,012.02
Welfare payables		4,556,139.17	3,899,677.52
#Including: Staff bonus and reserve funds		4,454,440.96	3,804,440.96
Taxes and surcharges payable	34	1,381,562,047.47	910,586,020.27
Including: Taxes payable		1,356,152,945.21	887,656,618.06
Other payables	35	11,044,281,038.66	12,427,980,318.45
Including: Dividend payables		66,849,146.17	131,108,573.76
Non-current liabilities due within one year	36	8,504,901,774.48	8,667,694,665.67
Other current liabilities	37	5,131,113.85	1,925,044.09
Total current liabilities		37,353,019,726.35	37,654,556,551.74
Non-current liabilities			
Long-term loans	38	238,617,372,066.79	217,078,938,288.66
Bonds payable	39	31,819,021,962.82	32,076,286,526.30
☆Lease liabilities	40	1,025,527,322.90	677,564,824.11
Long-term payables	41	597,998,388.29	1,144,392,665.95
Long-term employee benefits payable	42	195,036,005.23	190,277,350.01
Provision	43		125,594.00
Deferred income	44	2,262,840,464.93	1,468,773,077.26
Deferred tax liabilities	25	927,579,563.28	1,341,927,657.74
Other non-current liabilities	45	8,394,312,401.27	7,929,871,891.96
Total non-current liabilities		283,839,688,175.51	261,908,157,875.99
Total liabilities		321,192,707,901.86	299,562,714,427.73
Equity			
Paid-in capital	46	26,800,000,000.00	26,800,000,000.00
Capital reserves	47	46,911,329,703.30	43,789,692,166.71
Other comprehensive income		322,337,644.22	1,572,565,669.83
Including: Foreign currency translation differences		-69,680,531.64	-52,093,826.58
Specific reserves	48	69,246,776.38	68,717,068.84
Surplus reserves	49	3,074,566,460.48	2,850,554,756.28
Including: Statutory surplus reserves		2,635,283,455.66	2,411,271,751.46
Discretionary surplus reserves		439,283,004.82	439,283,004.82
△General Risk Reserves	50	373,501,005.04	326,144,252.03
Undistributed profit	51	18,723,233,127.20	19,494,586,223.77
Total equity attributed to parent company		96,274,214,716.62	94,902,260,137.46
Total equity attributed to non-controlling interests shareholders ("NCI")		28,821,408,467.33	30,111,281,698.08
Total equity		125,095,623,183.95	125,013,541,835.54
Total liabilities and equity		446,288,331,085.81	424,576,256,263.27

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative: 

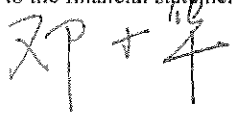
The person in charge of accounting affairs: 


The head of the accounting department: 


Guangdong Provincial Communications Group Co., Ltd.
Consolidated Statement of Comprehensive Income for the year ended at 31 December 2020
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Note VIII	2020	2019
I. Total income		40,926,958,723.74	49,112,329,630.94
Including: Operation income	52	40,613,172,681.03	48,807,093,713.27
△ Interest income	53	313,786,042.71	305,235,917.67
II. Total cost		41,864,046,838.03	43,189,047,205.35
Including: Operation cost	52	28,347,249,193.98	30,791,508,255.16
△ Interest expense	53	17,234,901.32	17,431,173.27
Charges and commissions expense		293,613,574.65	330,771,891.12
Selling and distribution expense		166,900,755.36	188,797,817.52
General and administrative expense		2,818,689,253.80	2,814,458,740.13
Research and Development expense		211,044,688.66	202,908,888.13
Financial expense	54	10,009,314,470.26	8,843,170,440.02
Including: Interest expense		10,319,231,334.52	8,890,928,891.49
Interest income		197,523,876.61	159,426,601.72
Loss on exchange ("-" for gain)		-179,768,082.52	41,140,960.97
Add: Other income	55	639,379,910.63	367,884,215.54
Investment income ("-" for loss)	56	3,921,223,670.35	1,099,167,728.57
Including: Income from investments in associates and joint ventures		862,146,408.20	811,481,598.81
☆ Impairment loss of credit ("-" for loss)	57	-30,185,575.73	-12,882,937.57
Impairment loss of assets ("-" for loss)	58	-227,423,243.74	-97,990,169.55
Gains or losses on disposal of assets ("-" for loss)	59	80,398,371.58	235,042,043.07
III. Operating profit		3,446,305,018.80	7,514,503,305.65
Add: Non-operating income	60	181,156,921.71	176,615,778.53
Including: Government grants		16,891,981.67	36,675,646.49
Less: Non-operating expense	61	136,113,448.01	151,475,197.49
IV. Profit before tax		3,491,348,492.50	7,539,643,886.69
Less: Income tax expense	62	1,832,660,879.31	2,285,515,557.80
V. Net profit for the year		1,658,687,613.19	5,254,128,328.89
1. Classified by ownership:			
Net profit attributed to parent company		623,055,360.64	2,688,046,372.74
Net profit attributed to NCI		1,035,632,252.55	2,566,081,956.15
2. Classified by continuity of operation:			
Net profit from continuing operation		1,658,687,613.19	5,254,128,328.89
Net profit from discontinued operation			
VI. Other comprehensive income after tax	63	-1,300,515,704.06	543,064,100.18
Other comprehensive income after tax attributed to parent company		-1,250,228,025.61	474,716,982.73
1. Items that will not be reclassified to profit or loss:			
a. Remeasurement of defined benefit plan		-36,995,162.01	63,445,952.29
☆ b. Changes in fair value of other equity instrument investments		150,051.51	653,328.44
-37,145,213.52			62,792,623.85
2. Items that will be reclassified to profit or loss:			
a. Other comprehensive income that can be transferred into profit or loss under equity method		-1,213,232,863.60	411,271,030.44
-7,188,711.50			2,675,391.61
b. Changes in the fair value of available-for-sale financial assets		-1,188,457,447.04	402,607,338.34
c. Foreign currency translation differences		-17,586,705.06	5,988,300.49
Other comprehensive income after tax attributed to NCI		-50,287,678.45	68,347,117.45
VII. Total comprehensive income for the year		358,171,909.13	5,797,192,429.07
Total comprehensive income attributed to parent company		-627,172,664.97	3,162,763,355.47
Total comprehensive income attributed to NCI		985,344,574.10	2,634,429,073.60

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative: 

The person in charge of accounting affairs: 

The head of the accounting department: 

Guangdong Provincial Communications Group Co., Ltd.


Consolidated Statement of Cash Flow for the year ended 31 December 2020


(Unless otherwise stated, all amounts are denominated in Renmiubi Yuan)

	Note VIII	2020	2019
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		40,651,151,976.39	50,590,259,413.31
△Net increase of client deposit and bank deposit		-108,743,704.18	-839,485,481.54
△Cash received from interest, charges and commission		316,177,117.00	307,019,836.06
△Net increase of repurchase business		-1,694,535,000.00	8,900,000.00
Cash received from tax refund		6,056,111.20	1,832,761.62
Other cash received relating to operating activities		2,199,648,274.86	4,838,593,137.87
Sub-total of cash inflows from operating activities		41,369,754,775.27	54,907,119,667.32
Cash paid for goods and services		13,707,958,298.13	13,692,501,240.73
△Net increase in loans and advances to customers		-57,000,000.00	-2,000,000.00
△Net increase in deposit in central bank and other financial institutions		423,126,990.65	-219,927,871.91
△Cash paid for interest, charges and commission		17,750,202.78	18,063,911.21
Cash paid to and on behalf of employees		6,599,668,004.94	6,889,275,463.75
Cash paid for all types of taxes		2,809,039,051.64	4,217,315,159.41
Other cash paid relating to operating activities		2,922,594,955.49	3,089,349,972.16
Sub-total of cash outflows from operating activities		26,423,137,503.63	27,684,577,875.35
Net cash flows from operating activities		14,946,617,271.64	27,222,541,791.97
II. Cash flows from investing activities			
Cash received from sale of investment		4,114,404,815.01	1,392,971,780.80
Cash received from return on investments		867,944,808.48	1,280,977,947.39
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		132,807,244.65	292,607,294.05
Net cash received from disposal of subsidiaries and other business units	66	795,250,946.74	-2,546,473.47
Other cash received relating to investing activities		903,948,755.15	1,441,906,905.26
Sub-total of cash inflows from investing activities		6,814,356,570.03	4,405,917,454.03
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		25,938,752,664.78	29,707,251,442.39
Cash paid for acquisition of investments		10,546,134,200.36	1,873,143,875.25
Net Cash paid for acquisitions of subsidiaries and other business units			-150,733,220.39
Other cash paid relating to other investing activities		403,565,812.46	450,671,205.84
Sub-total of cash outflows from investing activities		36,888,452,677.60	31,880,333,303.09
Net cash flows from investing activities		-30,074,096,107.57	-27,474,415,849.06
III. Cash flows from financing activities			
Cash received from capital contributions		2,830,722,266.77	3,465,036,285.40
Including: Cash received by subsidiaries from capital contributions of NCI		428,750,000.00	349,771,285.40
Cash received from borrowings		46,997,682,179.10	31,157,785,143.31
Other cash received relating to financing activities		1,350,687,336.02	385,810,003.00
Sub-total of cash inflows from financing activities		51,179,091,781.89	35,008,631,431.71
Cash repayments of borrowings		22,484,639,852.71	22,318,350,433.94
Cash paid for distribution of dividends, profits and interests		15,598,506,621.21	15,145,010,023.51
Including: Cash paid to NCI for distribution of dividends or profits by subsidiaries		1,450,972,932.95	2,582,893,550.12
Other cash paid relating to financing activities		1,486,514,026.41	1,453,841,065.06
Sub-total of cash outflows from financing activities		39,569,660,500.33	38,917,201,522.51
Net cash flows from financing activities		11,609,431,281.56	-3,908,570,090.80
IV. Effect on changes in exchange rate on cash and cash equivalents		-49,890,249.58	12,103,194.24
V. Net increase/decrease in cash and cash equivalents		-3,567,937,803.95	-4,148,340,953.65
Add: Cash and cash equivalents at the beginning of the year		22,305,806,028.05	26,454,146,981.70
VI. Cash and cash equivalents at the end of the year		18,737,868,224.10	22,305,806,028.05

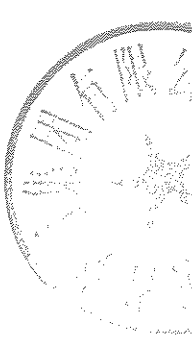
The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative: 

The person in charge of accounting affairs: 

The head of the accounting department: 

Guangdong Provincial Communications Group Co., Ltd.
Consolidated Statement of Changes in Equity for the year ended 31 December 2020
 (Unless otherwise stated, all amounts are denominated in Renminbi Yuan)



	Equity attributable to the Group										Total equity		
	Paid-in capital	Preference shares	Other equity instruments	Capital reserves	Less: stock shares	Other comprehensive income	Specific reserves	Surplus reserves	ΔGeneral risk reserves	Undistributed profit		Subtotal	NCI
I. Closing balance for the previous year	26,800,000,000.00			43,789,692,166.71		1,572,565,669.83	68,717,068.84	2,850,554,756.28	326,144,252.03	19,494,586,223.77	94,902,260,137.46	30,111,281,698.08	125,013,541,835.54
Add: Changes in accounting policies													
Others													
II. Opening balance for this year	26,800,000,000.00			43,789,692,166.71		1,572,565,669.83	68,717,068.84	2,850,554,756.28	326,144,252.03	19,494,586,223.77	94,902,260,137.46	30,111,281,698.08	125,013,541,835.54
III. Changes in equity during the year ("-" for decrease)				3,121,637,536.59		-1,250,228,025.61	529,707.54	224,011,704.20	47,356,753.01	-771,353,096.57	1,371,954,579.16	-1,289,873,230.75	82,081,348.41
1. Total comprehensive income				3,121,637,536.59		-1,250,228,025.61	529,707.54	224,011,704.20	47,356,753.01	-771,353,096.57	1,371,954,579.16	-1,289,873,230.75	82,081,348.41
2. Capital injection and reduction by owners							-406,360.20			623,055,360.64	-627,172,664.97	983,344,574.10	358,171,909.13
a. Ordinary shares invested by owners							-406,360.20				3,121,231,176.39	-799,326,170.29	2,321,905,006.10
b. Capital contribution by holders of other equity instruments											2,290,295,079.42	520,859,665.31	2,811,154,744.73
c. Share-based payment included in owners' equity													
d. Others													
3. Specific reserves				831,342,457.17			-406,360.20				830,936,096.97	-1,320,185,835.60	-489,249,738.63
a. Withdrawal for the period							936,067.74				936,067.74	-3,646,818.05	-2,710,750.31
b. Utilization for the period							59,914,034.12				59,914,034.12	29,652,462.57	89,566,496.69
4. Profit distribution							-58,977,966.38				-58,977,966.38	-33,299,280.62	-92,277,247.00
a. Withdrawal of surplus reserves								224,011,704.20	47,356,753.01	-1,394,408,457.21	-1,123,040,000.00	-1,472,244,816.51	-2,595,284,816.51
including: Statutory surplus reserves								224,011,704.20		-224,011,704.20			
Discretionary surplus reserves								224,011,704.20					
Δb. Withdrawal of general risk reserves									47,356,753.01	-47,356,753.01			
c. Distribution to owners (or shareholders)										-1,123,040,000.00	-1,123,040,000.00	-1,472,244,816.51	-2,595,284,816.51
d. Others													
4. Internal transfer of owner's equity													
II. Closing balance for this year	26,800,000,000.00			46,911,329,703.30		322,337,644.22	69,246,776.38	3,074,566,460.48	373,501,005.04	18,723,233,127.20	96,274,214,716.62	28,821,408,467.33	125,095,623,185.95

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative:  The person in charge of accounting affairs:

The head of the accounting department: 

Guangdong Provincial Communications Group Co., Ltd.

Consolidated Statement of Changes in Shareholders' equity for the year ended at 31 December 2019
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Share capital		Other equity instruments		Equity attributable to the Group							Subtotal	NCI	Total shareholders' equity
	Preference shares	Perpetual debt	other	Less: stock shares	Capital reserves	Other comprehensive income	Specific reserves	Surplus reserves	ΔGeneral risk reserves	Undistributed profit				
I. Closing balance for the previous year	26,800,000,000.00				40,729,955,483.99	1,092,737,668.13	80,636,594.72	2,608,544,955.62	326,144,252.03	17,971,200,574.73	89,609,225,536.72	27,173,467,890.73	116,782,693,417.45	
Plus: Changes in accounting policies						5,111,020.97				-4,868,923.04	224,097.93	222,997.25	-447,095.18	
Others														
II. Opening balance for this year	26,800,000,000.00				40,729,955,483.99	1,097,848,687.10	80,636,594.72	2,608,544,955.62	326,144,252.03	17,966,331,651.69	89,609,449,634.65	27,173,690,887.98	116,783,140,512.63	
III. Changes in equity during the year ("-" for decrease)					3,059,736,682.72	474,716,982.73	-11,919,525.38	242,009,800.66		1,528,266,572.08	5,292,810,512.81	2,937,598,810.10	8,230,401,322.91	
1. Total comprehensive income						474,716,982.73				2,688,046,372.74	3,162,763,355.47	2,634,429,073.60	5,797,193,429.07	
2. Capital injection and reduction by owners					3,059,736,682.72						3,059,736,682.72	2,789,140,312.46	5,848,876,995.18	
a. Ordinary shares invested by owners														
b. Capital contribution by holders of other equity instruments					3,073,855,708.90						3,073,855,708.90	337,460,026.51	3,411,315,735.41	
c. Share-based payment included in owners' equity														
d. Others					-14,119,026.18						-14,119,026.18	2,451,680,285.95	2,437,561,259.77	
3. Specific reserves							-11,919,525.38				-11,919,525.38	-5,391,309.50	-17,310,834.88	
a. Withdrawal for the period							55,232,989.74				55,232,989.74	29,504,023.51	84,737,013.25	
b. Utilization for the period							-67,152,515.12				-67,152,515.12	-34,895,333.01	-102,047,848.13	
4. Profit distribution								242,009,800.66		-1,159,779,800.66	-917,770,000.00	-2,480,587,266.46	-3,398,357,266.46	
a. Withdrawal of surplus reserves including: Statutory surplus reserves								242,009,800.66		-242,009,800.66				
b. Discretionary surplus reserves								242,009,800.66		-242,009,800.66				
Δb. Withdrawal of general risk reserves														
c. Distribution to owners (or shareholders)										-917,770,000.00	-917,770,000.00	-2,480,587,266.46	-3,398,357,266.46	
d. Others														
4. Internal transfer of owner's equity														
II. Closing balance for this year	26,800,000,000.00				43,789,692,166.71	1,572,565,669.83	68,717,068.84	2,850,554,756.28	326,144,252.03	19,494,586,223.77	94,902,260,137.46	30,111,281,698.08	125,013,541,835.54	

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative: 

The person in charge of accounting affairs:



The head of the accounting department:



Guangdong Provincial Communications Group Co., Ltd.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

(Unless otherwise stated, all amounts are denominated Renminbi Yuan)

1. BASIC INFORMATION ABOUT THE COMPANY

1 History, place of registration, form of organization and address of headquarters of the Company

Guangdong Provincial Communications Group Co., Ltd. (the "Company"), is comprised of 126 state-owned enterprises, under the approval of the Communist Party of China (the "CPC") Guangdong Provincial Committee Municipality and People's Government of Guangdong Province Municipality Yue Ban Fa [2000] No.9 "Overall Plan for Asset Restructuring of State-Owned Enterprises in Guangdong Province". It was established on 23 June 2020, and its enterprise unified social credit code is 91440000723838552J. The registered capital of the Company was RMB 26,800,000,000.00 and the registered office of the Company is Room 605, No. 83 & 85 Baiyun Road, Yuexiu District, Guangzhou, Guangdong Province. The legal representative of the Company is Mr. Deng Xiaohua.

The company sets up the Committee of the Communist Party of China Guangdong Provincial Communications Group Co., Ltd. (hereinafter referred to as the "Party committee"), which is composed of nine Party Committee members, including 1 party secretary, 3 deputy party secretaries and 1 (concurrently) secretary of the Discipline Inspection Commission. The Party committee plays the role of leadership core and political core, and pre studies and discusses major issues of the company. The board of directors is the decision-making body of the company, and the company implements the general manager responsibility system under the leadership of the board of directors. The board is composed of 5 directors, with 1 chairman. The company has 1 general manager and 4 deputy general managers.

2 Business nature and principal business activities of the Company

The principal business of the Company mainly include: the management of shares, reorganization of assets and optimal allocation, raising capital through mortgage, property right transfer, joint-stock reformation etc., investment and operation, transportation infrastructures construction, highway project operation and related industries, technology development, application, consultation and service, highway passenger and freight transportation and modern logistics business, overseas related business, value added telecommunications services.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are mainly engaged in highway construction and operation, highway transportation, material sales, engineering technology, highway service area operation and others.

3 Approval of financial statements

The financial statements were approved by the Board of Directors of the Company on 31 March 2021.

II. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of the Group have been prepared in accordance with Accounting Standard for Business Enterprises – Basic Principles and corresponding application guidance, interpretation and other related provisions issued by Ministry of Finance of the PRC (collectively, “Accounting Standard for Business Enterprises”).

The financial statements have been prepared on a going concern basis.

III. STATEMENTS OF COMPLIANCE

The financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by Ministry of Finance ((hereinafter referred to as “MOF”) of the PRC and present truly and completely the consolidated finance position of the Group as at 31 Dec 2020, and the consolidated financial performance and the consolidated cash flows of the Group for the year then ended.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The MOF issued the revised Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standard for Business Enterprises No. 24 - Hedge Accounting and Accounting Standard for Business Enterprises No. 37 - Presentation of Financial Instruments (revised in 2017) (hereinafter referred to as “the New Financial Instrument Standard”). According to the New Financial Instrument Standard, enterprises listed at domestic and abroad and enterprises listed abroad preparing financial reports by using international financial reporting standards or Accounting Standard for Business Enterprises shall be implemented as of 1 Jan 2018. Other domestic listed enterprises shall be implemented as of 1 Jan 2019. Non listed enterprises implement the Accounting Standard for Business Enterprises shall be implemented as of 1 Jan 2021. At the same time, enterprises are encouraged to implement in advance.

In 2017, The MOF promulgated the revised Accounting Standard for Business Enterprises No. 14 - Revenue (hereinafter referred to as “the New Revenue Standard”). According to the New Revenue Standard, enterprises listed at domestic and abroad and enterprises listed abroad preparing financial statements by using international financial reporting standards or Accounting Standard for Business Enterprises shall be implemented as of 1 Jan 2018. Other domestic listed enterprises shall be implemented as of 1 Jan 2020. Non listed enterprises that implement the Accounting Standard for Business Enterprises shall go into effect as of January 1 Jan 2021. At the same time, enterprises are allowed to execute in advance.

In 2018, The MOF promulgated the revised Accounting Standard for Business Enterprises No. 21 - Lease (hereinafter referred to as “the New Lease Standard”). According to the New Lease Standard, enterprises listed at domestic and abroad and enterprises listed abroad preparing financial statements by using international financial reporting standards or Accounting Standard for Business Enterprises shall be implemented as of 1 Jan

2019. Other domestic listed enterprises shall be implemented as of 1 Jan 2021. An enterprise whose parent company or subsidiary is listed abroad and prepares its overseas financial statements in accordance with international financial reporting standards or Accounting Standard for Business Enterprises may implement standard in advance, but shall not be earlier than the date when it implements the new financial instrument standards and the new income standards at the same time.

According to “The Notice on Revising and Issuing the Accounting Standards for Business Enterprises No. 14 – Revenue” issued by the MOF and other relevant regulations, if the parent company implements the new standard but the subsidiary has not yet implemented the new standard, the parent company shall adjust the financial statements of the subsidiary in accordance with the provisions of the new standard when preparing the consolidated financial statements. If the parent company has not implemented the new standard but the subsidiary has implemented the new standard, when preparing the consolidated financial statements, the parent company can adjust and consolidate the financial statements of the subsidiary according to the accounting policies of the parent company, or directly consolidate the financial statements prepared by the subsidiary according to the new standard. If the parent company directly consolidates the financial statements prepared by the subsidiary according to the new standard, this fact shall be disclosed in the consolidated financial statements, and the accounting policies and other relevant information of the parent company and subsidiaries shall be disclosed respectively. The implementation of the new standards by the company and its subsidiaries within the consolidation scope is as follows:

Name	The New Financial Instrument Standard	The New Revenue Standard	The New Lease Standard
Guangdong Provincial Communications Group Co., Ltd. (Parent company)	Not yet implemented	Not yet implemented	Not yet implemented
Guangdong Yueyun Transportation Company Limited	Implemented from 1 Jan 2018	Implemented from 1 Jan 2018	Implemented from 1 Jan 2019
Guangdong Provincial Expressway Development Co., Ltd.	Implemented from 1 Jan 2019	Implemented from 1 Jan 2020	Not yet implemented
Other entities	Not yet implemented	Not yet implemented	Not yet implemented

While preparing the consolidated financial statements, the company will directly consolidate the financial statements prepared by its subsidiaries in accordance with the relevant new accounting standards.

1 Accounting period

The accounting year of the Group is from 1 Jan to 31 Dec in a calendar year.

2. Functional currency

The Company choose Renminbi (“RMB”) as their functional currency.

RMB is the currency of the primary economic environment in which the Company and its domestic subsidiaries, joint ventures and associates operate. The Company adopts RMB to present its financial statements.

3. Basis of measurement and valuation principles

The accounting is based on the accrual basis and it has been prepared under the historical cost except for certain pricing basis.

4 Business combinations

Business combinations involve entities under common control and not under common control.

(1) Business combinations involve entities under common control

The assets and liabilities acquired by the acquirer through business combination shall be measured at the carrying value of the assets, liabilities of the acquiree (including goodwill incurred in the acquisition of the acquiree by ultimate controlling party) in the financial statements of the ultimate controlling party at the date of combination. If the accounting policies adopted by the acquiree are inconsistent with those adopted by the acquirer, the acquirer shall make adjustment according to the accounting policies of the company on the merged date, and on this basis, shall be recognized according to the adjusted book value. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Assets and liabilities (including goodwill formed in the acquisition of the acquiree by ultimate controlling party) obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. If the accounting policies adopted by the acquirees are different from those of the Company, the acquirer shall adjust according to the accounting policies of the Company. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained profits.

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

(2) Business combinations involve entities not under common control

On the acquisition date, the acquirer shall measure the assets paid, liabilities incurred or assumed as the consideration for business combination at fair value. The difference between the fair value and the book value shall be charged to current profit or loss. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, the Company shall recognize such difference as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to current profit or loss. The identifiable assets acquired from the acquiree

in a business combination that meet the recognition criteria, liabilities and contingent liabilities are measured at the fair value at the acquisition date.

The direct relevant expenses incurred for the business combinations involving entities not under common control are recognized as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities or debt securities issued for business combination shall be recognized as the initial recognition amount of equity securities or debt securities.

The acquisition date is the date the acquirer actually obtains control over the acquiree.

If the following conditions are met at the same time, it can usually be judged that the transfer of control is realized:

- The contract or the agreement of business combination has been authorised by the general meeting of shareholders or other internal authorities;
- The business combination has been authorised by the relevant charged department of the state;
- All parties involved in the business combination have gone through the necessary property right handover procedures;
- The acquirer has paid most of the merge amount (generally over 50%), and has capable and plan to pay the remaining amount;
- The acquirer has actually controlled the financial and operating policies, enjoyed benefits and bore corresponding risks.

The determination of sale date: generally, it is judged that the point when the right of the control has been lost after the completed transaction is the point of the sale date.

5 Preparation of consolidated financial statements

(1) Scope of consolidation

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries.

The Group controls an entity when has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(2) Consolidation procedures

The Company regards the entire enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flow of the Group. The impact of internal transactions between

the Company and its subsidiaries or between subsidiaries shall be offset. If internal transactions indicate that the relevant assets have suffered impairment losses, this part of losses shall be confirmed in full.

If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

The shareholders' equity, net profit or loss and other comprehensive income of subsidiaries for the period attributable to NCI are respectively and separately presented under the shareholders' equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the loss for the period shared by a NCI of a subsidiary exceeds the balances arising from the shares enjoyed by the NCI in the shareholders' equity of the subsidiary at the beginning of the period, NCI will be written down accordingly.

(a) Increase of subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the operating results and cash flows of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated financial statements; the beginning amount of the consolidated financial statements and relevant items in the comparative statements are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller has the control.

Where control can be exercised on the investee under the common control for additional investment or other reasons, equity investments held before the control over the combined party is obtained, the related profit or loss, other comprehensive income as well as other changes in net assets recognised from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the opening retained earnings or the current profit or loss during the period for comparing financial statements.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, all identifiable assets, liabilities and contingent liabilities will be included in the consolidated financial statements from the acquisition date based on their fair value determined on the acquisition date.

Where the Company can control the investee not under common control for additional investments, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. Where equity of the acquiree held before the acquisition date involves in other comprehensive income that can be reclassified

into profit or loss and other changes in shareholders' equity accounted for under the equity method shall be transferred to the investment income in the year which the acquisition date falls in.

(b) Disposal of subsidiaries

① General treatment methods

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be re-measured by the Company at the fair value thereof on the date of losing the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. Other comprehensive income that will be reclassified into profit or loss later associated with the equity investments of the original subsidiary, or the changes in other shareholders' equity calculated under the equity method, shall be transferred into investment income of the current period when control is lost.

② Disposal of subsidiaries by stages

If the control is lost due to disposal of the equity investments in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions related to the disposal of equity investments in subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions will be treated a package deal:

- i. The transactions are concluded at the same time or under the consideration of mutual effect;
- ii. These transactions as a whole can reach a complete business result;
- iii. The occurrence of a transaction depends on that of other transaction or more; and
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose subsidiaries and lose the control; the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control

should be recognised as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions do not belong to a package deal, before the loss of the control, accounting treatment shall be made according to the partial disposal of equity investments in the subsidiary without losing control; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

(c) Purchase of NCI in a subsidiary

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. If the share premium is insufficient to offset, retained earnings will be adjusted.

(d) Partial disposal of equity investments in subsidiaries without losing control

The share premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the share premium of capital reserves is insufficient, the retained earnings will be adjusted.

6 Classification of joint arrangements and accounting treatment

Joint arrangements can be classified into joint operations and joint ventures.

When the Group is a party to a joint arrangement and has rights to the assets, and obligations for the liabilities, relating to such arrangement, the joint arrangement is classified as a joint operation.

The Group recognises the following items in relation to its share of benefits in joint operations:

- the assets held solely by the Group and those jointly held on a pro-rata basis;
- the liabilities assumed solely by the Group and those jointly assumed on a pro-rata basis;
- the income generated from the sale of the products of the joint operation attributable to the Group;
- the income generated by the joint operation from the sale of products on a pro-rata basis;

- the expenses incurred solely by the Group and those incurred by the joint operation on a pro-rata basis.

The investment in joint ventures of the Group is accounted for under the equity method. For the details on investment in joint ventures, please refer to Note IV. 13. Long-term Equity Investments.

7 Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term and highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8 Foreign currency transactions and translation of financial statements denominated in foreign currencies

(1) Foreign currency transactions

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange difference are recognised in profit or loss for the current period, except for those differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalised as cost of the borrowings. Balance sheet date foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date, while foreign currency non-monetary items measured at the fair value shall be translated at the spot exchange rate on the date when the fair value is determined. The resulting exchange difference belongs to the equity instrument investment designated to be measured at fair value and its changes are included in other comprehensive income. The difference is included in other comprehensive income, and other differences are included in profit or loss for the current period.

(2) Translation of financial statements denominated in foreign currency

The assets and liabilities in the balance sheets are translated at the spot exchange rate on the balance sheet date. Except for "Retained earnings", all items under owner's equity are translated at the spot exchange rates when incurred.

The income and expenses items in the income statement are translated at the spot exchange rates on the transaction dates.

Items in the statement of cash flows are all translated at the spot exchange rate on the cash flow date. The influence of changes of exchange rate is regarded as an adjustment item. It is presented in the statement of cash flows as "Effect of foreign exchange rate changes on cash and cash equivalents".

The difference arising from the translation of financial statements is reflected in other comprehensive income item in the owner's equity of the statement of financial position.

On disposal of a foreign operation, the translation difference of the financial statements in foreign currency relating to that foreign operation is transferred from shareholders' equity to profit or loss of the period during which the disposal occurs.

9 Financial instruments

Financial instruments of the Company conclude financial assets, financial liabilities and equity instruments.

Entities that have not yet implemented the New Financial Instrument Standard

(1) Classification of financial instruments

Financial assets and financial liabilities are divided into different categories according to the purpose of obtaining assets or assuming liabilities at initial recognition: financial assets and financial liabilities measured at fair value and whose changes are included in current profit or loss, loans and accounts receivables, available for sale financial assets and other financial liabilities

(2) Recognition and measurement of financial instruments

(a) Financial assets (financial liabilities) measured at fair value through profit or loss

At initial recognition, financial assets and financial liabilities are measured at fair value. For financial assets or financial liabilities measured at fair value and whose changes are included in the current profit or loss, the relevant transaction costs are directly included in the current profit or loss. For other types of financial assets or financial liabilities, relevant transaction costs are included in the initially recognized amount.

The subsequent measurement of financial assets and financial liabilities is as follows:

Financial assets, financial liabilities and derivatives held by the Company for sale or repurchase in the near future, belong to financial assets and financial liabilities (including trading financial assets or financial liabilities) measured at fair value and whose changes are included in the current profit or loss.

After initial recognition, financial assets and financial liabilities measured at fair value with changes included in the current profit or loss shall be measured at fair value, and gains or losses arising from changes in fair value shall be included in the current profit or loss.

(b) Accounts receivable

Receivables refer to non-derivative financial assets with no quotation in an active market and fixed or determinable recovery amount.

After initial recognition, receivables are measured at amortized cost at the effective interest rate.

(c) Available for sale financial assets

The Group classifies non-derivative financial assets designated as available for sale at initial recognition and financial assets not classified into other categories as available for sale financial assets. The available for sale equity instrument investment whose fair value cannot be reliably measured shall be measured at cost after initial recognition, other available for sale financial assets are measured at fair value after initial recognition. Gains or losses arising from changes in fair value are included in other comprehensive income, except for impairment losses and exchange differences formed by foreign currency monetary financial assets, which are included in the current profit or loss. When available for sale financial assets are derecognized, they are transferred out and included in the current profit or loss. The cash dividends of available for sale equity instrument investments shall be included in the current profit or loss when the investee declares the distribution of dividends. The interest of available for sale financial assets calculated at the effective interest rate shall be included in the current profit or loss.

(d) Other financial liabilities

Other financial liabilities refer to financial liabilities other than those measured at fair value through profit or loss. After initial recognition, other financial liabilities are measured at amortized cost using the effective interest rate.

(3) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the statement of financial position without offsetting each other. However, if the following conditions are met at the same time, the net amount after mutual offset shall be listed in the statement of financial position:

The Company has the legal right to offset the recognized amount, and such legal right is currently enforceable;

The company plans to settle at the net amount, or realize financial assets and pay off the financial liabilities at the same time.

(4) Derecognition of financial assets and financial liabilities

When the contractual right to receive the cash flows of a financial asset is terminated or almost all the risks and rewards of ownership are transferred, the Group terminates the recognition of the financial asset.

If the overall transfer of financial assets meets the conditions for derecognition, the Group will record the difference between the following two amounts into the current profit or loss:

- The book value of the transferred financial assets;
- The sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally directly included in shareholders' equity.

If the current obligations of a financial liability have been discharged in whole or in part, the Group shall derecognize the financial liability or part thereof.

(5) Impairment of financial assets (excluding receivables)

On the balance sheet date, the Group checks the book value of financial assets other than financial assets measured at fair value and whose changes are included in the current profit or loss. If there is objective evidence indicating that the financial assets are impaired, the impairment provision shall be accrued.

Provision for impairment of available for sale financial assets

On the balance sheet date, if the fair value of available for sale financial assets decreases significantly, or if the downward trend is expected not to be temporary after comprehensive consideration of various relevant factors, it shall be deemed to have been impaired, and the accumulated losses caused by the decline of fair value originally directly included in the owner's equity shall be transferred out to recognize the impairment loss.

For the available for sale debt instrument with impairment loss recognized, if there is objective evidence that the value of the financial asset has been recovered and is objectively related to the events occurring after the loss is recognized, the originally recognized impairment loss shall be reversed and included in the current profit or loss. The impairment loss of available for sale equity instruments with impairment loss recognized shall not be reversed through profit or loss and shall be included in the capital reserves.

Impairment provision for held to maturity investments

The measurement of impairment loss of held to maturity investment shall be handled according to the measurement method of impairment loss of receivables.

(6) Equity instruments

The consideration received from the issuance of equity instruments by the company after deducting transaction expenses shall be included in shareholders' equity. Consideration and transaction costs paid for repurchasing the Company's equity instruments to reduce shareholders' equity.

Entities that have not yet implemented the New Financial Instrument Standard

The subsidiary of the Company, Guangdong Yueyun Transportation Company Limited (hereinafter referred to as Yueyun Company) has been approved by the board of directors to implement the New Financial Instrument Standard as of 1 Jan 2018. The subsidiary of the Company, Guangdong Provincial Expressway Development Co., Ltd. (hereinafter referred to as Yue Expressway) has been approved by the board of directors to implement the New Financial Instrument Standard as of 1 Jan 2019. The accounting policies implemented by the above companies are as follows:

(1) Recognition and initial measurement of financial assets and financial liabilities

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party of the contract terms of relevant financial instruments.

Except for accounts receivable without significant financing components, financial assets and financial liabilities are measured at fair value at the initial recognition. For financial assets or financial liabilities measured at fair value and whose changes are included in the current profit or loss, the relevant transaction costs are directly included in the current profit or loss. For other types of financial assets or financial liabilities, relevant transaction costs are included in the initially recognized amount. For accounts receivable or notes receivable arising from the sale of products or the provision of labor services, which do not include or consider significant financing components, Yue Expressway shall take the amount of consideration it is expected to receive as the initial recognition amount. Yueyun Company shall be initially measured according to the transaction price of the accounting policies in Notes. IV. (22).

(2) Classification of financial assets

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company usually divides financial assets into different categories at initial recognition: financial assets measured at amortized cost, financial assets measured at fair value whose changes are included in other comprehensive income, and financial assets measured at fair value whose changes are included in the current profit or loss.

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are included in the current profit or loss as financial assets measured at amortized cost:

- The Company's business model for managing the financial assets is to collect contract cash flows;
- The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and interest based on the outstanding principal amount.

The Company classifies the financial assets that meet the following conditions and are not designated as measured at fair value and whose changes are included in the current profit or loss as financial assets measured at fair value and whose changes are included in other comprehensive income:

- The company's business model for managing the financial assets aims at both receiving the contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and interest based on the outstanding principal amount.

For non-tradable equity instrument investments, the Company can irrevocably designate them as financial assets measured at fair value and whose changes are included in other comprehensive income at initial recognition. The designation is made on the basis of individual investment, and the relevant investment conforms to the definition of equity instruments from the perspective of the issuer.

Except for the above financial assets measured at amortized cost and at fair value with changes included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value with changes included in current profit or loss. At initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Company can irrevocably designate the financial assets that should be measured at amortized cost or at fair value and whose changes are included in other comprehensive income as financial assets measured at fair value and whose changes are included in current profit or loss.

The business model of managing financial assets refers to how the Company manages financial assets to generate cash flows. The business model determines whether the source of the cash flows of the financial assets managed by the Company is the collection of contract cash flow, the sale of financial assets or both. The company determines the business model for managing financial assets on the basis of objective facts and the specific business objectives for managing financial assets determined by key managers.

The Company evaluates the contractual cash flow characteristics of financial assets to determine whether the contractual cash flow generated by relevant financial assets on a specific date is only the

payment of principal and interest based on the amount of outstanding principal. The principal refers to the fair value of financial assets at the initial recognition. Interest includes consideration for the time value of money, credit risk associated with the outstanding principal amount in a particular period, and other basic borrowing risks, costs and profits. In addition, the Company evaluates the contract terms that may lead to changes in the time distribution or amount of contractual cash flow of financial assets to determine whether they meet the requirements of the above contractual cash flow characteristics.

(3) Subsequent measurement of financial assets

- Financial assets measured at fair value through the current profit or loss

After initial recognition, such financial assets are subsequently measured at fair value, and the resulting gains or losses (including interest and dividend income) are included in the current profit or loss, unless financial assets are part of the hedging relationship.

- Financial assets measured at amortized cost

After initial recognition, such financial assets are measured at amortized cost at the effective interest rate. The gains or losses arising from financial assets measured at amortized cost and not part of any hedging relationship shall be included in the current profit or loss when they are derecognized, amortized according to the effective interest rate or recognized as impairment.

- Equity instrument investments measured at fair value with changes included in other comprehensive income

After initial recognition, such financial assets are subsequently measured at fair value. Dividend income is included in profit or loss, and other gains or losses are included in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained earnings.

(4) Classification and subsequent measurement of financial liabilities

The Company classifies financial liabilities into financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost.

- Financial liabilities measured at fair value through profit or loss

Such financial liabilities include trading financial liabilities (including derivatives belong to financial liabilities) and financial liabilities designated to be measured at fair value and whose changes are included in the current profit or loss.

After initial recognition, such financial liabilities are subsequently measured at fair value. Except for hedging accounting, the gains or losses (including interest expenses) are included in the current profit or loss.

- Financial liabilities measured at amortized cost

After initial recognition, other financial liabilities are measured at amortized cost at the effective interest rate.

(5) Offset

Financial assets and financial liabilities are presented separately in the statement of financial position without offsetting each other. However, if the following conditions are met at the same time, the net amount after mutual offset shall be listed in the statement of financial position:

- The company has the legal right to offset the recognized amount, and such legal right is currently enforceable;
- The company plans to settle at net amount, or realize the financial assets and pay off the financial liabilities at the same time.

(6) Derecognition of financial assets and financial liabilities

If one of the following conditions is met, the Company shall terminate the recognition of the financial asset:

- The contractual right to receive the cash flows of the financial asset is terminated;
- The financial asset has been transferred, and the Company transfers almost all the risks and rewards of the ownership of the financial asset to the transferee;
- The financial asset has been transferred, however the Company neither transfers nor retains almost all the risks and rewards of the ownership of the financial asset, it does not retain the control over the financial asset.

If the transfer of financial assets meets the conditions for derecognition as a whole, the Company shall record the difference between the following two amounts into the current profit or loss:

- The book value of the transferred financial assets on the date of derecognition;
- The sum of the consideration received from the transfer of financial assets and the amount of the corresponding derecognized part of the accumulative amount of changes in fair value originally

directly included in other comprehensive income (the financial assets involved in the transfer are debt investments measured at fair value and whose changes are included in other comprehensive income).

If the current obligation of a financial liability (or part thereof) has been discharged, the Company shall derecognize the financial liability (or part thereof).

(7) Impairment of financial assets

Impairment of financial assets of Yueyun Company

Based on the expected credit loss, the Company conducts impairment accounting for the following items and recognizes the loss of impairment:

- Financial assets measured at amortized cost; and
- Lease receivables.

The expected credit loss model is not applicable to other financial assets measured at fair value held by the Company, including bond investments or equity instrument investments measured at fair value and whose changes are included in the current profit or loss, equity instrument investments designated as measured at fair value and whose changes are included in other comprehensive income, and derivative financial assets.

Measurement of expected credit loss

Expected credit loss refers to the weighted average value of credit loss of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flow receivables under the contract by the Company discounted at the original effective interest rate and all cash flows expected to be received, that is, the present value of all cash shortages.

When measuring the expected credit loss, the longest period to be considered by the Company is the longest contract period in which the enterprise is exposed to the credit risk (including considering the option of renewal).

Expected credit loss in the whole duration refers to the expected credit loss caused by all possible events of default in the whole expected duration of a financial instrument.

The expected credit loss in the next 12 months refers to the expected credit loss caused by the possible default of financial instruments within 12 months after the balance sheet date (if the expected duration of financial instruments is less than 12 months, it is the expected duration), which is a part of the expected credit loss in the whole duration.

For accounts receivable and lease receivables, the Company always measures its loss impairment according to the amount equivalent to the expected credit loss in the whole duration. The Company calculates the expected credit loss of the above financial assets based on the historical credit loss experience and the reserve matrix. The relevant historical experience is adjusted according to the specific factors of the debtor on the balance sheet date and the evaluation of the current situation, as well as the future economic situation forecast.

Except for accounts receivable and lease receivables, the Company measures its loss impairment for financial instruments that meet the following conditions according to the amount equivalent to the expected credit loss in the next 12 months, and measures its loss impairment for other financial instruments according to the amount equivalent to the expected credit loss in the whole duration:

- The financial instrument has only low credit risk on the balance sheet date; or
- The credit risk of the financial instrument has not increased significantly since initial recognition.

Low credit risk

If the default risk of a financial instrument is low, the debtor has a strong ability to perform its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and business environment over a long period of time, it may not necessarily reduce the debtor's ability to perform its contractual cash flow obligations, such financial instrument is considered to have a low credit risk.

Credit risk increased significantly

The Company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine the relative changes of default risk within the expected duration of financial instruments, so as to evaluate whether the credit risk of financial instruments has increased significantly since initial recognition.

When determining whether the credit risk has increased significantly since initial recognition, the Company considers the reasonable and reliable information, including forward-looking information, that can be obtained without excessive cost or effort. The information considered by the Company includes:

- The debtor fails to pay the principal and interest on the due date of the contract;
- Serious deterioration of external or internal credit rating (if any) of financial instruments that have occurred or are expected;
- Serious deterioration of the debtor's operating result that has occurred or is expected; and

- The existing or expected changes in the technology, market, economic or legal environment will have a significant adverse impact on the debtor's repayment ability to the Company.

According to the nature of financial instruments, the Company assesses whether the credit risk has increased significantly on the basis of single financial instrument or combination of financial instruments. When evaluating based on the combination of financial instruments, the Company can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating.

Generally, if the overdue is more than 30 days, the Company determines that the credit risk of financial instruments has increased significantly. Unless the Company can obtain reasonable and reliable information without excessive cost or effort to prove that the credit risk has not increased significantly since initial recognition although the payment period agreed in the contract has exceeded 30 days.

The Company believes that financial assets are in default under the following circumstances:

- The debtor is unlikely to pay its debts to the Company in full, and the evaluation does not consider the recourse actions taken by the Company, such as realizing the collateral (if held); or
- Financial assets are overdue for more than 90 days.

Financial assets with credit impairment

The Company assesses whether the financial assets measured at amortized cost have been impaired on the balance sheet date. When one or more events that have an adverse impact on the expected future cash flows of occurrence of a financial asset, the financial asset becomes a financial asset with credit impairment. The evidence of credit impairment of financial assets includes the following observable information:

- Significant financial difficulties of the issuer or the debtor;
- The debtor violates the contract, such as default or overdue payment of interest or principal;
- The creditor gives no concession in any circumstance considering the economy related with financial difficulties or contract that debtor faces;
- The debtor is likely to go bankrupt or carry out other financial restructuring; or
- The issuer or debtor's financial difficulties lead to the disappearance of the active market of financial assets.

Presentation of provision for the expected credit loss

In order to reflect the change of credit risk of financial instruments since initial recognition, the Company remeasures the expected credit loss on each balance sheet date, and the increase or reversal amount of loss provision shall be included in the current profit or loss as impairment loss or gain. For financial assets measured at amortized cost, the loss provision shall offset the book value of the financial assets listed in the statement of financial position.

Impairment of financial assets of Yue Expressway

The financial assets that the Company needs to recognize impairment losses are financial assets measured at amortized cost, debt instrument investments and lease receivables measured at fair value and whose changes are included in other comprehensive income, mainly including notes receivable, accounts receivable, other receivables, debt investments, other debt investments, long-term receivables, etc.

(a) Recognition of impairment provision

Based on the expected credit loss, the Company accrues the impairment provision and recognizes the credit impairment loss for the above items according to the applicable expected credit loss measurement method (general or simplified method).

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

The general method of measuring the expected credit loss refers to that the Company assesses whether the credit risk of financial assets has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the Company measures the loss provision according to the amount equivalent to the expected credit loss in the whole duration. If the credit risk does not increase significantly after initial recognition, the Company measures the loss provision according to the amount equivalent to the expected credit loss in the next 12 months. When evaluating the expected credit loss, the Company considers all reasonable and reliable information, including forward-looking information.

For financial instruments with a low credit risk on the balance sheet date, assuming that their credit risk has not increased significantly since initial recognition, the Company chooses to measure the loss provision according to the expected credit loss in the next 12 months.

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

If the probability of default of a financial asset within the expected duration determined on the balance sheet date is significantly higher than that within the expected duration determined at initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company uses the change of default risk in the next 12 months as a reasonable estimation in the whole duration to determine whether the credit risk has increased significantly since initial recognition.

(c) A portfolio approach to assessing expected credit risk on a portfolio basis

The Company evaluates the credit risk of financial assets with significantly different credit risks, such as receivables in dispute with the other party or involving litigation and arbitration and receivables that have obvious signs that the debtor is likely to be unable to perform its repayment obligations.

In addition to the financial asset that is individually assessed the credit risk, the Company divides financial assets into different groups based on the common risk characteristics, and evaluates the credit risk on the basis of combination.

(d) Accounting treatment of impairment of financial assets

At the end of the period, the Company calculates the expected credit loss of various financial assets. If the expected credit loss is greater than the carrying amount of its current impairment provision, the difference is recognized as impairment loss. If it is less than the carrying amount of the current impairment provision, the difference is recognized as impairment gain.

(e) Determination method of credit loss of various financial assets

① Accounts receivable

For receivables without significant financing components, the Company measures the loss provision according to the amount equivalent to the expected credit loss in the whole duration.

For accounts receivable, and lease receivables with significant financing components, the Company chooses to measure the loss provision according to the amount equivalent to the expected credit loss during the duration.

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

Items	Criteria
Aging portfolio	This portfolio takes aging as the credit risk characteristic

For aging portfolio, the measurement of provision for bad debt is aging analysis method:

Aging	Proportion of accounts receivables accrued (%)
Within 1 year (inclusive)	0
1-2 years	10
2-3years	30
3-4years	50
4-5years	90
Over 5 years	100

② Accounts receivable

According to whether the credit risk of other receivables has increased significantly since initial recognition, the Company adopts the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measure the impairment loss. In addition to other receivables individually assessed for credit risk, they are divided into different portfolios based on their credit risk characteristics:

Items	Criteria
Deposits and warranty deposits portfolio	This portfolio includes all kinds of deposits, advances, quality assurance deposit and other receivables that should be received in daily operation.
Petty cash portfolio	This portfolio includes the petty cash that employees borrowed in daily operation.
Other portfolios	Other receivables other than the aboveportfolios.

Deposits and warranty deposits portfolio, and petty cash portfolio generally do not withdraw provision for bad debt, except that there is objective evidence that the Company will not be able to recover the amount according to the original terms of accounts receivable. The measurement of provision for bad debt of other portfolios is aging analysis method, and the accrual proportion is the same as that of accounts receivable.

③ Debt investment

Debt investment mainly accounts for bond investment measured at amortized cost. According to whether its credit risk has increased significantly since initial recognition, the Company adopts the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measure the impairment loss. The company accrues impairment loss for debt investment based on individual assessment of credit risk.

(8) Write off

If the Company no longer reasonably expects the contractual cash flows of financial assets to be recovered in whole or in part, the carrying amount of the financial assets shall be directly written

down. The written down situation constitutes the derecognition of the relevant financial assets. This usually occurs when the Company determines that the debtor has no assets or source of income to generate sufficient cash flows to repay the amount written down. However, the financial assets written down may still be affected by the execution activities related to the Company's collection of due amounts.

If the written down financial assets are recovered later, they shall be included in the current profit or loss as the reversal of impairment losses.

(9) Equity instruments

The consideration, after deducting transaction expenses, received from the issuance of equity instruments by the Company shall be included in shareholders' equity. Consideration and transaction costs paid for repurchasing the Company's equity instruments deduct shareholders' equity.

10 Recognition and withdrawal method of provision for accounts receivables

Accounts receivable conclude accounts receivable, notes receivable, other receivables and long-term receivables.

Entities that have not yet implemented the New Financial Instrument standard

(1) Individually significant items for which provision for bad debt is recognized separately

For accounts receivable with significant amount, impairment test shall be taken individually. When there is objective evidence that the Company will not be able to recover the amount according to the original terms of accounts receivable, provision for bad debt shall be withdrawn.

(a) Judgment basis or amount standard of accounts receivable with significant single amount

The standard for accounts receivable with significant amount is that the single amount is more than RMB 3 million.

(b) Approach of provision for bad debts of accounts receivable made on a significant single item basis

The provision is made according to the difference between the present value of the estimated future cash flows of the accounts receivable and its book value.

(2) Accounts receivable with provision for bad debts made on portfolio basis

Accounts receivable with provision for bad debts made on portfolio basis conclude accounts receivable and other receivables. Accounts receivables with insignificant single amount are divided into several portfolios according to credit risk characteristics together with receivables that are not impaired after independent test. The provision for bad debt should be accrued determined by the same or similar portfolios with similar credit risk characteristics which are based on the actual loss rate in previous years and in combination with the current situation.

(a) Recognition of portfolios

① Classification of portfolios

Portfolio 1: Deposits and deposits refer to receivables such as project quality assurance deposits, project performance deposits and project bid security.

Portfolio 2: Accounts receivable other than Portfolio 1 that are not individually accrued for provision for bad debt.

② The accrued approach of each portfolio of provision for bad debt are as follows:

Portfolio 1: Other methods

Portfolio 2: Aging analysis method - in the portfolio, except for Xin Yue Company Limited, the accrual proportion of other companies using aging analysis method is listed as follows:

Aging	Proportion (%)
Within 1 year (inclusive)	0
1-2 years	5
2-3 years	20
3-4 years	30
4-5 years	50
Over 5 years	80

Except for Gd Humen Bridge Co., Ltd., details of proportion of provision for bad debt of Xin Yue Company Limited and its subsidiaries Guangzhou Xin Yue Asphalt CO., Ltd. and Guangzhou Xinyue Transportation Technology Co., Ltd. are as follows:

Period	Proportion (%)
Within the credit period (inclusive)	0
The credit period-120 days	5
121-183 days	15
184-273 days	30
274-365 days	50
366-548 days	70
549-730 days	90
Over 731 days	100

③ In the portfolio, if the Company adopts other approach to accrue the provision for bad debt, except that there is objective evidence that the Company will not be able to recover

the amount according to the original terms of accounts receivable, no provision for bad debt for deposits and deposits shall be accrued.

(3) Individually significant items for which provision for bad debt is recognized separately

The reason is that there is objective evidence that the Company will not be able to recover the amount according to the original terms of accounts receivable.

The method of provision for bad debt is that the provision is made according to the difference between the present value of the estimated future cash flows of the accounts receivable and its book value.

Entities that have implemented the New Financial Instrument standard

Details of policies please refer to Notes. IV. No 9. Financial Instruments- Accounting treatment of impairment of financial assets in entities that have implemented the New Financial Instrument standard.

11 Inventories

(1) Classification and initial recognition

The Group's inventories mainly include materials, spare parts, construction materials, low-value consumables, packaging materials, goods on hand, project construction (completed but unsettled payment) and development costs.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

The project construction subject calculates the actual project construction contract cost and contract gross profit of the Company. The project construction account and project settlement account are reflected in the balance sheet as the balance after offset. If the accumulated cost and recognized gross profit of the contract project under construction are greater than the settled price of the contract project under construction, the difference reflects the amount of the contract project under construction that has been completed but has not been settled, which is listed in the inventory item as a current asset in the balance sheet. If the amount of the settled price of the contract project under construction is greater than the accumulated cost incurred and the recognized gross profit of the contract project under construction, the difference is reflected in the amount of the uncompleted part of the contract project under construction but settled, which is listed in the advance from customers item as a current liability in the balance sheet.

When the land for development is obtained, it shall be included in the development cost according to the actual cost. The land acquisition and demolition compensation fees and preliminary engineering

fees incurred in the process of development and construction are directly included in the development cost.

(2) Cost of inventories transferred out

Cost of inventories transferred out is calculated using the weighted average method.

(3) Amortisation of low-value consumables and packaging materials

Low-value consumables and packing materials are amortised using one-off write-off method.

(4) Basis for determining the net realisable value and inventory impairment

At the balance sheet date, inventories are carried at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes.

When determining the net realizable value of inventory, it shall be based on the conclusive evidence obtained, and consider the purpose of holding inventory and the impact of events after the balance sheet date. According to the difference between the cost of a single inventory item and its net realizable value, allowance for diminution in value of inventory is accrued. When the provision for inventory impairment is made, where the previous factor rendering the write-down of the inventory value has been eliminated, for which the net realisable value of the inventory is higher than the book value of the same, the provision for inventory impairment shall be reversed from the amount of provision for inventory impairment originally made, and the reversed amount shall be included in the current profit or loss.

(5) Basis for determining the net realisable value and

The Group maintains a perpetual inventory system.

12 Contract assets

Entities that have implemented the new financial instrument standards

(1) Recognition and standard of contract assets

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration that the Group has the right (and this right depends on factors other than passage of time) to receive for goods transferred to customers is listed as contract assets. The Group's obligation to transfer goods or provide services to customers for the consideration received or receivable from customers is listed as contract liabilities. Contract assets and contract liabilities under the same contract shall be shown on a net basis. The

Group has the right (only depends on the passage of time) to receive the consideration for goods to customers is listed as trade receivables individually.

(2) Method of determination of expected credit loss of contract assets and accounting treatment

For the method of determination of expected credit loss of contract assets and accounting treatment methods, please refer to the Note IV. 9.(6) "Accounting treatment for impairment testing of financial assets".

13 Long-term equity investments

Long-term equity investments mainly include equity investments that have actual control, joint control or significant influence on invested entities.

(1) Joint control or significant influence criterion

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. If the Group together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is joint venture of the Group.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Group can exercise significant Influence over an investee, the investee is an associate of the Group.

(2) Determination of initial investment cost

(a) Long-term equity investments acquired through a business combination

For business combinations involving entities under common control, the initial investment cost of long-term equity investments is its share of the book value of the shareholders' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. The difference between initial investment cost of long-term equity investment and the carrying value of consideration paid is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons, on the combination date, the initial cost of long-term equity investments shall be determined based on share of the carrying amount of the net assets of the combined party in the consolidated financial statement of the ultimate controlling party after the combination. The difference between initial investment cost of long-term equity investment the date of combination and the sum of the carrying value of long-term equity investment before

combination and the carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

Business combinations involving entities not under common control: the cost of the combination determined on the date of acquisition shall be taken as the initial investment cost of the long-term equity investment. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost when changing to the cost method shall be the sum of the carrying value of the equity investment originally held and the newly increased initial investment cost.

(b) Long-term equity investments acquired other than through a business combination

The initial investment cost of a long-term equity investment obtained by the Group by cash payment shall be the purchase cost which is actually paid.

The initial investment cost of a long-term equity investment obtained by the Group by means of issuance of equity securities shall be the fair value of the equity securities issued.

(3) Subsequent measurement and recognition of profit or loss

(a) Long-term equity investments accounted for under cost method

Long-term equity investments of the Company in its subsidiaries are accounted for under cost method unless such investments meet the conditions of holding for sale. Under the cost method, except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognises the proportion it shall enjoy in the cash dividends or profits declared by the investee as its investment income.

(b) Long-term equity investments accounted for under equity method

Long-term equity investments in associates and joint ventures are accounted for under equity method. Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

The Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the

carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group. The Group adjusts the carrying amount of the long-term equity investment for changes in shareholders' equity of the investee other than those arising from net profit or loss and other comprehensive income and distributions to shareholders ("other changes in shareholders' equity"), and recognises the corresponding adjustment in shareholders' equity.

In calculating its share of the investee's net profit or loss, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

Unrealised profit and loss resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's interest in the associates or joint venture, except for the invested or disposed of assets constituted a business. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

(c) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included in the current investment income.

For long-term equity investments with partial disposal accounting by the equity method, where the remaining equity is still accounted for by the equity method, other comprehensive income recognised originally upon the accounting by the equity method shall be carried forward at the corresponding proportion on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity shall be carried forward to the current profit or loss in proportion.

Where the Group loses the common control over or significant influence on the investee on account of the disposal of equity investment and any other reason, when the accounting by the equity method is terminated, other comprehensive income recognised upon the accounting by

the equity method from the original equity investment shall be subject to the accounting treatment which is made on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity shall be transferred to the current profit or loss in full.

Where the Group loses the control over the investee on account of the disposal of partial equity and any other reason, at the preparation of any single financial statements, if the remaining equity has the common control over or significant influence on the investee, the accounting shall be made by the equity method, and an adjustment shall be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognised before the control over the investee is obtained shall be carried forward on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity recognised on account of the accounting by the equity method shall be carried forward to the current profit or loss in proportion; if the remaining equity has no common control over or significant influence on the investee, relevant financial assets shall be recognised, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same shall be included in the current profit or loss, and other comprehensive income and other changes in shareholders' equity which have been recognised before the control over the investee is obtained shall be carried forward in full.

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment shall be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed and the corresponding control is lost; before the loss of control, the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity disposed shall be firstly recognised as other comprehensive income in the individual financial statements, and at the loss of control, all transferred to the profit or loss for the period when the control is lost. Where the aforesaid disposal does not belong to a package deal, the accounting treatment shall be made respectively for each transaction.

(4) Recognition and withdrawal method of impairment provision for long-term equity investment

The company judges whether there is any sign of possible impairment of long-term equity investment on the balance sheet date.

If there are signs of impairment in the long-term equity investment, for example, when the book value of the long-term equity investment is greater than the share of the book value of the owner's equity of the investee, the company will conduct an impairment test on the long-term equity investment.

If the impairment test results show that the recoverable amount of long-term equity investment is lower than its book value, the impairment provision shall be withdrawn according to the difference and included in the impairment loss. Once the impairment loss is recognized, it shall not be reversed in subsequent accounting periods.

14 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Specifically exemplify as a land use right that is leased out, a land use right held for transfer upon capital appreciation and a building that is leased out (including after the completion of self-construction or development activities and buildings under development for future rental purpose).

Investment properties are accounted for using the cost model. Subsequently expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred. The Group adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings or land use rights.

The company estimates the recoverable amount of investment properties with signs of impairment. If the recoverable amount is lower than its book value, the corresponding impairment loss shall be recognized.

Once the impairment loss of investment property is recognized, it will not be reversed.

15 Fixed assets

(1) Recognition and initial measurement of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of over one accounting year. A fixed asset is recognised only when:

- It is probable that economic benefits associated with the assets will flow into the Group; and
- The costs of the asset can be measured reliably.

Fixed assets are initially measured at cost (and by taking the impact of expected disposal costs). The fixed assets that have been delivered for use but have not yet gone through the completion settlement shall be temporarily estimated and recorded according to the book value or estimated value of the project, and the recorded book value shall be adjusted to the actual value when the completion settlement is completed.

If the purchased fixed assets need trial production or trial operation, when the trial operation results show that the assets can normally produce qualified products or operate, the assets shall be considered to have reached the expected serviceable state. According to "The Measures for Completion (handover) Acceptance of Highway Projects" (Order No. 3 of the Ministry of Communications in 2004) and "Implementation Rules for Completion Acceptance of Highway Projects" (Jiao Highway Fa [2010] No. 65) issued by the Ministry of Transportation, the newly-built

highway assets belong to the above situations requiring trial operation. According to the reply on relevant accounting policies on the time point when new highway assets are carried forward to fixed assets (Yue Caikuai Han [2013] No. 33) issued by the Provincial Department of Finance and “The Reply on Accounting of New Highway Projects” (Yue Guozi Han [2013] No. 1004) issued by the Provincial SASAC, and in combination with the actual situation of the company's new highway assets, When the company uniformly determines that the trial operation period of the new highway project is no more than 2 years and no more than 3 years, and meets other necessary conditions for project completion acceptance, it is confirmed that the new highway asset has reached the expected usable state.

(2) Classification and depreciation policy

The depreciation of fixed assets is calculated by the straight-line method according to the original value, estimated useful life and estimated residual value of fixed assets, except that the highway and wharf are withdrawn by the straight-line method or workload method without residual value. The residual value rate is 3% or 5%. The annual depreciation rates of different classification of PPE are presented by categories as follows:

Categories	Useful lives (years)	Annual depreciation rate (%)
Highway properties	Approved operating period	Workload method or year average method
Highway improvements	10-12	Workload method or year average method
Building and structures	10-50	1.90-9.70
Transportation equipment	5-12	7.92-19.40
Machinery equipment	2-15	6.33-47.50
Electronic equipment, office equipment and others	3-10	9.50-32.33
Wharves	44	2.27

(3) Accounting treatment of subsequent expenditure of fixed assets

The subsequent expenditure of fixed assets refers to the renovation and repair expenses incurred during the use of fixed assets.

Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets when the relevant economic benefits are properly flow in and the cost can be measured reliably. The book value of the replaced part shall be derecognized. All other subsequent expenses shall be included in the current profit and loss when incurred.

(4) Recognition and withdrawal method of impairment provision for fixed assets

The company judges whether there is any sign of possible impairment of fixed assets at the end of each period.

If there is sign of impairment of fixed assets, the recoverable amount shall be estimated. The recoverable amount is determined according to the higher one between the net amount of the fair value of the fixed assets minus the disposal expenses and the present value of the estimated future cash flow of the fixed assets.

When the recoverable amount of fixed assets is lower than its book value, the book value of fixed assets shall be written down to the recoverable amount, and the written down amount shall be recognized as the impairment loss of fixed assets and included in the current profit and loss, and the corresponding provision for impairment of fixed assets shall be withdrawn at the same time.

After the impairment loss of fixed assets is recognized, the depreciation of impaired fixed assets shall be adjusted accordingly in the future period, so that the adjusted book value of fixed assets (deducting the estimated net residual value) can be systematically apportioned within the remaining service life of the fixed assets.

Once the impairment loss of fixed assets is recognized, it will not be reversed in future accounting periods.

If there is any indication that a fixed asset may be impaired, the company estimates its recoverable amount based on a single fixed asset. If it is difficult for the company to estimate the recoverable amount of a single fixed asset, the recoverable amount of the asset unit shall be determined based on the asset unit to which the fixed asset belongs.

(5) Recognition and valuation method of fixed assets under financing lease

Entities that have not yet implemented the new lease standard

If one of the following conditions is specified in the terms of the lease agreement signed between the company and the lessee, it shall be recognized as a finance leased asset:

- After the expiration of the lease, the ownership of the leased assets belongs to the company;
- The company has the option to purchase assets, and the purchase price is far lower than the fair value of the assets when the option is exercised;
- The lease term accounts for most of the service life of the leased asset;
- There is no significant difference between the present value of the minimum lease payment on the lease start date and the fair value of the asset;

- The leased assets are special in nature, and only the lessee can use them without major transformation.

On the lease commencement date, the company takes the lower of the fair value of the leased asset and the present value of the minimum lease payment as the entry value of the leased asset, takes the minimum lease payment as the entry value of long-term accounts payable, and the difference is regarded as unrecognized financing expenses.

The company that has implemented the new lease standard shall recognize and measure the right to use assets according to the relevant provisions of the new lease standard. Please refer to the accounting treatment of right to use assets in Notes IV. 28. "Lease- Entities that have implemented the new lease standard" for details.

(6) Disposal of fixed assets

The carrying amount of a PPE is derecognised when the PPE is on disposal or no future economic benefit is expected to be generated from its use or disposal. When a PPE is sold, transferred, disposed or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

16 Construction in progress

(1) Initial measurement and criteria of construction in progress carried forward to fixed assets

Construction in progress is measured at its actual costs. The actual costs include construction costs, various installation cost, borrowing costs capitalized which fulfil the capitalization criteria and other expenditures incurred before it is ready for intended use. Construction in progress is transferred to a fixed asset when it is ready for its intended use and the relevant fixed asset is depreciated starting from the following month after the transfer.

(2) Recognition and withdrawal method of impairment provision for construction in progress

At the end of each period, the company judges whether there is any sign of possible impairment of construction in progress.

If the construction in progress shows a sign of impairment, its recoverable amount shall be estimated. If there is any indication that a construction in progress may be impaired, the recoverable amount shall be estimated on the basis of a single construction in progress. If it is difficult to estimate the recoverable amount of a single construction in progress, the recoverable amount of the asset unit shall be determined based on the asset unit to which the construction in progress belongs.

The recoverable amount is determined according to the higher one between the net amount of the fair value of the construction in progress minus the disposal expenses and the present value of the estimated future cash flow of the construction in progress.

When the recoverable amount of the construction in progress is lower than its book value, the book value of the construction in progress shall be written down to the recoverable amount, and the written down amount shall be recognized as the impairment loss of the construction in progress and included in the current profit and loss, and the corresponding impairment provision of the construction in progress shall be withdrawn at the same time.

Once the impairment loss of construction in progress is recognized, it will not be reversed in future accounting periods.

17 Borrowing Costs

(1) Recognition criteria of capitalisation of borrowing costs

The borrowing costs incurred to the Group and directly attributable to the acquisition and construction or production of assets eligible for capitalisation should be capitalised and recorded into relevant asset costs; other borrowing costs should be recognised as costs according to the amount incurred and be included into the current profit or loss.

Assets eligible for capitalisation refer to fixed assets, investment properties, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

(2) Capitalisation period for borrowing costs

Capitalisation period refers to the period from the beginning of capitalisation to the cease of capitalisation, excluding the period of capitalisation suspension of borrowing costs.

Capitalisation shall start when the following conditions are satisfied simultaneously:

- Asset expenditures, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalisation, have already been incurred;
- Borrowing costs have already been incurred;
- The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

Capitalisation of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalisation have reached their intended use or sale status.

(3) Capitalisation suspension period

If the acquisition, construction or production activities of assets eligible for capitalisation are abnormally interrupted and such interruption lasts for more than 3 months, the capitalisation of borrowing costs should be suspended; if the interruption is necessary for the acquired, constructed or produced assets eligible for capitalisation to reach the working condition for their intended use or sale, the borrowing costs will continue to be capitalised. Borrowing costs incurred during the interruption are recognised as the current profit or loss and the borrowing cost shall continue to be capitalised until the acquisition, construction or production of the assets restarts.

(4) Measurement method of capitalisation rate and capitalised amounts of borrowing costs

For specific borrowings for acquiring, constructing or producing assets eligible for capitalisation, borrowing costs actually incurred during the period for specific borrowings less the interest income from the unused borrowings deposited in the bank or investment income from temporary investment with the unused borrowings should be recognised as the capitalisation amount of borrowing costs.

For general borrowings used for acquiring and constructing or producing assets eligible for capitalisation, the amount of general borrowings to be capitalised should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalisation rate for the used general borrowings. The capitalisation rate is determined based on the weighted and average effective interest rate for general borrowings.

During the period for capitalisation, the exchange differences arising from translation of the principal and interest of the specific borrowings denominated in foreign currency should be capitalised, and included in the cost of assets eligible for capitalisation. The exchange differences arising from translation of the principal and interest of borrowings denominated in foreign currency other than the specific borrowings denominated in foreign currency should be included in the current profit or loss.

18 Intangible assets

(1) Recognition of intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the company. Including land use right, franchise right, coastline use right, software, passenger service license, etc. Intangible assets are recognized only when the following conditions are met:

- The economic benefits related to the intangible assets are likely to flow into the company;

- The cost of the intangible asset can be measured reliably.

(2) Valuation of intangible assets

1) When the company obtains intangible assets, it shall be initially measured at cost.

Intangible assets are initially measured at cost, except that the franchise right of toll bridge is recorded on the basis of the value approved by the shareholders at the time of investment. The cost of purchased intangible assets includes the purchase price, relevant taxes and other expenses directly attributable to enabling the asset to achieve the intended purpose.

(2) Subsequent measurement

Analysing and judging the service life of intangible assets when obtaining them.

Intangible assets with limited service life shall be amortized within the period that brings economic benefits to the enterprise; If it is impossible to predict the period during which intangible assets will bring economic benefits to the enterprise, it shall be regarded as intangible assets with uncertain service life and shall not be amortized.

(3) Service life estimation of intangible assets with limited service life

Classification	Estimation of service life(year)
Land use rights	20-70/unsure
Software	3-10
Coastline use rights	48
Passenger service licenses	unsure
Station franchise rights	38
Toll bridge franchise operating rights	30
Trade mark rights	10
Line route operation rights and license use rights	3-20
BOT project toll highway franchise operating rights	Approved operating period
Toll highway franchise operating rights	Approved remaining operating period

At the end of the period, the service life and amortization method of intangible assets with limited service life shall be reviewed and adjusted if necessary.

The station franchise rights held by the company are the franchise rights of Xintang bus passenger station obtained from government departments. During the term of the franchise right, the company has the right to charge the service object, but the amount of the charge is uncertain. The right does not constitute an unconditional right to receive cash. The company recognizes the right as an intangible asset and amortizes it according to the straight-line method during the franchise period.

The franchise right of toll bridge held by the company is the franchise right of Taiping interchange invested by shareholders and obtained from government departments. The company has the right to collect fees from the users of the public infrastructure within the term of the franchise, but the amount of fees is uncertain. The right does not constitute an unconditional right to receive cash. The company recognizes the right as an intangible asset and amortizes it according to the straight-line method within 30 years of the term of the franchise.

The franchise right of toll highway held by the company is the franchise right of Guangfo Zhaoping Heping Expressway invested by shareholders and obtained from government departments. During the term of the franchise right, the company has the right to charge the users of the public infrastructure, but the amount of the charge is uncertain. The right does not constitute an unconditional right to receive cash. The company recognizes the right as an intangible asset and amortizes it according to the workload method within the approved operation term when it is available for use after reaching the intended purpose of the product.

The toll road franchise rights held by the company are the toll road related operating expenses incurred during the epidemic prevention and control period from February 17, 2020 to May 5, 2020 recognized by the company according to the toll road compensation policy implemented by the company according to the relevant government documents. The company recognizes them as intangible assets and amortizes them within the remaining toll period.

(4) The judgment basis of intangible assets with uncertain service life and the procedure for rechecking their service life

At the end of each period, the service life of intangible assets with uncertain service life shall be reviewed.

(5) Provision for impairment of intangible assets

For intangible assets whose service life is determined, if there are obvious signs of impairment, an impairment test shall be conducted at the end of the period.

For intangible assets with uncertain service life, impairment test shall be conducted at the end of each period.

Conduct impairment test on intangible assets and estimate their recoverable amount. If there is any indication that an intangible asset may be impaired, the company estimates its recoverable amount based on a single intangible asset. If it is difficult for the company to estimate the recoverable amount of a single asset, the recoverable amount of the intangible asset group shall be determined based on the asset group to which the intangible asset belongs.

The recoverable amount is determined according to the higher one between the net amount of the fair value of the intangible assets minus the disposal expenses and the present value of the estimated future cash flow of the intangible assets.

When the recoverable amount of intangible assets is lower than its book value, the book value of intangible assets shall be written down to the recoverable amount, and the written down amount shall be recognized as the impairment loss of intangible assets and included in the current profit or loss, and the corresponding provision for impairment of intangible assets shall be withdrawn at the same time.

After the impairment loss of intangible assets is recognized, the depreciation or amortization expenses of impaired intangible assets shall be adjusted accordingly in the future period, so that the adjusted book value of intangible assets (deducting the estimated net residual value) can be systematically apportioned within the remaining service life of the intangible assets.

Once the impairment loss of intangible assets is recognized, it will not be reversed in future accounting periods.

(6) Specific standards for dividing the research stage and development stage of internal research and development projects of the company

The expenditure of the company's internal research and development projects is divided into research stage expenditure and development stage expenditure.

Research stage: the stage of original and planned investigation and research activities to acquire and understand new scientific or technical knowledge.

Development stage: the stage of applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products and other activities before commercial production or use.

(7) Expenditures in the development stage meet the specific conditions for capitalization

The expenditure in the research stage shall be included in the current profit or loss when it occurs. If the expenditures in the development stage meet the following conditions at the same time, they shall be recognized as intangible assets, and the expenditures in the development stage that cannot meet the following conditions shall be included in the current profit or loss:

- It is technically feasible to complete the intangible assets so that they can be used or sold;
- Has the intention to complete the intangible assets and use or sell them;
- The ways in which intangible assets generate economic benefits, including being able to prove that there is a market for the products produced by using the intangible assets or there is a market for the

intangible assets themselves. If the intangible assets will be used internally, its usefulness can be proved;

- Have sufficient technical, financial and other resource support to complete the development of the intangible assets and have the ability to use or sell the intangible assets;

- The expenditure attributable to the development stage of the intangible asset can be measured reliably. If the expenditure in the development stage does not meet the above conditions, it shall be included in the current profit or loss when it occurs. The expenditure in the research stage shall be included in the current profit or loss when it occurs.

19 Goodwill

The initial cost of Goodwill arising on a business combination not under common control, is the difference between the combination cost and the fair value share of the acquiree's identifiable net assets obtained in the combination.

Goodwill is transferred out when its related asset group or portfolio of asset group is disposed, and recognised in the profit or loss.

The Group does not amortise goodwill, regardless of whether there is indication of impairment, goodwill is tested for impairment at least annually at the end of each year.

The company conducts goodwill impairment test, and the book value of goodwill formed by business combination shall be apportioned to relevant asset groups according to reasonable methods from the purchase date; If it is difficult to allocate to the relevant asset group, it shall be allocated to the relevant asset group portfolio. Related asset groups or asset group combinations are asset groups or asset group combinations that can benefit from the synergy of business combinations.

When conducting an impairment test on the relevant asset group or combination of asset groups containing goodwill, if there are signs of impairment in the asset group or combination of asset groups related to goodwill, first conduct an impairment test on the asset group or combination of asset groups not containing goodwill, calculate the recoverable amount, compare it with the relevant book value, and confirm the corresponding impairment loss. Then, an impairment test shall be conducted on the asset group or combination of asset groups containing goodwill, and its book value and recoverable amount shall be compared. If the recoverable amount is lower than the book value, the amount of impairment loss shall first offset the book value of goodwill allocated to the asset group or combination of asset groups, Then, according to the proportion of the book value of other assets other than goodwill in the asset group or asset group combination, the book value of other assets shall be offset in proportion. Once the impairment loss of goodwill is recognized, it shall not be reversed in subsequent accounting periods.

20 Long-term deferred expenses

The long-term deferred expenses incurred by the company are valued at actual cost and amortized averagely according to the expected benefit period. For the long-term deferred expenses that cannot benefit the future accounting periods, the amortized value of the item shall be included in the current profit or loss when it is determined.

21 Employee benefits

(1) Short-term employee benefits

In the accounting period in which employees provide service for the Group, short-term benefits actually incurred are recognized as liabilities and charged to profit or loss or cost of relevant assets.

With regard to contributions to social insurance schemes and housing funds and provision for labour union expenses and employee education expenses as required by regulations, the Group should calculate and recognize the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide service.

Welfare expenses incurred by the Group in profit or loss when incurred or costs related assets based on actual amount. Non-currency employee benefits will be accounted for in accordance with their fair value if they can be measured reliably.

(2) Termination benefits

If the company provides dismissal benefits to employees, the employee compensation liabilities arising from dismissal benefits shall be recognized as soon as possible and included in the current profit or loss: when the company cannot unilaterally withdraw the dismissal benefits provided due to the termination of labor relations plan or layoff proposal; When the company recognizes the costs or expenses related to the restructuring involving the payment of dismissal benefits.

(3) Post-employment benefits

(a) Defined contribution plans

Pursuant to the relevant laws and regulations of local government, the Group pays basic endowment insurance and unemployment insurance for employees. During the accounting period when employees provide services to the company, the amount payable is calculated according to the payment base and proportion specified locally, recognized as liabilities and included in the current profit or loss or relevant asset costs.

Pursuant to the relevant laws and regulations of Hong Kong, subsidiaries of the Company in Hong Kong make contributions to the Mandatory Provident Fund Schemes for all Hong Kong employees at the lower of 5% of the monthly employee benefits or the cap (which is adjusted annually). The contributions are recognised as part of the cost of assets or charged to profit or loss when incurred.

(b) Defined benefit plans

According to the formula determined by the expected cumulative welfare unit method, the company attributes the welfare obligations arising from the defined benefit plan to the period in which the employees provide services, and records them into the current profit or loss or relevant asset costs.

The deficit or surplus formed by the present value of defined benefit plan obligations minus the fair value of defined benefit plan assets is recognized as a net liability or net asset of a defined benefit plan. If there is a surplus in the defined benefit plan, the company shall measure the net assets of the defined benefit plan according to the lower of the surplus and asset ceiling of the defined benefit plan.

All defined benefit plan obligations, including those expected to be paid within 12 months after the end of the annual report period in which employees provide services, shall be discounted according to the market rate of return of national bonds or high-quality corporate bonds in the active market matching the obligation period and currency of the defined benefit plan on the balance sheet date.

The service cost generated by the defined benefit plan and the net interest on the net liabilities or net assets of the defined benefit plan shall be included in the current profit or loss or relevant asset costs; Changes arising from remeasurement of net liabilities or net assets of defined benefit plans are included in other comprehensive income, and will not be transferred back to profit or loss in subsequent accounting periods. When the originally defined benefit plan is terminated, all the parts originally included in other comprehensive income will be carried forward to undistributed profits within the scope of equity.

When the defined benefit plan is settled, the settlement gain or loss shall be recognized according to the difference between the present value of the obligations of the defined benefit plan and the settlement price determined on the settlement date.

22 Bonds payable

The bonds issued by the Group shall be initially measured at the fair value after deducting the transaction cost, and the subsequent measurement shall be carried out at the amortized cost using the effective interest rate method during the duration of the bonds.

In addition to being capitalized when meeting the conditions for capitalization of borrowing costs, interest expenses shall be directly included in the current profit or loss.

23 Provision

A provision is recognised for an obligation related to a contingency if:

- The Group has a present obligation;
- It is probable that an outflow of economic benefits of the Group will be required to settle the obligation;
- The amount of obligation can be estimated reliably.

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

When all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset only when it is virtually certain that the reimbursement will be received, and the amount of reimbursement recognised does not exceed the carrying amount of the provisions.

The Group reviews the carrying amount of provision on the balance sheet date. If there is unambiguous evidence indicating that the carrying amount cannot reflect the current best estimate, such carrying amount will be adjusted based on the current best estimate.

24 Revenues

Entities that have not yet implemented the new revenue standards

(1) Revenue of commodity sales

The Group can confirm the revenue of commodity sales, when the main risks and rewards related to the ownership of the goods have been transferred to the buyer, the continuous management right usually associated with the ownership has not been retained, as well as the sold goods have not been effectively controlled, the amount of income can be measured reliably, the relevant economic benefits are likely to flow into the enterprise, and the relevant costs incurred or to be incurred can be measured reliably.

(2) Toll revenue

It is recognized when the labor services have been provided, the total revenue and total cost of labor services can be measured reliably, and the economic benefits related to the transaction can properly flow into the company.

(3) Revenue of providing labour services

Under the condition that the result of the transaction of providing labour services can be estimated reliably, the Group recognises the relevant labour service income according to the percentage of completion method on the balance sheet date. If the result of the transaction of providing labour services cannot be reliably estimated and the labour costs incurred are expected to be compensated, the revenue shall be recognised according to the amount of labour costs incurred, and the costs shall be carried forward according to the same amount. If the labour costs incurred are not expected to be fully compensated, the revenue shall be recognised according to the amount of labour costs that can be compensated, and the labour costs incurred shall be regarded as the current expenses. If the labour costs incurred are not expected to be compensated, the labour costs incurred shall be regarded as the current expenses, and the revenue shall not be recognised.

(4) Revenue of construction contracts

When the results of the construction contract can be reliably estimated, the contract revenue and contract expenses shall be recognized according to the percentage of completion method on the balance sheet date. The contract completion schedule shall be determined according to the proportion of the completed contract workload to the estimated total contract workload.

If the result of the construction contract cannot be estimated reliably, but the contract cost can be recovered, the contract revenue shall be recognized according to the actual contract cost that can be recovered, and the contract cost shall be recognized as contract expense in the current period in which it occurs. If the contract cost cannot be recovered, it shall be recognized as the contract expense immediately when it occurs, and the contract income shall not be recognized. When the uncertain factors that make the result of the construction contract impossible to be reliably estimated no longer exist, the revenues and expenses related to the construction contract shall be determined according to the percentage of completion method.

If the estimated total contract cost exceeds the total contract revenue, the estimated loss shall be recognized as the current expense.

The accumulated costs incurred, the accumulated recognized gross profit (loss) and the settled consideration of the construction contract are presented at the net amount after offset in the balance sheet. The excess of the sum of the accumulated costs incurred and the accumulated recognized gross profit (loss) of the construction contract over the settled consideration shall be listed as inventories. The part of the settled consideration of the construction contract exceeding the sum of the accumulated cost incurred and the accumulated gross profit (loss) recognized shall be listed as the advance payment.

(5) Revenue of interests

Revenue of interests is calculated and determined by the time point of others using monetary funds and actual interest rate.

(6) Revenue of the right of use

Revenue of the use right of PPE and intangible assets is calculated and determined by the charging time and methods in relevant contracts and agreements

Entities that have implemented the new revenue standard

Yueyun Company., a subsidiary of the company, has been resolved by the board of directors to implement the new income standard from January 1, 2018, and Guangdong Expressway has been resolved by the board of directors to implement the new income standard from January 1, 2020. The accounting policies implemented by the above companies are as follows:

(1) Accounting policies on revenue recognition and measurement

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be returned to the customers. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Amounts that are expected to return to customers will be regarded as return goods liability, not calculated in trade consideration.

Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the

customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer can control the asset created or enhanced during the Group's performance;
- The Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the progress of the performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- The Group has a present right to payment for the goods or services;
- The Group has transferred the legal title and physical possession of the goods to the customer;
- The Group has transferred the significant risks and rewards of ownership of the goods to the customer, that is the customer bears the risks and rewards of the ownership of the goods; and
- The customer has accepted the goods or services.

The Group's right to collect consideration from customers unconditionally (only depending on the passage of time) is listed as accounts receivable. The Group's obligation to transfer goods or services to customers for consideration received or receivable from customers is listed as contract liabilities.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

(a) Road passenger transportation and auxiliary services

Road passenger transportation and auxiliary services include passenger transportation services and passenger and freight station services.

Passenger transportation services include urban passenger transportation services and public transportation services and those provided in cities in Guangdong Province and cross-border transportation between Guangdong Province and Hong Kong. The Group recognises revenue when transportation services are provided to customers.

Passenger and freight station services include services provided to transportation companies for ticket sales, vehicle parking and etc. The Group recognises revenue when the transportation companies accept the services and the Group has a present right to payment.

(b) Sales of convenience store goods, petroleum and gasoline

Customers obtain control of convenience store goods, petroleum and gasoline when the goods are delivered to and have been accepted by the customers, customers have a present obligation to payment. Revenue is recognised at that point in time.

(c) Toll incomes

The toll incomes of highway and bridges are recognized as amount received and receivable when vehicles passing by.

(d) Sales of construction materials

Sales of construction materials is the selling of construction materials. Customers obtain control of construction materials when the goods are delivered to designated locations and accepted. Revenue is recognised at that point in time and the credit term is three months with no cash discount.

For the transfer of construction materials with a right of return, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for the amount expected to be returned, which are estimated based on the historical data. The Group recognises a refund liability based on the amount expected to be returned. An asset is initially measured by reference to the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value to the Group of returned products).

(e) Sales of providing labour services

For the labor services started and completed in the same fiscal year, the revenue shall be recognized when the labor services are completed. If the start and completion of labor services belong to different accounting years, the company shall recognize the relevant labor service income according to the percentage of completion method on the balance sheet date when the results of labor service transaction can be reliably estimated. When the following conditions are met, the result of the transaction can be estimated reliably:

- a. The total income and total cost of labor services can be measured reliably;
- b. The economic benefits related to the transaction can flow into the enterprise;
- c. The degree of completion of labor services can be reliably determined.

If the transaction results of providing labor services cannot be reliably estimated on the balance sheet date, they shall be handled according to the following circumstances:

- a. If the labor costs incurred are expected to be compensated, the revenue from providing labor services shall be recognized according to the amount of labor costs incurred, and the labor costs shall be carried forward at the same amount.
- b. If the labor costs incurred are not expected to be compensated, the labor costs incurred shall be included in the current profit or loss, and the income from the provision of labor services shall not be recognized.

When the contracts or agreements signed between the company and other enterprises include selling goods and providing labor services, if the part of selling goods and providing labor services can be distinguished and measured separately, the part of selling goods shall be treated as selling goods and the part of providing labor services shall be treated as providing labor services. If the sales of goods and the provision of labor services cannot be distinguished, or can be distinguished but cannot be measured separately, all the sales of goods and the provision of labor services shall be treated as sales of goods.

25 Contract costs

Entities that have implemented the new revenue standards

If the incremental cost incurred by the company to obtain the contract is expected to be recovered, it shall be recognized as the contract acquisition cost as an asset. However, if the amortization period of the asset does not exceed one year, it shall be included in the current profit or loss when it occurs.

If the cost incurred for performing the contract does not fall within the scope of other accounting standards for business enterprises other than the accounting standards for Business Enterprises No. 14 - Revenue (revised in 2017) and meets the following conditions at the same time, it shall be recognized as an asset: ①

the cost is directly related to a current or expected contract, including direct labour, direct materials and manufacturing expenses (or similar expenses), the cost clearly borne by the customer and other costs incurred only due to the contract; ② the cost increases the resources used by the company to perform its 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 asset and included in the current profit or loss.

26 Government grants

(1) Classification

Government grants are non-reciprocal transfers of monetary or non-monetary assets which are classified as related to an asset or related to income.

Government grants related to an asset refer to government grants for acquiring, construction or other means to form a long-term asset. Government grants related to income refers to government grants other than those related to an asset.

(2) Measurement and derecognition

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If fair value cannot be obtained reliably, it shall be measured at the nominal amount.

A government grant related to an asset is recognised as deferred income or offset against book value of related assets and amortised over the useful life of the related asset on a reasonable and systematic manner as profit or loss in current accounting period (a government grant related to the ordinary activities of the Group shall be included in other income; a government grant unrelated to the ordinary activities of the Group shall be included in non-operating income). If relevant assets are sold, transferred, scrapped or damaged before the end of their useful lives, the undistributed balance of deferred income shall be transferred to the profit or loss of the current period of asset disposal.

A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in profit or loss in current accounting period (a government grant related to the ordinary activities of the Group shall be included in other income; a government grant unrelated to the ordinary activities of the Group shall be included in non-operating income) or offset against relevant expenses or losses. A grant that compensates the Group for expenses or losses incurred is included in profit or loss in current period (a government grant related to the ordinary activities of the Group shall be included in other income; a government grant unrelated to the

ordinary activities of the Group shall be included in non-operating income) or offset against relevant expenses or losses.

Government grants measured in nominal amount shall be directly included in current profit or loss.

The subsidies of policy preferential loans obtained by the Group shall be subject to accounting treatment according to the following two situations:

- If the finance allocates the discount funds to the lending bank and the lending bank provides loans to the Group at the policy preferential interest rate, the book value of loans will be the actual money received, the relevant borrowing costs will be calculated at loan principal and the policy preferential interest rate;
- If the finance allocates the discount funds to the Group directly, the discount funds will be offset against borrowing costs.

(2) Accounting treatment of the return of government grants

For the confirmed government grants that need to be returned, the company shall conduct accounting treatment according to the current situation:

- If the book value of relevant assets is offset at initial recognition, the book value of assets shall be adjusted;
- If deferred income exists, the book balance of relevant deferred income shall be offset, and the excess shall be included in the current profit or loss;
- In other cases, it shall be directly included in the current profit or loss.

27 Income tax

The income tax expenses include current income tax and deferred income tax. Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity.

For temporary differences arise from the differences between the carrying amounts of certain assets or liabilities and their tax base, deferred tax assets and liabilities are recognised.

Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent

that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

For taxable temporary differences, except for special circumstances, deferred tax liabilities are recognised.

Special circumstances in which deferred income tax assets or liabilities are not recognized include:

- The initial recognition of goodwill;
- A transaction or an event, not a business combination, affects neither the accounting profit nor taxable profits (or deductible losses)

Taxable temporary differences arising on investments in subsidiaries, associates and joint ventures are recognised as deferred tax liabilities unless the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences arising on investments in subsidiaries, associates and joint ventures are recognised as deferred assets when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

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

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

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

At the balance sheet date, deferred tax assets and liabilities can be offset and presented on a net basis if the following conditions are met:

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

28 Leases

Entities that have not yet implemented the new financial instrument standards

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than finance lease.

(1) Accounting treatment of operating lease

Operating lease payments are recognised on a straight-line basis over the lease term, and are recognised as part of the cost of another related asset or as expenses within the whole lease term without deducting the rent free period. Initial direct costs incurred are charged to profit or loss when incurred.

When the lessor of the asset bears the lease related expenses that should be borne by the Group, the Group will deduct this part of the expenses from the total lease payments, apportion the deducted lease payments within the lease term and include them in the current expenses.

Rental income from operating leases is recognise in profit or loss on a straight-line basis over the lease term within the whole lease term without deducting the rent free period. Initial direct costs with over an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss when they are incurred.

When the Group bears the lease related expenses that should be borne by the lessee, the Group will deduct this part of the expenses from the total rental income, apportion the deducted rental income within the lease term.

Assets leased out under operating leases are included in relevant items in the statement of financial position according to the nature of the assets.

For PPE leased out under operating leases, depreciation is accrued according to the company's depreciation policy for similar assets. For assets leased out from other operations, systematic and reasonable methods shall be adopted for amortization.

(2) Accounting treatment of finance lease

Finance lease will be recognised while meeting following one or more standards:

- At the expiration of the lease term, the ownership of the leased assets can transfer to the lessee;

- Lessee has the option that the consideration is much lower than the fair value to purchase the leased assets, so that at the beginning of the lease term, the Group can reasonable believe the lessee will exercise the right;
- Even if the ownership will not be transferred, the lease term almost accounts for most of the useful life of the leased asset;
- At the commencement of the lease term, the present value of the minimum lease payment that the lessor paid is almost equal to the fair value of the leased asset at the commencement of the lease term. The present value of the minimum lease receipts that the lessor received is almost equal to the fair value of the leased asset at the commencement of the lease term.
- The nature of the leased asset is special, only lessee can use besides great improvement.

Assets under finance lease: the Group records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of the lease, and recognises a long-term payable at an amount equal to the minimum lease payments at the commencement of the lease term. The difference between the recorded amounts is accounted for as unrecognised finance charge. Unrecognised finance charges are recognised as finance charge for the period using the effective interest method over the lease term. Besides, initial direct costs that are attributable to the leased item incurred.

Financing lease out assets: at the commencement of the lease term, the Group recognises the difference of finance lease receivables, unguaranteed residual amount and its present value as unrealized financing income. Lease income is recognised in each period in which rent is received in the future. The initial expenses related to the lease transaction shall be included in the initial measurement of finance lease receivables, as well as deducting the amount of revenue recognised in the lease term.

Entities that have implemented the new financial instrument standards

Upon the resolution of the board of directors, Yueyun Company, a subsidiary of the company, will implement the new leasing standards from January 1, 2019. The accounting policies implemented by the above companies are as follows:

A lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- The lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of uses; and
- The lessee has the right to direct the use of the asset.

For a contract that contains multiple lease components, the lessee and lessor separate and accounts for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and lessor separate the lease and non-lease components. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. When separating the lease and non-lease components of a contract, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lessor allocates the consideration in the contract in accordance with the principles of transaction price allocation.

(1) The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is depreciated using the straight-line method. If it is reasonably certain that the lease will transfers ownership of the underlying asset to the lessee by the end of the lease term, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate.

The Group calculates interest expenses in each period during the lease term based on a constant periodic rate of interest, and recognises the interest expenses in profit or loss or part of the cost of

another related assets. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss or part of the cost of another related asset as incurred.

After the commencement date, the Group remeasures the lease liability by discounting the revised lease payments, if either:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, the Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (leases that have a lease term of 12 months or less) and leases of low-value assets, and recognized the lease payments associated with these leases in profit or loss or part of the cost of another related assets on a straight-line basis over the lease term.

(2) The Group as a lessor

At the lease inception date, the Group classify each of its leases as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

Under finance leases, at the commencement date, the Group recognises finance lease receivable and derecognises the underlying assets. The Group initially measures finance lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the commencement date, discounted at the interest rate implicit in the lease.

The Group calculates and recognises finance income in each period during the lease term, based on a constant periodic rate of interest. The derecognition and impairment losses are recognised in accordance with the accounting policy described in Note III. 10 Financial instruments. Variable lease payments not included in the measurement of the net instruments in the lease are recognized in profit or loss as incurred.

Lease payments received under operating leases are recognised as lease income on a straight-line basis over the lease term. The Group capitalises the initial direct costs incurred in obtaining an operating lease and recognises those costs as expenses over the lease term on the same basis as the lease income. Variable lease payments not included in the measurement of the net investment in the lease are recognised in profit or loss as incurred.

29 Held for sale assets

If the book value of a non-current asset or disposal group is recovered mainly through sale (including non-monetary asset exchange with commercial substance) rather than continuous use, it is classified as held for sale.

The company classifies noncurrent assets or disposal groups that meet the following conditions as held for sale:

- According to the practice of selling such assets or disposal group in similar transactions, it can be sold immediately under the current situation;
- The sale is likely to occur, that is, the company has made a resolution on a sale plan and obtained a confirmed purchase commitment. It is expected that the sale will be completed within one year. If the relevant provisions require the approval of the relevant authority or regulatory department of the company before the sale, the approval has been obtained.

If the book value of non-current assets (excluding financial assets and deferred income tax assets) or disposal groups classified as held for sale is higher than the net amount of fair value minus selling expenses, the book value shall be written down to the net amount of fair value minus selling expenses, and the written down amount shall be recognized as asset impairment loss and included in the current profit or loss. At the same time, provision for impairment of assets held for sale shall be made.

30 Discontinued operation

Discontinued operation is a component that meets one of the following conditions and can be distinguished separately, and the component has been disposed of by the company or classified as held for sale by the company:

- The component represents an independent main business or a separate main business area;

- This component is part of an associated plan to dispose of an independent main business or a separate main business area;

- This component is a subsidiary acquired exclusively for resale.

Profit or loss from continuing operations and from discontinued operations are presented separately in the income statement. Operating profit or loss such as impairment loss and reversal amount of discontinued operation and disposal profit or loss are presented as discontinued operation profit or loss. For the discontinued operation reported in the current period, the company will re report the information originally reported as the profit or loss of continuing operation as the profit or loss of discontinued operation in the comparable accounting period in the current financial statements.

31 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

32 Fair value measurement

The Group measures related assets or liabilities under following assumptions:

- A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions;
- A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability;
- Adopt the assumptions used by market participants to maximize their economic benefits when pricing the asset or liability
- According to the nature of transactions and characteristics of related assets or liabilities, the Group adopts the trade price as initial fair value.

Where other relevant accounting standards require or allow the company to initially measure relevant assets or liabilities at fair value, and the transaction price is not equal to the fair value, the company shall record the relevant gains or losses into the current profit or loss, unless otherwise specified in other relevant accounting standards.

When measuring non-financial assets at fair value, the Group shall consider 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 who can best use them to generate economic benefits.

When adopting the valuation technology, the company considers the valuation technology applicable in the current situation and supported by sufficient available data and other information. For the input value of the valuation technology, the relevant observable input value shall be used first, and the non-observable input value can be used only when the relevant observable input value cannot be obtained or it is impractical to obtain.

The input values used in fair value measurement are divided into three levels:

- The first level input value is using the unadjusted quoted price in an active market for the identical item held by another party as an asset or liability at the measurement date, if that price is available;
- The second level input value is the directly or indirectly observable input value of relevant assets or liabilities in addition to the first level input value;
- The third level input value is the unobservable input value of related assets or liabilities.

The level of the fair value measurement result is determined by the lowest level of the input value that is important to the fair value measurement as a whole.

33 Special reserve

The Group provided for safety expense according to the relevant regulations of the "Notice on Printing and Distributing the "Administrative Measures for the Provision and Utilisation of Safety production expenses" (Caiqi [2012] No. 16), issued by the MOF and the State Administration of Work Safety.

Provisions for safety production expenses are included in the cost of related products or profit or loss of the current period and included in the "special reserve" account correspondingly.

When the provisions are utilised within the prescribed scope, if the expenditures are revenue in nature, those expenditures are offset directly against the special reserve; if the fixed assets are formed, the expenditures will be accumulated in "construction in progress" and transferred to fixed assets when the relevant safety project is completed and ready for its intended use. At the same time, the special reserve is reduced according to the cost of the fixed asset formed and the accumulated depreciation of the same amount is provided. The fixed asset will no longer be depreciated in future periods.

V. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERROR CORRECTION AND OTHER ADJUSTMENTS

1 Changes in accounting policies

The Group or its subsidiaries implemented the following accounting standards for business enterprises issued or revised by the Ministry of Finance in 2020:

- Implementation of "Accounting Standards for Business Enterprises No. 14 – Revenue" (revised in 2017) (hereinafter referred to as the "New Revenue Standards");
- "Interpretation of Accounting Standards for Business Enterprises No. 13";
- Implementation of "The Notice on Adjusting the Application Scope of the Regulations on Accounting Treatment for COVID-19-Related Rent Concessions".

(1) Implementation of "Accounting Standards for Business Enterprises No. 14 – Revenue" (revised in 2017)

The Ministry of Finance revised the "Accounting Standards for Business Enterprises No. 14 – Revenue" in 2017. The revised standard stipulates that the cumulative effects on the opening balance of retained earnings and other related items in the financial statements should be adjusted on the first effective date of the standards, and information for the comparable periods should remain unadjusted.

The consolidation scope of the group involves implementing New Revenue Standards on 1st.Jan.2020, including:

No	Name	Reason
1	Guangdong Provincial Expressway Development Co., Ltd. and its subsidiaries	Domestic quoted companies

Compared with the original one, the impact of the implementation of the New Revenue Standards by the above companies on the relevant items of the Group's consolidated financial statements in 2020 is as follows (increase / (decrease)):

Items	Amount of impact on the balance on 1 Jan 2020
Accounts receivables	2,350,653.33
Other receivables	-7,137,601.95
Contract assets	4,786,948.62
Advances from customers	-2,787,610.63
Contract liabilities	2,787,610.63

(2) Interpretation of Accounting Standards for Business Enterprises No. 13

The Ministry of Finance issued the "Interpretation of Accounting Standards for Business Enterprises No. 13 (hereinafter referred to as the " Interpretation No. 13" (Caikuai [2019] No. 21) on 10th. Dec. 2019, and implemented since on 1st. Jan. 2020 without retrospective adjustment.

Interpretation No. 13 revised the three elements of business composition, refined the judgment conditions of business, and introduced the option of "concentration test" when judging whether the acquired business activities or asset combination constitute a business for the acquirer of business combination not under the common control.

In addition, Interpretation No. 13 further clarifies that the affiliated parties of the enterprise also include the joint ventures or associates of other member units of the enterprise group (including the parent company and subsidiaries) to which the enterprise belongs, as well as other joint ventures or associates of the investors who exercise joint control over the enterprise.

Interpretation No. 13 implemented since 1st. Jan. 2020, the Group adopts the future applicable method to account for the above changes in accounting policies. The adoption of this interpretation has not had a significant impact on the financial position, operating results and related party disclosure of the Group.

(3) Implementation of "The Notice on Adjusting the Application Scope of the Regulations on Accounting Treatment for COVID-19-Related Rent Concessions".

On 19 June 2020, the MOF issued the "Notice on Adjusting the Application Scope of the Regulations on Accounting Treatment for COVID-19-Related Rent Concessions" (Caikuai [2020] No. 10), which implemented on 19 June 2020, allowing to adjust the relevant rent concessions between 1 Jan 2020 and the implementation date of the provisions. According to the regulation, for those satisfied with reduced rent reduction by novel coronavirus pneumonia, and reduced rent extension, company could adopt simplified method for accounting treatment. If so, it does not need to evaluate whether there is a lease change or re-evaluate the lease classification.

Guangdong Yueyun Transportation Company Limited is listed overseas and adopts the Accounting Standards for Business Enterprises to prepare financial statements. As a lessor, the simplified approach is not applicable; as a lessee, the Group chooses to apply the simplified approach for the COVID-19-related rent concessions and accounted for the rent concessions as a variable lease payment; when a concession agreement is reached and the original lease payment obligation is released, the rent concession is accounted for as a reduction of the cost of the relevant asset or expense using the undiscounted amount or the present value of the amount discounted using the pre-concession discount rate. The lease liabilities are also adjusted correspondingly.

Besides, the Group adopts a simplified method for accounting all rent concessions that fall within the scope of application of the provisions, and makes corresponding adjustments to the relevant rent

concessions between January 1, 2020 and the date of implementation of the provisions in accordance with the provisions.

The adoption of the above provisions has not had a significant impact on the financial position and operating results of the group.

2 Changes in accounting estimates

(1) Significant changes in accounting estimates are shown below:

(a) Adjustment of expressway's estimated total traffic flow

Subsidiary Guangdong Provincial Expressway Development Co., Ltd. adjusted estimated expressway total traffic flow according to "Traffic Volume Forecast and Toll Revenue Report of Fokai Expressway", "Traffic Volume Forecast and Toll Revenue Report of Jingzhu Expressway" issued by Guangdong Province Communications Planning & Design Institute Co., Ltd. since 1 Jan 2020, and applied the prospective method to adjust depreciation.

(b) Adjustment of useful lives of machinery and electronic equipment

Subsidiary Guangdong Provincial Expressway Development Co., Ltd. changed the depreciation lives of machinery, electronic and other equipment, as well as net residual value rate of PPE (besides highways) since 1 Sept 2020, and applied the prospective method to adjust depreciation.

(c) Adjustment of useful lives of transportation equipment

Subsidiary Qiguan Chelu Co., Ltd. (hereinafter "Qiguan Chelu") changed depreciation lives of 10 Jinba cars from 6 years to 10 years used for Hong Kong-Zhuhai-Macao Bridge since 1 April 2020, and applied the prospective method to adjust depreciation.

(d) Adjustment of useful lives of building and structures

The change of building and structures Subsidiary Guangdong Leatop Real Estate Investment Co., Ltd. (hereinafter "Leatop") held is in accordance with the principle of the shorter of the actual service life and the expected service life indicated in the obtained property right certificate.

(2) Impact on accounting estimates

(a) Impact on adjustment of expressway's estimated total traffic flow

The change in estimated total traffic flow has resulted in decrease in depreciation expenses of PPE and operating costs for the period by RMB 172,308,077.27 and RMB 172,308,077.27

respectively, as well as increase in net profit, net profit attributed to parent company and other comprehensive income attributed to NCI for the period by RMB 129,231,057.95, 61,731,436.50 and 67,499,621.45 respectively.

(b) Impact on adjustment of useful lives of machinery and electronic equipment

The change in useful lives of machinery and electronic equipment has increased depreciation costs by RMB 33,759,072.50 and operating costs by RMB 33,759,072.50, while the net profit has decreased by RMB 25,319,304.38. The fall in net profit attributed to parent company is RMB 12,073,140.98 and the amount in other comprehensive income attributed to NCI is RMB 13,246,163.40.

(c) Impact on adjustment of useful lives of transportation equipment

The change in useful lives of transportation equipment has resulted in decrease in depreciation expenses of PPE for the period by RMB 1,216,189.71, however, there is an increase of RMB 1,216,189.71 in net profit attributed to parent company.

(d) Impact on adjustment of useful lives of building and structures

The change in useful lives of building and structures has resulted in decrease in depreciation expenses of investment properties and fixed assets for the period by RMB 12,659,076.00 and RMB 313,604.31 respectively. On the contrary, the amount increases in net profit for the year and net profit attributed to parent company is RMB 9,729,510.23 and RMB 9,729,510.23.

(3) Correction of important prior period errors

During the reporting period, the Group has no correction of important prior period errors.

(4) The impact of the above adjustments on the amount at the beginning of the year and the amount at the end of the previous period is as follows

Items	Ending balance of previous period (amount of previous period before adjustment)	Amount at the beginning of the current year (amount of previous period after adjustment)	Adjustment impact			
			Total	Changes in accounting policies	Accounting Error Correction	Others
Accounts receivables	1,400,247,518.74	1,402,598,172.07	2,350,653.33	2,350,653.33		
Other receivables	2,004,676,600.71	1,997,538,998.76	-7,137,601.95	-7,137,601.95		
Contract assets		4,786,948.62	4,786,948.62	4,786,948.62		
Total assets	424,576,256,263.27	424,576,256,263.27				
Advances from	1,313,086,179.43	1,310,298,568.80	-2,787,610.63	-2,787,610.63		

customers					
Contract liabilities	32,537,054.87	35,324,665.50	2,787,610.63	2,787,610.63	
Total liabilities	299,562,714,427.73	299,562,714,427.73			
Total owner's equity attributable to the parent company	94,902,260,137.46	94,902,260,137.46			
Total owner's equity attributable to NCI	30,111,281,698.08	30,111,281,698.08			
Total equities	125,013,541,835.54	125,013,541,835.54			

VI. TAXES

1 Major categories of taxes and tax rates

Major categories	Basis of tax computation	Tax rate
Value Added Tax ("VAT") (Note 1)	Taxable income	Tax free, 0%, 1%, 3%, 5%, 6%, 9%, 11%, 13%
City maintenance and construction tax (Note 2)	Actually paid turnover taxes	1%, 5%, 7%
Educational surcharge (Note 2)	Actually paid turnover taxes	3%
Local educational surcharge (Note 2)	Actually paid turnover taxes	2%
Cultural construction tax (Note 3)	Income from advertisements	3%
Corporate income tax (Note 4)	Taxable profit	5%, 15%, 20%, 25%
Hong Kong Profits tax (Note 5)	Assessable profit	16.5%

2 Tax incentives

Note 1: According to "Notice on Full Launch of the Pilot Scheme on Levying Value Added Tax in Place of Business Tax" (Caishui [2016] No.36) issued by MOF and National Tax Bureau, the pilot scheme on levying VAT in place of business tax has been implemented nationwide since 1 May 2016, the Group's subsidiaries that meet the conditions of levying VAT instead of business tax pilot shall apply the VAT rates. As to toll income, simplified tax computation method with levy rate of 3% applies. Among them, the revenue from expressway traffic business will be changed to value-added tax from May 1, 2016. According to the guidelines for the administration of replacing business tax with value-added tax on Expressway, the tax payable for the toll revenue of expressway projects started before May 1, 2016 will be calculated according to the simple tax

collection method and the collection rate of 3%. For income from rendering services in highway facilities and other auxiliary facilities, simple tax computation method with a levy rate of 5% applies if service contracts were signed before 1 May 2016, while general tax computation method with a tax rate of 11% applies if service contracts were signed after 1 May 2016. For income from construction contracts, general tax computation method with a tax rate of 11% generally applies, except that simplified tax computation method with a tax rate of 3% could be applied to certain construction services if they meet certain particular conditions according to “The Guidance of Levying Value Added Tax in Place of Business Tax on Construction Service”.

According to “Announcement of Simplification and Combination of Value Added Tax Rate Policy” (Caishui [2017] No.37) issued by MOF and National Tax Bureau and “Measures for the Implementation of the Pilot Scheme on Levying Value Added Tax in place of Business Tax”, VAT rate of 13% were cancelled since 1 July 2017. Certain subsidiaries of the Group pay VAT at 11% instead for their sales of water, gas and petrol and etc.

Some subsidiaries of the group provide wharf warehousing, supervision, testing, consulting, design, survey, technical services and technical development, and the value-added tax is calculated and paid at 6%.

According to “Notice on Full Launch of the Pilot Scheme on Levying Value Added Tax in Place of Business Tax” (Caishui [2016] No.36) issued by MOF and National Tax Bureau, the subsidiary Guangdong Gaosu Science and Technology Investment Co., Ltd. met the criteria of the contract energy management services to benefit tax free VAT.

According to “Announcement of Adjustment on Value Added Tax Rate Policy” (Caishui [2018] No.32) issued by MOF and National Tax Bureau, the applicable tax rates for the sales or import of goods have been changed from 17% and 11% to 16% and 10% respectively since 1 May 2018. According to “The Announcement on deepening VAT reform” (Announcement [2019] No.39 issued by MOF, National Tax Bureau and General Administration of Customs), since 1 April 2019, taxpayers shall comply with policies of other items set out in with the tax rates decreasing from 16%.9% to 13%.9% respectively. The Group has made adjustments to related transactions.

According to “The Announcement on deepening VAT reform” (Announcement [2019] No. 39) issued by MOF, National Tax Bureau and General Administration of Customs, taxpayers of production and living services are allowed to add 10% of the deductible input tax of the current period to offset the tax payable from 1 April 2019 to 31 December 2021. According to “The Announcement on further supporting self-employment and employment of retired soldiers” (Cai shui [2019] No.21) by MOF, National Tax Bureau and Department of Veterans, from 1 January 2019 to 31 December 2021, for enterprise which recruits retired soldiers for self-employment and signs a labour contract with them for more than one year and pays social insurance premiums in accordance with the law, the value-added tax, city maintenance and construction tax, education surcharge, local education surcharge and enterprise income tax shall be deducted successively

according to the actual number of recruits within three years from the month when the labour contract is signed and social insurance is paid.

According to "The Announcement on supporting the VAT policy of individual industrial and commercial households to resume work and resume business" (Announcement [2020] no. 13) issued by MOF and National tax Bureau, from 1 March 2020 to 31 May 2020, except for Hubei Province, small-scale VAT taxpayers in other provinces, autonomous regions, and municipalities directly under the Central Government whose taxable sale income subject to 3% tax rate, VAT will be taxed at a reduced rate of 1%; for prepaid VAT items subject to 3% prepaid tax rate, VAT will be prepared at a reduced rate of 1%. According to "The Announcement on extending the implementation period of the VAT reduction and exemption policy for small-scale taxpayers" (Announcement [2020] no. 24) issued by MOF and National Tax Bureau, tax relief policies in the Announcement [2020] no. 13 is extended to 31 December 2021.

According to "The Announcement on tax revenue policies for supporting COVID-19 prevention and control" (Announcement [2020] No. 8) issued by MOF and National Tax Bureau, VAT is exempted for income obtained from providing public transportation services, living services and providing express delivery services for residents of essential living since 1 January 2020.

According to "The Announcement on the implementation period of tax policies for supporting COVID-19 prevention and control" (Announcement [2020] No.28) issued by MOF and National Tax Bureau, the preferential tax policies stipulated in the Announcement [2020] No. 8 issued by MOF and National Tax Bureau shall be implemented until 31 December 2020.

Note 2: According to "The Announcement on deepening VAT reform" (Announcement [2019] No. 39) issued by MOF, National Tax Bureau and General Administration of Customs, taxpayers of production and living services are allowed to add 10% of the deductible input tax of the current period to offset the tax payable from 1 April 2019 to 31 December 2021.

According to "The Announcement on further supporting self-employment and employment of retired soldiers" (Cai shui [2019] No.21) by MOF, National Tax Bureau and Department of Veterans, from 1 January 2019 to 31 December 2021, for enterprise which recruits retired soldiers for self-employment and signs a labour contract with them for more than one year and pays social insurance premiums in accordance with the law, the value-added tax, city maintenance and construction tax, education surcharge, local education surcharge and enterprise income tax shall be deducted successively according to the actual number of recruits within three years from the month when the labour contract is signed and social insurance is paid.

According to "The Announcement on tax collection management policies for supporting COVID-19 prevention and control" (Announcement [2020] No. 4) issued by National Tax Bureau, taxpayers applied to the preferential income of VAT exemption according to Announcement [2020] No.8 and shall be exempted from city maintenance and construction tax, education surcharge and local education surcharge since 10 February 2020.

Note 3: According to "The Announcement of adjustment on some government funds Policy" issued by MOF (Cai shui [2019] No.46), the payable amount of cultural construction fee belonging to the central revenue shall be reduced by 50%; for the cultural construction fee belonging to the local income, the financial and party committee propaganda departments of all provinces (districts and cities) can reduce the payable amount within the range of 50% in combination with the local economic development level, the development of propaganda, ideological and cultural undertakings and other factors, from 1 July 2019 to 31 December 2024.

According to "The Announcement of reduction on cultural construction fee Policy" (Yue cai shui [2019] No.8) issued by Department of Finance of Guangdong Province and National Tax Bureau of Guangdong Provincial, the payable amount of cultural construction fee belonging to the local income shall be reduced by 50%, from 1 July 2019 to 31 December 2024.

According to "The Announcement of tax supporting Policy for film and other industries" (Announcement [2020] No.25) issued by MOF and National Tax Bureau, cultural construction fee is exempted from 1 January 2020 to 31 December 2020.

Note 4: Guangdong Hualu Traffic Technology Co., Ltd., Guangzhou Newsoft Technology Co., Ltd., Guangdong Xinyue Transportation Investment Co., Ltd., Guangdong Oriental Thought Co., Ltd., Guangdong United Electronic Fee-Collecting Co., Ltd., Guangzhou Xinyue Transportation Technology Co., Ltd., Guangdong Xinyue Jiafu Asphalt Co., Ltd. and Guangdong Jiaoke Testing Co., Ltd. are high tech enterprise, so enterprise income tax reduced to 15%.

Pursuant to Cai shui [2019] No. 13, "The Announcement of implementation on inclusive tax relief policy of Small-scaled minimal profit enterprise" issued by MOF and National Tax Bureau, the Small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax treatment of 25% exemption of taxable income and application of income tax rate as 20%; the Small-scaled minimal profit enterprise with an annual taxable income between RMB 1,000,000 and RMB 3,000,000 (RMB 3,000,000 included) is entitled to a preferential tax treatment of 50% exemption of taxable income and application of income tax rate as 20%, from 1 Jan 2019 to 31 Dec 2021. Certain subsidiaries of the Group meet the requirements of Small-scaled minimal profit enterprise.

According to the notice of the MOF and National Tax Bureau on the preferential policies for enterprise income tax of public infrastructure projects and environmental protection, energy conservation and water saving projects, the income from the investment and operation of public infrastructure projects that meet the provisions of the catalogue of preferential enterprise income tax of public infrastructure projects and have been approved before December 31, 2007, During the preferential period of "three exemptions and three reductions by half" of enterprise income tax calculated according to the provisions of the new tax law from the tax year in which the first production and operation income of the project is obtained, the enterprise income tax can be reduced or exempted for the remaining years from January 1, 2008. The second Humen Bridge project of Guangdong Highway Construction Co., Ltd. meets the above tax preference conditions and enjoys the tax preference of "three exemptions and three half reductions" from 2019.

In addition to the above enterprises, the statutory tax rate of other subsidiaries of the company is 25%.

Note 5: The applicable Hong Kong profits tax rate for the period is 16.5% for the subsidiaries registered in Hong Kong, and the withholding income tax rate of corporate income in China is 5%.

Pursuant to the Financial Budget Proposal announced by Hong Kong government on 4 March 2020, enterprises registered in Hong Kong are entitled to a one-off preferential tax treatment of 100% exemption of profit tax in 2020 with the maximum of HK\$20,000.

VI. Business Combinations and Consolidated Financial Statements

(Amount units in the following table data in this section are RMB 10,000 yuan unless otherwise specified.)

1 Subsidiaries

No	Full name of the subsidiary	Order	Types of enterprises	Business premise	Incorporation place	Business nature	Paid-in capital	Shareholding ratio (%)	Voting rights Ratio (%)	Investment cost	Established or acquired
1	Guangdong Expressway Co., Ltd. (Note 1)	2	Domestic and non-financial	Guangzhou	Guangdong	Highway management and conservation	1,248,895.10	86.48	100.00	2,378,153.20	Others
2	Guangdong Expressway Co., Ltd. (Note 1)	2	Domestic and non-financial	Guangzhou	Guangdong	Highway management and conservation	1,080,000.00	93.96	100.00	1,229,784.51	Others
3	Guangdong Expressway Co., Ltd. (Note 1)	2	Domestic and non-financial	Guangzhou	Guangdong	Highway management and conservation	909,531.68	80.81	100.00	2,435,454.27	Others
4	Guangdong Expressway Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Highway management and conservation	269,080.61	50.12	50.12	262,744.04	Others
5	Guangdong Traffic Industrial Investment Company (Note 1)	2	Domestic and non-financial	Guangzhou	Guangdong	Highway management and conservation	189,530.86	72.12	100.00	1,068,230.35	Others
6	Guangdong Yueyun Transportation Company Limited	2	Domestic and non-financial	Guangzhou	Guangdong	Logistics industry	79,984.78	74.12	74.12	51,492.40	Others
7	Guangzhou Yueyun Investment Management Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Highway passenger transportation	300.00	100.00	100.00	14,594.88	Others
8	Xin Yue Company Limited	2	Overseas	Hong Kong	Guangdong, Hong Kong	Investment	HKD2,400.00	100.00	100.00	78,923.80	Others
9	Weisheng Transportation & Enterprises Company Limited	2	Overseas	Hong Kong	Guangdong, Hong Kong	Highway passenger and freight transportation	HKD 30.00	100.00	100.00	50.00	Others
10	Guangdong Leatop Real Estate Investment Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Real estate development and operation	15,000.00	100.00	100.00	243,664.09	Set-up
11	Guangdong Huahu Traffic Technology Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Other professional technology	1,300.00	100.00	100.00	17,207.60	Set-up
12	Guangdong Guangfozhao Expressway Co., Ltd.	2	Domestic and non-financial	Zhaoqing	Guangdong	Highway management and conservation	10,000.00	75.00	75.00	411,464.00	Set-up
13	Qiguan Chelu Co., Ltd.	2	Domestic and non-financial	Zhuhai	Guangdong, Macao	Highway passenger transportation	8,201.05	100.00	100.00	3,100.00	Others
14	Guangdong Communications Group Finance Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Providing financial services to member units.	200,000.00	100.00	100.00	200,000.00	Others
15	Guangzhou Newsoft Technology Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Information system integration service	10,282.79	100.00	100.00	18,648.97	Others
16	Guangdong United Electronic Fee-Collecting Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Other road transport auxiliary activities	39,200.00	65.00	65.00	47,334.93	Others

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

No	Full name of the subsidiary	Order	Types of enterprises	Business premise	Incorporation place	Business nature	Paid-in capital	Shareholding ratio (%)	Voting rights Ratio (%)	Investment cost	Established or acquired
17	Guangdong City Traffic Investment Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Commercial complex management services	10,000.00	100.00	100.00	10,000.00	Set-up

Note 1:

According to the "Work Plan on Accelerating the Construction of Important Infrastructure in Guangdong Province" (2013-2015) issued by the People's Government of Guangdong Province (Yuefa [2013] No. 30), the People's Insurance Group of China Co., LTD and the People's Government of Guangdong Province have reviewed and approved the Operation Plan of RMB 15 Billion Provincial Expressway Construction Capital Financing. To solve the problem of capital demand of traffic infrastructure construction of Guangdong Province, approved by circ after registration, Humanistic Capital Investment Management Co., Ltd raised 15 billion and lent it to the Guangdong Yuecai Investment Holding Company Limited (hereinafter referred to as the "Yuecai Holdings"), Yuecai Holdings invest ed in 4 subsidiaries of the Group in the form of equity investment, and agreed not to participate in profit distribution of these subsidiaries. See "Notes XII to the Financial statements-other contents to be disclosed in accordance with relevant financial and accounting systems, and (ii) Yuecai Holdings' capital and share increase of RMB 15 billion to part of the Company's expressway projects".

Note 2:

In 2020, there are 194 subsidiaries of the Group included in the consolidated statements, including 17 second-level enterprises, 92 third-level enterprises, 82 fourth-level enterprises and 3 fifth-level enterprises. The above table shows the list of second-level enterprises.

2 The reason why the parent company can form control over the invested entity even though it owns less than half of the voting rights of the invested entity

No	Name	Shareholding percentage (%)	Voting rights percentage (%)	Registered capital	Investment amount	Order	Reasons included in the consolidation scope
1	Guandong Lianbang Chewang Science and Technology Co., Ltd.	43.20	43.20	55,560,000.00	24,000,000.00	4	Has the actual right of control

3 Reasons why the parent company directly or indirectly owns more than half of the voting rights of the invested units through other subsidiaries but fails to form control over them

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

No	Name	Shareholding percentage (%)	Voting rights percentage (%)	Registered capital	Investment amount	Order	Reasons not included in the consolidation scope
1	Luoding Luomei Highway Co., Ltd.	55.07	55.07	83,000,000.00	45,708,100.00	3	Chinese-foreign cooperative enterprise, the foreign party has priority to the distribution and the Company does not have the actual right of control
2	Fengshun Automobile Transportation Co., Ltd.	52.59	52.59	6,084,800.00	3,200,000.00	4	Does not have the actual right of control

4 Material non wholly-owned subsidiaries

(I) NCI

No	Name of the subsidiaries	NCI holding percentage (%)	Accumulated profits or losses attributed to NCI	Dividends paid to NCI during the current year	Accumulated equity attributed to NCI at the end of year
1	Guangdong Road and Bridge Construction Development Co., Ltd.	19.19			7,042,500,000.00
2	Guangdong Provincial Expressway Development Co., Ltd.	49.88	351,110,067.36	438,727,759.42	5,985,067,586.63
3	Guangdong Expressway Co., Ltd.	13.52			4,757,500,000.00
4	Guangdong-Guangzhou West Expressway Co., Ltd.	50.00	70,915,862.05	115,057,299.52	2,521,768,491.25
5	Gongdong Traffic Industrial Investment Company	27.88			1,800,000,000.00
6	Guangdong Highway Construction Co., Ltd.	6.04			1,400,000,000.00
7	Guangdong-Guanghui Expressway Co., Ltd.	32.50	253,599,136.40	127,525,617.45	1,290,872,027.78
8	Dongguan Guangshenzhu Expressway Co., Ltd.	45.00	463,717,266.34	405,000,000.00	843,756,402.07
9	Guangdong Yueyun Transportation Company Limited	25.88	-58,780,128.99		536,047,880.44
10	Guangdong United Electronic Fee-Collecting Co., Ltd.	35.00	57,707,840.77	37,730,000.00	441,009,128.34

Note:

The table above lists the non-wholly-owned subsidiaries of the Group's secondary enterprises whose NCI accounts for more than 10% (inclusive) of the NCI in the consolidated statements or whose NCI profit or loss accounts for more than 10% (inclusive) of the NCI profit or loss in the consolidated statements in the reporting period.

(2) Key financial information

Items	Current period				
	Guangdong Road and Bridge Construction Development Co., Ltd.	Guangdong Provincial Expressway Development Co., Ltd.	Guangdong Expressway Co., Ltd.	Guangdong Guangzhou West Expressway Co., Ltd.	Gongdong Traffic Industrial Investment Company
Current assets	5,855,396,362.31	3,086,423,799.07	5,632,810,183.10	222,777,713.93	1,932,669,209.26
Non-current assets	106,762,714,346.53	16,662,154,859.04	118,487,174,292.32	10,313,836,562.81	31,366,726,734.79
Total assets	112,618,110,708.84	19,748,578,658.11	124,119,984,475.42	10,536,614,276.74	33,299,395,944.05
Current liabilities	5,239,062,482.43	2,595,655,134.43	6,689,010,777.58	478,725,480.92	2,689,530,632.66
Non-current liabilities	76,320,708,841.44	6,920,606,939.40	86,063,997,711.55	5,014,351,813.31	25,688,522,677.28
Total liabilities	81,559,771,323.87	9,516,262,073.83	92,753,008,489.13	5,493,077,294.23	28,378,053,309.94
Operating income	5,776,999,137.38	3,790,348,876.26	9,664,609,930.99	1,111,183,619.04	1,168,425,874.06
Net profit	376,166,497.51	1,364,385,006.07	546,292,026.03	142,181,724.10	-1,380,980,061.11
Total comprehensive income	-573,867,876.67	1,285,087,538.82	458,548,134.69	142,181,724.10	-1,384,111,910.81
Operating activities cash flows	4,498,708,711.65	2,636,187,241.05	7,168,238,739.94	906,144,683.97	323,557,681.64

(Continued)

Items	Current period			
	Guangdong Highway Construction Co., Ltd.	Guangdong Guanghui Expressway Co., Ltd.	Dongguan Guangshenzhu Expressway Co., Ltd.	Guangdong Yueyun Transportation Company Limited
Current assets	7,635,809,952.51	1,066,412,539.00	1,080,154,934.76	2,555,304,908.11
Non-current assets	89,915,720,560.28	3,451,858,995.85	5,393,166,396.41	8,497,425,351.84
Total assets	97,551,530,512.79	4,518,271,534.85	6,473,321,331.17	11,052,730,259.95
Current liabilities	7,635,809,952.51	1,066,412,539.00	1,080,154,934.76	2,555,304,908.11
Non-current liabilities	89,915,720,560.28	3,451,858,995.85	5,393,166,396.41	8,497,425,351.84
Total liabilities	97,551,530,512.79	4,518,271,534.85	6,473,321,331.17	11,052,730,259.95
Operating income	97,551,530,512.79	4,518,271,534.85	6,473,321,331.17	11,052,730,259.95
Net profit	97,551,530,512.79	4,518,271,534.85	6,473,321,331.17	11,052,730,259.95
Total comprehensive income	97,551,530,512.79	4,518,271,534.85	6,473,321,331.17	11,052,730,259.95
Operating activities cash flows	97,551,530,512.79	4,518,271,534.85	6,473,321,331.17	11,052,730,259.95

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Current period				
	Guangdong Highway Construction Co., Ltd.	Guangdong Guanghui Expressway Co., Ltd.	Dongguan Guangshenzhu Expressway Co., Ltd.	Guangdong Yuoyun Transportation Company Limited	Guangdong United Electronic Fee-Collecting Co., Ltd.
Current liabilities	7,044,484,491.09	305,774,405.46	1,271,994,615.45	3,093,408,723.34	5,964,901,526.41
Non-current liabilities	67,118,987,429.36	240,583,197.83	3,319,786,372.61	4,809,208,446.66	
Total liabilities	74,163,471,920.45	546,357,603.29	4,591,780,988.06	7,902,617,170.00	5,964,901,526.41
Operating income	7,090,755,989.74	1,616,980,738.55	2,351,697,612.20	5,585,541,441.01	827,364,869.76
Net profit	1,317,181,123.40	780,305,035.07	1,030,782,814.08	-315,174,308.33	158,691,446.75
Total comprehensive income	1,299,362,788.20	780,305,035.07	1,030,782,814.08	-337,176,352.31	158,691,446.75
Operating activities cash flows	3,703,763,134.23	1,173,180,438.28	1,918,315,368.48	1,146,123,399.67	-355,961,299.48

(Continued)

Items	Prior period				
	Guangdong Road and Bridge Construction Development Co., Ltd.	Guangdong Provincial Expressway Development Co., Ltd.	Guangdong Expressway Co., Ltd.	Guangdong Guangzhu West Expressway Co., Ltd.	Guangdong Traffic Industrial Investment Company
Current assets	3,765,801,806.88	3,469,970,451.47	3,145,521,060.46	136,692,284.03	3,770,399,627.08
Non-current assets	123,050,506,981.52	17,196,968,834.43	119,086,098,565.39	10,642,005,338.17	27,697,149,529.75
Total assets	126,816,308,788.40	20,666,939,285.90	122,231,619,625.85	10,778,697,622.20	31,467,549,156.83
Current liabilities	6,259,798,644.80	1,846,470,444.36	7,395,730,064.07	312,063,555.35	2,701,010,940.17
Non-current liabilities	85,492,226,450.70	6,123,431,492.88	83,545,813,548.77	5,334,814,209.40	24,729,687,063.87
Total liabilities	91,752,025,095.50	7,969,901,937.24	90,941,543,612.84	5,646,877,764.75	27,430,698,004.04
Operating income	6,847,725,130.09	4,999,016,766.74	12,222,284,673.12	1,512,516,976.24	1,250,369,423.15
Net profit	590,605,733.24	2,151,443,422.35	132,412,996.13	310,732,776.60	-1,065,910,954.26
Total comprehensive income	862,653,609.33	2,278,330,713.96	141,510,965.69	310,732,776.60	-1,066,518,149.61
Operating activities cash flows	5,111,215,222.50	3,222,681,187.05	8,980,210,351.96	1,146,110,572.48	803,382,435.25

Notes to the Consolidated Financial Statements

(Continued)

Items	Prior period				
	Guangdong Highway Construction Co., Ltd.	Guangdong Guanghui Expressway Co., Ltd.	Dongguan Guangshenzhu Expressway Co., Ltd.	Guangdong Yueyun Transportation Company Limited	Guangdong United Electronic Fee-Collecting Co., Ltd.
Current assets	10,086,103,619.99	676,184,932.27	589,144,919.09	2,512,546,911.13	6,360,935,013.20
Non-current assets	90,027,033,513.98	3,351,837,539.85	5,687,167,245.22	8,582,458,570.33	405,622,276.83
Total assets	100,113,137,133.97	4,228,022,472.12	6,276,312,164.31	11,095,005,481.46	6,766,557,290.03
Current liabilities	10,011,884,903.81	206,052,396.61	1,258,610,825.62	3,358,085,953.80	6,094,023,570.72
Non-current liabilities	66,318,358,529.14	527,058,163.79	3,266,643,809.66	4,249,997,737.76	
Total liabilities	76,330,243,432.95	733,110,560.40	4,525,254,635.28	7,608,083,691.56	6,094,023,570.72
Operating income	9,281,443,014.98	1,943,745,753.48	3,183,440,223.95	6,657,212,873.97	1,413,902,994.95
Net profit	1,249,742,153.65	1,002,651,683.59	1,459,051,076.51	365,083,702.80	155,766,262.03
Total comprehensive income	1,277,648,019.68	1,002,651,683.59	1,459,051,076.51	374,525,590.78	155,766,262.03
Operating activities cash flows	5,976,591,067.28	1,234,129,289.22	2,188,592,273.77	1,491,857,609.61	2,114,450,182.65

5 Subsidiaries no longer included in the consolidation scope in the current period

(1) Basic information of original companies

No	Name	Registered	Nature of business	Shareholding ratio (%)	Right to vote (%)	Reasons for not becoming a subsidiary in the current period
1	Guangdong Yuedong Expressway Industrial Development Co., Ltd.	Jieyang	Highway management and conservation	100.00	100.00	Absorption
2	Guangzhou Zhentong Industrial Development Co., Ltd.	Guangzhou	Real estate development and operation	62.50	62.50	Disposal
3	Zhuhai Qiguan Hotel	Zhuhai	Accommodation industry	100.00	100.00	Absorption
4	Guangdong Yuetongbao Electronic Payment Co., Ltd.	Guangzhou	Other road transport auxiliary activities	100.00	100.00	Cancellation

No	Name	Registered	Nature of business	Shareholding ratio (%)	Right to vote (%)	Reasons for not becoming a subsidiary in the current period
5	Guangdong Guangyang High Speed Passenger Transport Co., Ltd.	Guangzhou	Long distance passenger transport	67.00	67.00	Cancellation
6	Guangdong Yangjiang Guangyang Passenger Transport Co., Ltd.	Guangzhou	Long distance passenger transport	67.00	67.00	Cancellation
7	Guangdong Yueyun Erqi Transport Co., Ltd.	Guangzhou	Long distance passenger transport	51.00	51.00	Cancellation
8	Guangdong Guangshen High Speed Bus Co., Ltd.	Guangzhou	Long distance passenger transport	51.00	51.00	Cancellation
9	Yangjiang Tongguan Automotive Comprehensive Performance Inspection Station	Yangjiang	Automobile repair and maintenance	100.00	100.00	Cancellation
10	Guangdong Yuntong Passenger Transport Co., Ltd.	Guangzhou	Long distance passenger transport	100.00	100.00	Absorption
11	Longchuan Yueyun Public Transport Co., Ltd.	Heyuan	Other urban public transportation	100.00	100.00	Absorption
12	Lianping Zhongxin Yueyun Estate Leasing Co., Ltd.	Heyuan	Estate management	100.00	100.00	Disposal
13	Zijin Yueyun Estate Leasing Co., Ltd.	Heyuan	Estate management	100.00	100.00	Disposal
14	Guangzhou Guangzhou Traffic Investment Management Co., Ltd.	Guangzhou	Highway management and conservation	100.00	100.00	Absorption
15	Heyuan Yuefu Technology Co., Ltd.	Heyuan	Other software development	100.00	100.00	Absorption

(2) Financial status of subsidiaries disposed of in the current period on the disposal date

Name	Lianping Zhongxin Yueyun Estate Leasing Co., Ltd.	Zijin Yueyun Estate Leasing Co., Ltd.	Guangzhou Zhentong Industrial Development Co., Ltd.
Cut-off date	Disposal date 31 July 2020	Disposal date 28 Dec 2020	Disposal date 31 Aug 2020
Assets	4,436,564.31	4,759,012.21	4,498,527,164.14
Liabilities	3,027,100.34	3,337,462.54	4,488,527,164.14
Owners' equities	1,409,463.97	1,421,549.67	10,000,000.00
		5,534,739.63	10,000,000.00
		5,525,185.12	10,000,000.00

(3) Operating results of subsidiaries disposed of in the current period from the beginning of the current period to the disposal date

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Name	Liaoping Zhongxin Yueyun Estate Leasing Co., Ltd.		Zijin Yueyun Estate Leasing Co., Ltd.		Guangzhou Zhentong Industrial Development Co., Ltd.	
	1 Jan 2020-31 July 2020	2019	1 Jan 2020-28 Dec 2020	2019	1 Jan 2020-31 Aug 2020	2019
Operating revenues	81,866.67	164,960.10	763,731.37	783,983.94		
Operating costs	87,614.27	174,407.56	710,735.21	656,701.16		
Operating profits	-12,385.70	-61,723.40	10,244.51	40,213.75		
Total profits before tax	-12,085.70	-52,323.50	9,554.51	68,685.42		
Net profits	-12,085.70	-52,323.50	9,554.51	68,685.42		

(4) Loss of control upon disposal of investment in subsidiaries

Name	Equity disposal price	Equity disposal ratio (%)	Equity disposal method	The time point of loss of control	Basis for determining the time point of loss of control	The difference between the disposal price and the share of net assets of the subsidiary at the level of consolidated financial statements corresponding to the disposal of investment	Proportion of remaining equity on the date of loss of control (%)	Book value of remaining equity on the date of loss of control	Fair value of remaining equity on the date of loss of control	Gains or losses arising from remeasurement of remaining equity at fair value
Guangzhou Zhentong Industrial Development Co., Ltd.	929,831,108.34	37.50%	Transfer	2020-8-31	Equity delivery	926,081,108.34	2.5%	2,500,000.00	619,887,405.56	617,387,405.56

6 Entities newly included in the consolidation scope in the current period

No	Name	Form control mode	Net assets at the end of period	Net profits in current period
1	Guangdong Zhongyuetong Oil Operate Co., Ltd.	Business combination not under the common control	160,545,440.09	82,650,879.50
2	Guangdong Traffic Technology Industrial Development Company	Business combination not under the common control	764,294.79	300,547.43

7 Business combinations under the common control in the current period: Nil

8 Business combinations not under the common control in the current period

Name	Merge date	Book value of net assets	Fair value of identifiable net assets		Transaction consideration	Goodwill		Incomes of the acquiree from the acquisition date to the end of the period	Net profits of the acquiree from the acquisition date to the end of the period
			Amount	Determination method		Amount	Determination method		
Guangdong Zhongyuetong Oil Operate Co., Ltd. (Note 1)	2020-1-9	97,431,784.27	99,318,378.73	Evaluation	52,293,689.37	1,641,316.22	Difference between purchase consideration and fair value of identifiable net assets	666,172,178.63	83,113,655.82
Guangdong Traffic Technology Industril Development Company (Note 2)	2020-1-1	108,432.02	108,432.02	Book value				813,573.72	655,862.77

Note 1:

On the acquisition date, 9 Jan 2020, the subsidiary of the Group Guangdong Tongyi Expressway Service Area Co., Ltd. unilaterally increased its capital to Guangdong Zhongyuetong Oil Operate Co., Ltd. with cash of RMB 2,634,500.00. After the capital injection, the registered capital and paid in capital of Guangdong Zhongyuetong Oil Operate Co., Ltd. are RMB 30,612,300.00. The total investment amount of the Group is RMB 52,293,689.37, and the shareholding ratio of Guangdong Zhongyuetong Oil Operate Co., Ltd. is 51%, which has obtained control and made it a subsidiary of the Group.

Note 2:

Due to the change of control, Guangdong Traffic Technology Industril Development Company has been included in the consolidation scope of the Group according to its book value of net assets since January 1, 2020.

- 9 Reverse acquisitions in the current period: Nil
- 10 Significant restrictions on subsidiaries' use of Group assets and repayment of Group debts: Nil
- 11 Relevant information of structured entities included in the scope of consolidated financial statements: Nil
- 12 Changes in the parent company's share of owner's equity in subsidiaries

Name of subsidiaries	Shareholding ratio at the beginning of the period (%)	Shareholding ratio at the end of the period (%)	Change in shareholding ratio (%,"-" if it decreases)	Reasons for changes in holding shares
Yunfu Guangyun Speedway Co., Ltd.	70.00	100.00	30.00	Purchase of equity of NCI
Guangdong Jiangzhong Expressway Co., Ltd.	75.00	100.00	25.00	Purchase of equity of NCI
Guangdong United Electronic Fee-Collecting Co., Ltd.	51.00	65.00	14.00	Unilateral capital increase
Guangdong Provincial Expressway Development Co., Ltd.	50.12	50.12		Withdrawal of prepaid shares for split share structure reform

Note:

During the reporting period, 7,931.00 prepaid shares of Guangdong Provincial Expressway Development Co., Ltd. were recovered.

- 13 Severely restricted conditions that the ability of a subsidiary transfer funds to the parent company: Nil

VIII. NOTES TO THE SIGNIFICANT ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

For the consolidated financial statement data disclosed below, unless otherwise stated, "Closing balance" refers to the balance as at 31 Dec 2020, and "Opening balance" refers to the balance as at 31 Dec 2019. "Current period" refers to the year from 1 Jan 2020 to 31 Dec 2020; and "Prior period" refers to the year from 1 Jan 2019 to 31 Dec 2019. The currency unit is RMB.

1 Monetary funds

Items	Closing balance	Opening balance
Cash on hand	7,842,679.85	10,091,995.44
Cash in bank	18,704,283,640.18	22,262,600,654.15
Other monetary funds	1,807,067,891.63	1,416,752,424.74
Total	20,519,194,211.66	23,689,445,074.33
Total amount deposited abroad	930,227,930.31	1,105,827,297.40
Deposit in the Central Bank	1,752,316,433.34	1,365,906,959.70

Restricted monetary funds are as follows:

Items	Closing balance	Opening balance
Toll clearing account		123,058,496.40
Statutory deposit reserves in the central bank	1,734,761,394.74	1,311,634,404.09
Performance bond, guarantee deposits, reclamation deposits, etc.	46,564,592.82	72,004,642.19
Total	1,781,325,987.56	1,506,697,542.68

2 Financial assets at fair value through profit or loss

Items	Closing balance	Opening balance
1. Trading financial assets	8,682,823,710.69	300,116,541.99
Including: equity instrument investment		
Others	8,682,823,710.69	300,116,541.99
2. Financial assets designated to be measured at fair value through profit or loss		
Including: equity instrument investment		
Others		
Total	8,682,823,710.69	300,116,541.99

3 Notes receivable

(1) Classification of notes receivables

Category	Closing balance			Opening balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Bank acceptance bill	40,076,449.61		40,076,449.61	49,359,744.33		49,359,744.33
Commercial acceptance bill	13,717,879.21		13,717,879.21			
Total	53,794,328.82		53,794,328.82	49,359,744.33		49,359,744.33

(2) Notes receivable pledged at the end of the period: Nil

(3) Notes receivable endorsed or discounted at the end of the period but not yet due on the balance sheet date

Category	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill	5,300,000.00	
Commercial acceptance bill		
Total	5,300,000.00	

(4) Notes transferred to accounts receivables due to the default of the drawers at the end of the period: Nil

(5) Bad debt provision for notes receivables: Nil

4 Accounts receivable

Categories	Closing balance			Opening balance						
	Book balance		Bad debt provision Amount	Book balance		Bad debt provision Amount				
	Amount	Proportion (%)		Amount	Proportion (%)					
Individually significant items for which provision for bad debt is recognized separately				537,863,674.31	35.03					537,863,674.31
Items for which provision for bad debt is recognized by Group with distinctive credit risk characteristics (both old and new standards applied)	1,809,306,184.39	99.73	179,798,940.54	991,819,893.19	64.60	127,344,955.32	12.84	864,474,937.87		
Not individually significant items for which provision for bad debt is recognized separately	4,951,457.12	0.27	4,951,457.12	5,757,060.85	0.37	5,497,500.96	95.49	259,559.89		
Items for which provision for bad debt is recognized separately (the new standard applied)										
Total	1,814,257,641.51	100.00	184,750,397.66	1,535,440,628.35	100.00	132,842,456.28		1,402,598,172.07		

Accounts receivable disclosed by aging for entities that have implemented the New Financial Instrument Standard

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (inclusive)	395,889,850.29		478,652,053.71	
1-2 years	22,739,189.90		16,790,060.83	
2-3 years	15,498,711.43		5,956,650.41	
Over 3 years	29,196,290.31		27,255,746.55	
Sub-total	463,324,041.93		528,654,511.50	
Less: Provision for bad debts	59,993,255.81		54,842,256.27	
Total	403,330,786.12		473,812,255.23	

Accounts receivable disclosed according to the method of provision for bad debts for entities that have implemented the New Financial Instrument Standard

Categories	Closing balance			Opening balance		
	Book balance		Book value	Book balance		Book value
	Amount	Proportion (%)		Amount	Proportion (%)	
Items for which provision for bad debt is recognized separately						
Accounts receivable with provision for bad debts made on a portfolio basis	463,324,041.93	100.00	403,330,786.12	528,654,511.50	100.00	473,812,255.23
Including:						
Provision for bad debts according to aging portfolio	462,549,413.16	99.83	402,556,157.35	105,723,806.06	20.00	104,535,459.28
Provision for bad debts according to other portfolios	774,628.77	0.17	774,628.77	422,930,705.44	80.00	369,276,795.95
Total	463,324,041.93	100.00	403,330,786.12	528,654,511.50	100.00	473,812,255.23

(1) Individually significant items for which provision for bad debt is recognized separately: Nil

(2) Items for which provision for bad debt is recognized by Group with distinctive credit risk characteristics (both old and new standards applied)

(a) Provision for bad debts according to aging portfolio

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (inclusive)	1,578,496,924.83	87.28	55,041,261.13	804,770,108.56	81.14	20,703,740.86
1-2 years	89,684,591.11	4.96	21,735,064.33	44,978,597.98	4.53	7,651,493.64
2-3 years	28,529,560.94	1.58	9,659,392.15	18,217,132.49	1.84	6,344,764.49
Over 3 years	111,820,478.74	6.18	93,363,222.93	123,854,054.16	12.49	92,644,956.33
Total	1,808,531,555.62	100.00	179,798,940.54	991,819,893.19	100.00	127,344,955.32

(b) Provision for bad debts according to other portfolios

Portfolio	Closing balance		Opening balance	
	Book balance	Accrual Proportion (%)	Book balance	Accrual Proportion (%)
Portfolio 1: Deposit and warranty deposit	774,628.77			
Total	774,628.77			

(3) Not individually significant items for which provision for bad debt is recognized separately

Debtors	Book balance	Bad debt provision	Aging	Accrual Proportion (%)	Reasons for accrual
Guangdong Yingxin Mortar Mixing Co., Ltd.	701,250.00	701,250.00	Over 4 years but within 5 years	100.00	Estimated unrecoverable
Shanxi Traffic Information Communications Company	675,210.00	675,210.00	Over 5 years	100.00	Estimated unrecoverable
Shanxi Linfen Expressway Co., Ltd.	332,441.00	332,441.00	Over 5 years	100.00	Estimated unrecoverable
Jincheng Management Office of Shanxi Expressway Administration Bureau	322,684.48	322,684.48	Over 5 years	100.00	Estimated unrecoverable
Qifu New Village	280,485.99	280,485.99	Over 5 years	100.00	Estimated unrecoverable
Guangzhou Huanan Road and Bridge Industry Co., Ltd.	199,336.77	199,336.77	Over 5 years	100.00	Estimated unrecoverable
Zhejiang Zhongkong Electronic Technique Co., Ltd.	135,000.00	135,000.00	Over 5 years	100.00	Estimated unrecoverable
Panyu Hotel	134,358.99	134,358.99	Over 5 years	100.00	Estimated unrecoverable
Shanxi Expressway Toll Management and Settlement Center	129,000.00	129,000.00	Over 5 years	100.00	Estimated unrecoverable
Tibet Zhongke Development Co., Ltd.	118,611.28	118,611.28	Over 5 years	100.00	Estimated unrecoverable
Huizhou Senbiao Road & Bridge Facility Co., Ltd.	111,870.18	111,870.18	Over 5 years	100.00	Estimated unrecoverable
The CCTV Center of Zhejiang Jinliven Speedway Co., Ltd.	100,363.36	100,363.36	Over 5 years	100.00	Estimated unrecoverable
Guangzhou Jiangvan Office	83,581.20	83,581.20	Over 5 years	100.00	Estimated unrecoverable
Guangdong Suixi Yuecheng Highway Co., Ltd.	71,978.78	71,978.78	Over 5 years	100.00	Estimated unrecoverable
Ping Gao Asia Aluminum Co., Ltd.	68,372.71	68,372.71	3-4 years	100.00	Estimated unrecoverable
Zhuhai Hansen Technology Co., Ltd.s	47,325.58	47,325.58	2-3 years	100.00	Estimated unrecoverable
Foshan Xianshi Traffic Facilities Development Co., Ltd.	40,093.55	40,093.55	Over 5 years	100.00	Estimated unrecoverable
MY BEAUTY SOURCES	36,468.42	36,468.42	3-4 years	100.00	Estimated unrecoverable
BYD Company Limited	32,479.17	32,479.17	2-3 years	100.00	Estimated unrecoverable
Lvliang Speedway Co., Ltd.	31,500.00	31,500.00	Over 5 years	100.00	Estimated unrecoverable

Debtors	Book balance	Bad debt provision	Aging	Accrual Proportion (%)	Reasons for accrual
Shanxi Taijitu Expressway Management Co., Ltd.	29,100.00	29,100.00	Over 5 years	100.00	Estimated unrecoverable
Shanxi Qilin Speedway Co., Ltd.	28,800.00	28,800.00	Over 5 years	100.00	Estimated unrecoverable
Guangzhou Central District Transportation Project Leading Group Office	25,744.74	25,744.74	Over 5 years	100.00	Estimated unrecoverable
Ups Ses (China) Ltd	25,296.00	25,296.00	2-3 years	100.00	Estimated unrecoverable
Guangzhou Northern Second Ring Expressway Co., Ltd.	25,200.00	25,200.00	Over 5 years	100.00	Estimated unrecoverable
Huishen (Yantian) Expressway Huizhou Co., Ltd.	21,000.00	21,000.00	Over 5 years	100.00	Estimated unrecoverable
Katolce Automotive Systems (Guangzhou) Co., Ltd.	20,852.76	20,852.76	3-4 years	100.00	Estimated unrecoverable
Yichun Wantongxiang Wood Industrial Co., Ltd.	16,295.57	16,295.57	3-4 years	100.00	Estimated unrecoverable
Shanxi Yueda Jingda Expressway Co., Ltd.	14,850.00	14,850.00	Over 5 years	100.00	Estimated unrecoverable
Shuozhou Expressway Co., Ltd.	14,100.00	14,100.00	Over 5 years	100.00	Estimated unrecoverable
Suzhou Union Cargo International logistics Co., Ltd.	14,041.40	14,041.40	Over 5 years	100.00	Estimated unrecoverable
Hangzhou Xiaoshan Jinying Traffic Equipment Co., Ltd.	13,350.00	13,350.00	3-4 years	100.00	Estimated unrecoverable
Ningbo Connexion International Forwarding Agency Co., Ltd.	13,273.62	13,273.62	Over 5 years	100.00	Estimated unrecoverable
Provincial first Jian Water and Electricity Company	10,026.42	10,026.42	3-4 years	100.00	Estimated unrecoverable
Others	82,895.33	82,895.33	Over 5 years	100.00	Estimated unrecoverable
Total	4,951,457.12	4,951,457.12	2-4 years and over 5 years	100.00	Estimated unrecoverable

(4) Items for which provision for bad debt is recognized separately (the new standards apply): Nil

(5) Provision for bad debts reversed or recovered in the current period

Debtors	The amount of provision for bad debts reversed or recovered	Accumulated amount before provisions for bad debts reversed or recovered	Reason and method for bad debts reversed or recovered
Guangdong Zhanjiang Haiwan Bridge Co., Ltd.	3,760.18	3,760.18	Recovery
Tangshan Luancao Road Management Co., Ltd.	40,000.00	40,000.00	Recovery
Total	43,760.18	43,760.18	

(6) Accounts receivable actually written off during the reporting period

Debtors	Nature of accounts receivables	Amount written off	Reasons of amount written off	Write off procedures performed	Whether arising from related party transaction
Zhangjiakou Management Office of Zhangcheng Expressway	Software warranty deposit	90,000.00	Age is long, exceeds the legal litigation period, and cannot be recovered	Board Resolution	No
Shenzhen Yuezong (Group) Co., Ltd.	Software warranty deposit	89,567.70	Age is long, exceeds the legal litigation period, and cannot be recovered	Board Resolution	No
Guangzhou Guangyuan Road Construction Company	Material payment	873,270.46	Joint procurement audit reductions	Board Resolution	No
Guangdong Shaoguan No. 2 Construction Engineering Company	Software warranty deposit	80,129.92	Age is long, exceeds the legal litigation period, and cannot be recovered	Board Resolution	No
Shantou Chaoyang First Construction & Installation Corporation	Software warranty deposit	71,820.47	Age is long, exceeds the legal litigation period, and cannot be recovered	Board Resolution	No
Corporation of The First Engineering Bureau of The Ministry of Railways	Software warranty deposit	71,178.38	Age is long, exceeds the legal litigation period, and cannot be recovered	Board Resolution	No
Guangdong Construction Engineering Group Co., Ltd.	Software warranty deposit	71,080.10	Age is long, exceeds the legal litigation period, and cannot be recovered	Board Resolution	No
Others	Material payment and deposits	916,673.60	Age is long, exceeds the legal litigation period, and cannot be recovered	Board Resolution	No
Total		2,263,720.63			

(7) Top five entities with the largest balances of accounts receivable

Debtors	Book balance	Proportion of accounts receivable (%)	Bad debt provision
Guangzhou Highway Co., Ltd.	116,043,994.43	6.40	7,437,747.47
China Railway 12th Bureau Group Co., Ltd.	89,771,259.21	4.95	612,125.72
China Railway Shanhaiguan Bridge Group Co., Ltd.	64,180,674.93	3.54	
Cccc Third Harbor Engineering Co., Ltd.	60,420,960.18	3.33	5,858,245.56
Poly Changda Engineering Co., Ltd.	49,546,497.36	2.73	15,270,167.96
Total	379,963,386.11	20.95	29,178,286.71

(8) Accounts receivable derecognized due to transfer of financial assets: Nil

(9) The amount of continuous involvement in the transferred assets and liabilities due to the transfer of accounts receivable, such as securitization, factoring, etc.: Nil

5 Prepayments

(1) Disclosure of prepayments by aging

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (inclusive)	636,600,876.28	45.07		2,034,362,242.91	69.01	
1-2 years	175,652,518.42	12.44		329,438,197.61	11.17	907,067.50
2-3 years	88,777,314.49	6.29	907,067.50	73,434,089.74	2.49	
Over 3 years	511,286,485.66	36.20	468,929,367.65	510,895,693.31	17.33	468,849,495.68
Total	1,412,317,194.85	100.00	469,836,435.15	2,948,130,223.57	100.00	469,756,563.18

(2) Significant prepayments aged over 1 year

	Creditor	Debtors	Closing balance	Aging	Reasons for non-settlement	
					Unrecoverable	Unrecoverable
Guangdong Yueyun Transportation Company Limited		Tangshan No. 1 Steel Rolling Plant	197,045,775.25	Over 3 years		Unrecoverable
Guangdong Yueyun Transportation Company Limited		Tangshan Xinyue Industrial and Trade Group Co., Ltd.	176,052,126.35	Over 3 years		Unrecoverable
Guangdong Yueyun Transportation Company Limited		Tangshan Kaiping Xinyue Rolling Plant	95,666,462.20	Over 3 years		Unrecoverable
Guangdong Xinyue Transportation Investment Co., Ltd.		Guangdong Hefa Steel Towers Co., Ltd.	27,392,480.82	1-2 years		Unmeasured chargeback
Guangdong Xinyue Transportation Investment Co., Ltd.		Beijing Zhongjiao Guotong Intelligent Traffic System Technology Co., Ltd.	12,471,046.00	1-2 years		Unmeasured chargeback
Guangdong Spring Tide Expressway Co., Ltd.		Cccc Second Highway Engineering Co., Ltd.	8,246,540.00	1-2 years		Unmeasured chargeback
Guangdong Xinyue Transportation Investment Co., Ltd.		Guangzhou Fanan Transportation Facilities Engineering Co., Ltd.	5,988,080.76	1-2 years		Unmeasured chargeback
Guangdong Xinyue Transportation Investment Co., Ltd.		Beijing RHY Technology Development Co., Ltd.	5,934,035.28	2-3 years		Unmeasured chargeback
Guangdong Xinyue Transportation Investment Co., Ltd.		Guangzhou Jiaotou Electromechanical Engineering Co., Ltd.	5,762,562.96	Over 5 years		Unmeasured chargeback
Guangdong Xinyue Transportation Investment Co., Ltd.		Chuanxiao Fire Fighting Engineering Co., Ltd.	4,597,278.27	4-5 years		Unmeasured chargeback
Guangdong Xinyue Transportation Investment Co., Ltd.		Guangdong Nanyue Intelligent Transportation Technology Co., Ltd.	4,470,550.00	1-2 years		Unmeasured chargeback
Guangdong Xinyue Transportation Investment Co., Ltd.		Guangdong Shenye Construction Co., Ltd.	3,135,084.36	1-2 years		Unmeasured chargeback
	Total		546,762,022.25			

(3) Top five balances of prepayments categorized by debtors

Debtor	Book balance	Proportion of prepayments (%)	Bad debt provision
Tangshan No. 1 Steel Rolling Plant	197,045,775.25	13.95	197,045,775.25
Tangshan Xingye Industrial and Trade Group Co., Ltd.	176,052,126.35	12.47	176,052,126.35
Tangshan Kaiping Xingye Rolling Plant	95,666,462.20	6.77	95,666,462.20
Liuzhou Iron & Steel Co., Ltd.	43,070,281.74	3.05	
Guangzhou Baosteel Southern Trading Co., Ltd.	42,461,622.65	3.01	
Total	554,296,268.19	39.25	468,764,363.80

6 Other receivables

Items	Closing balance	Opening balance
Interest receivables	45,909,605.13	24,392,662.55
Dividend receivables	60,124,508.53	20,707,233.55
Other receivables	2,925,316,003.74	1,952,439,102.66
Total	3,031,350,117.40	1,997,538,998.76

(1) Interest receivable

Items	Closing balance	Opening balance
Term deposit	35,681,616.86	12,822,547.80
Entrusted loans		
Bond investment		
Others	10,227,988.27	11,570,114.75
Total	45,909,605.13	24,392,662.55

(2) Dividend receivables

Items	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Dividend receivable within 1 year	58,917,274.98		18,500,000.00	
Including: (1) Guangdong Feida Traffic Engineering Co., Ltd.	6,000,000.00		6,000,000.00	
(2) Southern United Assets & Equity Exchange	15,276,787.31		12,500,000.00	
(3) Shell Road Solutions Xinyue (Foshan) Co., Ltd.	36,140,487.67			
(4) Ganzhou Gankang Expressway Co., Ltd.	1,500,000.00			
Dividend receivable over 1 year	1,207,233.55		2,207,233.55	
Including: (1) Guangdong Traffic Telecom Co., Ltd.	1,760.65		1,760.65	
(2) Shaoguan Libao Technology Co., Ltd.			1,000,000.00	
(3) Guangdong Radio and Television Network Investment No. 1 Limited Partnership (Limited Partnership)	1,205,472.90		1,205,472.90	
Total	60,124,508.53		20,707,233.55	

(3) Other receivables

Category	Closing balance			Opening balance				
	Book balance Amount	Proportion (%)	Bad debt provision Amount	Book balance Amount	Proportion (%)	Bad debt provision Amount		
							Accrual Proportion (%)	Book value
Individually significant items for which provision for bad debt is recognized separately	742,622,692.32	23.24	41,637,847.84	347,464,448.46	15.79	43,101,405.88	12.40	304,363,042.58
Items for which provision for bad debt is recognized by Group with distinctive credit risk characteristics (both old and new standards applied)	2,379,233,003.94	74.46	155,426,657.86	1,781,427,348.17	80.95	133,352,388.04	7.49	1,648,074,960.13
Not individually significant items for which provision for bad debt is recognized separately	22,074,276.46	0.69	21,549,463.28	20,161,752.37	0.92	20,160,632.42	99.99	1,099.95

Items for which provision for bad debt is recognized separately (the new standards applied)	51,535,736.09	1.61	51,535,736.09	100.00	51,535,736.09	2.34	51,535,736.09	100.00	1,952,439,102.66
Total	3,195,465,708.81	100.00	270,149,705.07	2,925,316,003.74	2,200,589,285.09	100.00	248,150,182.43	100.00	1,952,439,102.66

Other receivable disclosed by aging for entities that have implemented the New Financial Instrument Standard.

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	405,151,424.75	332,528,423.52
1 - 2 years	61,722,323.37	41,096,124.71
2 - 3 years	35,456,364.86	31,504,930.14
Over 3 years	218,189,432.49	244,534,375.82
Sub-total	720,519,545.47	649,663,854.19
Less: Provision for bad debts	190,118,523.69	164,114,930.94
Total	530,401,021.78	485,548,923.25

Other receivable disclosed by nature for entities that have implemented the New Financial Instrument Standard

Items	Closing balance	Opening balance
Government grants receivable	293,298,923.23	255,660,517.54
Others	219,089,459.75	228,491,401.13
Deposits	108,817,853.56	104,148,480.91
Securities settlement trading funds	47,528,056.18	47,528,056.18
Ganhang capital reduction receivable	45,000,000.00	
Prepaid accident settlement receivable	5,849,432.75	12,899,578.43
Transfer of long-term assets receivable	935,820.00	935,820.00
Sub-total	720,519,545.47	649,663,854.19
Less: Provision for bad debts	190,118,523.69	164,114,930.94
Total	530,401,021.78	485,548,923.25

Provision for bad debts for entities that have implemented the New Financial Instrument Standards (the new standards applied)

Bad debt provision	Stage I		Stage II		Stage III		Total
	12-months expected credit loss	Lifetime expected credit loss (Not credit impaired)	Lifetime expected credit loss (Not credit impaired)	Lifetime expected credit loss (Credit impaired)	Lifetime expected credit loss (Credit impaired)		
Opening balance	3,854,101.91	103,435,706.58	103,435,706.58	56,825,122.45	164,114,930.94		
Opening balance in the current period	3,839,971.43	103,449,836.66	103,449,836.66	56,825,122.45	164,114,930.54		
-- Transfer to stage II							
-- Transfer to stage III							
-- Transfer back to stage II							
-- Transfer back to stage III							
Provision in the current period	1,047,333.60	25,038,284.55	25,038,284.55	2,064,953.31	28,150,571.46		
Reversal in the current period	854,749.38	1,128,157.62	1,128,157.62	7,730.73	1,990,637.73		
Sold off in the current period							
Write off in the current period		2,000.00	2,000.00	4,800.00	6,800.00		
Other movements	-149,540.98				-149,540.98		
Closing balance	3,897,145.15	127,343,833.51	127,343,833.51	58,877,545.03	190,118,523.69		

(1) Individually significant items for which provision for bad debt is recognized separately

Debtors	Book balance	Bad debt provision	Aging	Accrual Proportion (%)	Reasons for accrual
Poly Changda Engineering Co., Ltd. - Bid CB04	556,414,663.28		Within 1 year (inclusive)		Judging by recoverability
Shenzhen Expressway Company Limited	52,500,000.00		Within 1 year (inclusive)		Judging by recoverability
Guangdong Focingguang Expressway Development Co., Ltd.	39,582,686.00		2 - 3 years		Judging by recoverability
Guangdong Gaintop Highway Engineering Construction Group Co., Ltd.	27,222,059.79		2 - 3 years; 23,632,667.05 over 5 years; 3,589,392.74		Judging by recoverability
Development Zone Trust and Investment Company	19,636,126.07	19,636,126.07	3 - 4 years	100.00	Estimated unrecoverable
Guangdong Shenshan Speedway East Section Co., Ltd.	14,121,843.23		Over 5 years		Judging by recoverability
Hongkong-Zhuhai-Macao Road Transportation (Macao) Co., Ltd.	10,343,592.18		3 - 4 years		Judging by recoverability
The Administrative Committee of Huizhou Zhongkai Hi-tech Industrial Development Zone	7,390,055.88	7,390,055.88	4 - 5 years	100.00	Estimated unrecoverable
Fengshun Automobile Transportation Co., Ltd.	6,399,679.89	6,399,679.89	2 - 3 years	100.00	Estimated unrecoverable
MOF of Huizhou	5,011,986.00	5,011,986.00	4 - 5 years	100.00	Estimated unrecoverable
Trade Union Council of Guangdong Highway Affairs Center	4,000,000.00	3,200,000.00	Over 5 years	80.00	Judging by recoverability
Total	742,622,692.32	41,637,847.84			

(2) Items for which provision for bad debt is recognized by Group with distinctive credit risk characteristics

(a) Provision for bad debts according to aging portfolio

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (inclusive)	1,573,373,162.13	82.87	3,930,740.37	1,027,821,652.96	76.71	567,625.65
1-2 years	64,897,903.41	3.42	5,175,215.86	59,208,041.59	4.42	1,543,818.52
2-3 years	37,712,006.84	1.99	8,804,388.99	31,120,599.51	2.32	2,795,902.79
Over 3 years	222,458,307.56	11.72	137,516,312.64	221,825,398.96	16.55	128,445,041.08
Total	1,898,441,379.94	100.00	155,426,657.86	1,339,975,693.02	100.00	133,352,388.04

(b) Provision for bad debts according to other portfolios

Portfolios	Closing balance		Opening balance	
	Book balance	Accrual Proportion (%)	Book balance	Accrual Proportion (%)
Portfolio 1: Deposit and warranty deposit	465,826,900.19		441,451,655.15	
Portfolio 2: Banks and third-party settlement institutions	14,964,723.81			
Total	480,791,624.00		441,451,655.15	

(3) Not individually significant items for which provision for bad debt is recognized separately

Debtors	Book balance	Bad debt provision	Aging	Accrual Proportion (%)	Reasons for accrual
Meizhou Ship Company	2,309,237.48	2,309,237.48	Over 5 years	100.00	Estimated unrecoverable
Index fee of MOF of Guangdong Province	1,899,819.26	1,375,006.08	Over 5 years	72.38	Judging by recoverability
Guangdong Deqing Highway Development Company	1,340,000.00	1,340,000.00	Over 5 years	100.00	Estimated unrecoverable
Gd Xinguang International Sand & Stone Resources Development Co., Ltd.	1,280,000.00	1,280,000.00	Over 5 years	100.00	Estimated unrecoverable
China Coal Construction Group Co., Ltd.	1,174,261.91	1,174,261.91	Over 5 years	100.00	Estimated unrecoverable
Henghe Office of Boluo County	1,122,490.00	1,122,490.00	4-5 years	100.00	Estimated unrecoverable
Guangdong Traffic Development Company	1,107,362.02	1,107,362.02	Over 5 years	100.00	Estimated unrecoverable

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Debtors	Book balance	Bad debt provision	Aging	Accrual Proportion (%)	Reasons for accrual
Guangdong Licheng Construction Co., Ltd.	1,028,000.00	1,028,000.00	Over 5 years	100.00	Estimated unrecoverable
Guangzhou Huanan Road and Bridge Industry Co., Ltd.	1,000,000.00	1,000,000.00	3-4 years	100.00	Estimated unrecoverable
Shaoguan Changshan Cement Plant	772,646.00	772,646.00	Over 5 years	100.00	Estimated unrecoverable
Shantou Highway Bridge Engineering General Company	753,634.00	753,634.00	Over 5 years	100.00	Estimated unrecoverable
Jinhui Industrial Co., Ltd.	700,000.00	700,000.00	Over 5 years	100.00	Estimated unrecoverable
Shuche Hong Kong Co., Ltd.	549,368.52	549,368.52	2-3 years	100.00	Estimated unrecoverable
Guangdong Suixi Zhanjiang Cement Enterprise Company	500,000.00	500,000.00	Over 5 years	100.00	Estimated unrecoverable
Shenzhen Pengde Traffic Facility Co., Ltd.	355,485.83	355,485.83	Over 5 years	100.00	Estimated unrecoverable
Funds raised by employees of accessories stores	339,544.10	339,544.10	Over 5 years	100.00	Estimated unrecoverable
Qiguan Hotel Trade Union	320,000.00	320,000.00	Over 5 years	100.00	Estimated unrecoverable
Chongqing Data Technology Co., Ltd.	260,446.88	260,446.88	Within 1 year	100.00	Estimated unrecoverable
Guangdong Constructive Materials Main Company	205,361.74	205,361.74	4-5 years	100.00	Estimated unrecoverable
Huizhou Expressway Construction Project Headquarters	201,738.78	201,738.78	4-5 years	100.00	Estimated unrecoverable
Jincheng Management Office of Shanxi Expressway Administration Bureau	200,000.00	200,000.00	Over 5 years	100.00	Estimated unrecoverable
Guangzhou Astronautics Haite System Engineering Co., Ltd.	134,700.00	134,700.00	Over 5 years	100.00	Estimated unrecoverable
Yunnan Yunqiao Construction Co., Ltd.	130,000.00	130,000.00	Over 5 years	100.00	Estimated unrecoverable
Shenzhen Tianmi Transportation Facilities Co., Ltd.	128,104.81	128,104.81	Over 5 years	100.00	Estimated unrecoverable
Yixing Huatong Metal Coating Co., Ltd.	119,282.44	119,282.44	Over 5 years	100.00	Estimated unrecoverable
Guangzhou Zhongxinhe Industrial Co., Ltd.	107,796.27	107,796.27	Over 5 years	100.00	Estimated unrecoverable
Taohua (Shenzhen) Law Firm	78,326.16	78,326.16	Over 5 years	100.00	Estimated unrecoverable
Longhao Communication Company	67,152.15	67,152.15	Over 5 years	100.00	Estimated unrecoverable
Danshui Real Estate Development Company	67,144.68	67,144.68	Over 5 years	100.00	Estimated unrecoverable
Xinleng Cement Plant	60,070.00	60,070.00	Over 5 years	100.00	Estimated unrecoverable
Jieyang Yihua Road and Bridge Construction Co., Ltd.	56,405.00	56,405.00	Over 5 years	100.00	Estimated unrecoverable
Ruichang Tuoan Traffic Engineering Co., Ltd.	45,116.63	45,116.63	Over 5 years	100.00	Estimated unrecoverable
Shenzhen Kingsum DEVELOPMENT Company Co., Ltd.	35,984.14	35,984.14	Over 5 years	100.00	Estimated unrecoverable
Beijing Hanweida Traffic Transportation Equipment Co., Ltd.	34,152.20	34,152.20	Over 5 years	100.00	Estimated unrecoverable
Shenzhen Branch of PICC	30,800.00	30,800.00	3-4 years	100.00	Estimated unrecoverable
Xuzhou Guanghuan Transportation Facilities Co., Ltd.	21,920.67	21,920.67	Over 5 years	100.00	Estimated unrecoverable
Fujian Newland Computer Co., Ltd.	20,500.00	20,500.00	Over 5 years	100.00	Estimated unrecoverable
Hongyun Furniture (Dongguan) Co., Ltd.	13,324.00	13,324.00	3-4 years	100.00	Estimated unrecoverable
Shenzhen Hualuan Industry Development Co., Ltd.	11,492.50	11,492.50	Over 5 years	100.00	Estimated unrecoverable
Others	3,492,608.29	3,492,608.29	Within 1 year: 1,096,237.86; Over 1 years: 2,396,370.43	100.00	Estimated unrecoverable
Total	4,951,457.12	4,951,457.12			

Notes to the Consolidated Financial Statements

(4) Items for which provision for bad debt is recognized separately (the new standards applied)

Debtor	Book balance	Bad debt provision	Aging	Expected credit loss rate (%)	Reasons for accrual
Kunlun Securities Co., Ltd.	47,528,056.18	47,528,056.18	Over 5 years	100.00	Estimated unrecoverable
Beijing Geifu Enze Organic Fertilizers Co., Ltd.	4,007,679.91	4,007,679.91	Over 5 years	100.00	Estimated unrecoverable
Total	51,535,736.09	51,535,736.09			

(5) Provision for bad debts reversed or recovered in the current period

Debtor	The amount of recoveries or reversals of provisions for bad debts	Accumulated amount before recoveries or reversals of provisions for bad debts	Reason and method for recoveries or reversals
Meizhou Kangda Highway Construction Co., Ltd.	1,908,000.00	1,908,000.00	Recovery
Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.	669,400.00	669,400.00	Recovery
Government of Boluo	545,021.61	545,021.61	Recovery
Guangdong Constructive Materials Main Company	200,000.00	324,761.74	Recovery
Others	161,046.31	161,046.31	Recovery
Total	3,483,467.92	3,608,229.66	

(6) Other receivables actually written off during the reporting period

Debtors	Nature of accounts receivables	Amount written off	Reasons of amount written off	Write off procedures performed	Whether arising from related party transactions
Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.	Current accounts	1,332,503.69	No debt paying ability	Board Resolution	No
Others	Bid security, deposit and car purchase money, etc.	28,515.72	Age exceeds the legal litigation period, and cannot be recovered	Board Resolution	No
Total		1,361,019.41			

(7) Top five entities with the largest balances of other receivables

Debtors	Book balance	Proportion of total other receivables (%)	Bad debt provision
Shenzhen Zhongshan Channel Management Center	116,043,994.43	6.40	7,437,747.47
Poly Changda Engineering Co., Ltd.	89,771,259.21	4.95	612,125.72
China Construction Bank Corporation	64,180,674.93	3.54	
Sinopec Sales Co., Ltd. Guangdong Petroleum Branch	60,420,960.18	3.33	5,858,245.56
Shenzhen Expressway Company Limited	49,546,497.36	2.73	15,270,167.96
Total	379,963,386.11	20.95	29,178,286.71

(8) Other receivable derecognized due to transfer of financial assets: Nil

(9) The amount of continuous involvement in the transferred assets and liabilities due to the transfer of other receivables, such as securitization, factoring, etc: Nil

(10) Other receivable involved in government subsidies

Name	Government subsidies	Closing balance	Aging at the end of period
Guangdong Yueyun Transportation Company Limited and its subsidiaries	Pure electric vehicle operation subsidy	191,263,864.12	Within 1 year: 163,881,791.16, 1-2 years: 27,382,072.96
Guangdong Yueyun Transportation Company Limited and its subsidiaries	New energy vehicle subsidy	39,631,036.00	Within 1 year
Guangdong Yueyun Transportation Company Limited and its subsidiaries	Vehicle purchase subsidy	32,966,725.00	Within 1 year
Guangdong Yueyun Transportation Company Limited and its subsidiaries	Operation subsidy	13,555,309.01	Within 1 year: 13,355,309.01, 1-2 years: 200,000.00
Guangdong Yueyun Transportation Company Limited and its subsidiaries	Subsidies for replacing training with work	5,090,500.00	Within 1 year
Guangdong Yueyun Transportation Company Limited and its subsidiaries	Fuel subsidy	4,940,489.10	Within 1 year: 3,925,489.10, 2-3 years: 1,015,000.00
Guangdong Yueyun Transportation Company Limited and its subsidiaries	Preferential travel allowance for the elderly	4,150,000.00	Within 1 year: 3,500,000.00, 1-2 years: 650,000.00
Guangdong Yueyun Transportation Company Limited and its subsidiaries	Teacher subsidy	694,800.00	Within 1 year
Guangdong Yueyun Transportation Company Limited and its subsidiaries	Job training subsidy	615,450.00	Within 1 year
Guangdong Yueyun Transportation Company Limited and its subsidiaries	Stable post subsidy	240,750.00	Within 1 year
Guangdong Yueyun Transportation Company Limited and its subsidiaries	Other subsidies related to income	150,000.00	1-2 years
Total		293,298,923.23	

7 Financial assets held under resale agreements

Items	Closing balance	Opening balance
Treasury bonds held under resale agreements	1,694,535,000.00	
Total	1,694,535,000.00	

8 Inventories

(1) Categories of inventories

Items	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Net carrying amount	Gross carrying amount	Provision for impairment	Net carrying amount
Raw materials	151,528,172.38	1,128,596.97	150,399,575.41	200,114,508.55	477,530.85	199,636,977.70
Self-made semi-finished goods and work in process	1,546,124,152.69		1,546,124,152.69	2,699,701,062.13		2,699,701,062.13
Including: Completed but unsettled works	114,753,606.34		114,753,606.34	1,386,971,862.73		1,386,971,862.73
Development costs	1,431,370,546.35		1,431,370,546.35	1,308,127,095.69		1,308,127,095.69
Goods in stock (finished goods)	467,197,702.17	1,672.35	467,196,029.82	295,678,681.11	2,094,202.61	293,584,478.50
Including: Development goods						
Turnover material (packages, low value consumables, etc.)	559,773.01		559,773.01	543,899.01		543,899.01
Expendable biological assets						
Contract performance costs						
Others	309,328,019.35		309,328,019.35	4,506,329,619.44		4,506,329,619.44
Including: Undeveloped land reserves				4,147,095,626.62		4,147,095,626.62
Total	2,474,537,819.60	1,130,269.32	2,473,407,550.28	7,702,367,770.24	2,571,733.46	7,699,796,036.78

(2) Capitalized borrowing costs among the closing balance of the inventories

Items	Closing balance	Opening balance
Properties under development	42,379,098.34	25,812,289.05
Undeveloped land reserve		1,924,533.33
Total	42,379,098.34	27,736,822.38

(3) Completed but unsettled assets formed by construction contracts at the end of the period (applicable to the old standards)

Items	Closing balance
Accumulated costs incurred	5,301,382,882.50
Accumulated gross profit recognised	602,993,872.96
Less: Expected loss	
Settled amount	5,789,623,149.12
Completed but unsettled assets formed by construction contracts	114,753,606.34

9 Contract assets

Items	Closing balance		Opening balance	
	Book balance	Provision for impairment	Book value	Book balance
Warranty deposit receivable	5,276,369.96		5,276,369.96	4,786,948.62
Total	5,276,369.96		5,276,369.96	4,786,948.62

10 Non-current assets due within one year

Items	Closing balance	Opening balance
Long-term receivables due within one year	691,822.93	1,269,554.64
Others	51,745.32	51,745.32
Total	743,568.25	1,321,299.96

11 Other current assets

Items	Closing balance	Opening balance
Input VAT to be deducted	239,913,867.04	159,937,101.32
Prepaid taxes	78,508,769.21	57,160,151.06
Entrusted loans of Guangdong Zhujiang Highway Bridge Investment Co., Ltd.		181,115,775.00
Entrusted loans of Huizhou Jiaotou Dongjiang Investment Co., Ltd.		15,460,828.21
Others	5,807,531.80	8,300,366.95
Total	324,230,168.05	421,974,222.54

12 Loans and advances

Items	Closing balance	Opening balance
Loans and advances		57,000,000.00
Less: Provision for impairment of loans		1,425,000.00
Net amount of loans and advances		55,575,000.00
Total		55,575,000.00

(1) Loans and advances issued are listed as follows according to the guaranty style:

Items	Closing balance	Opening balance
Credit loans		57,000,000.00
Guaranteed loans		
Total		57,000,000.00

(2) Overdue company loans and advances due within one year: Nil

13 Available-for-sale financial assets

(1) Available-for-sale financial assets

Items	Closing balance		Opening balance	
	Book balance	Provision for impairment	Book value	Book balance
Available-for-sale debt instruments				
Available-for-sale equity instruments	2,306,159,409.72	207,302,187.63	2,098,857,222.09	3,885,092,189.19
Including: Measured at fair value	1,761,896,983.68		1,761,896,983.68	3,340,263,073.71
Measured at cost	544,262,426.04	207,302,187.63	336,960,238.41	544,829,115.48
Others				207,302,187.63
Total	2,306,159,409.72	207,302,187.63	2,098,857,222.09	3,885,092,189.19

(2) Available-for-sale financial assets measured at fair value at the end of period

Items	Available-for-sale equity instruments		Available-for-sale debt instruments	Others	Total
	Cost of equity instruments / amortized cost of debt instruments	Fair value			
Cost of equity instruments / amortized cost of debt instruments		1,493,956,119.93			1,493,956,119.93
Fair value		1,761,896,983.68			1,761,896,983.68
Accumulated fair value changes through other comprehensive income		267,940,863.75			267,940,863.75
Impairment amount accrued					

(3) Details of available-for-sale financial assets measured at fair value

Available-for-sale financial assets	Investment cost	No. of shares	Closing price at the end of the year	Fair value
Meida A shares 000782	800,000.00	500,000.00	3.22	1,610,000.00
Bank of Communications A shares 601328	1,984,117.10	1,147,041.00	4.48	5,138,743.68
Agricultural bank A shares 601288	796,466,520.00	297,189,000.00	3.14	933,173,460.00
Everbright Bank A shares 601818	499,999,000.00	161,290,000.00	3.99	643,547,100.00
Chengdu Expressway H shares HKI 785	194,706,482.83	100,000,000.00	1.78	178,427,680.00
Total	1,493,956,119.93	560,126,041.00		1,761,896,983.68

(3) Details of available-for-sale financial assets measured at cost

Investees	Book balance				Provision for impairment			Shareholding proportion in investees (%)	Cash dividend	
	Opening balance	Increase	Decrease	Closing balance	Opening balance	Increase	Decrease			Closing balance
Ubs Securities Co. Limited	278,827,353.58			278,827,353.58					14.01	1,203,108.00
Yangjiang Yuexi Highway Construction Co., Ltd.	93,000,000.00			93,000,000.00	93,000,000.00			93,000,000.00	30.00	
Guangdong State-owned Enterprise Restructuring Development Fund (L.P.)	30,000,000.00		500,000.00	29,500,000.00					3.33	
Lianyi Traffic Construction Development Co., Ltd.	28,744,798.00			28,744,798.00	28,744,798.00			28,744,798.00	20.70	
Jiangmen Yian Road and Bridge Development Co., Ltd.	25,900,000.00			25,900,000.00	25,900,000.00			25,900,000.00	10.00	
Luoding Luochong First Class Highway Co., Ltd.	24,200,000.00			24,200,000.00	3,127,467.56			3,127,467.56	25.00	
Shaoguan west exit toll road	14,242,963.76			14,242,963.76	14,242,963.76			14,242,963.76	34.00	
Wushan Yuba Road Co., Ltd.	13,500,000.00			13,500,000.00	13,500,000.00			13,500,000.00	18.61	
Foshan 325 National Highway Fojin Section of Co., Ltd.	11,200,000.00			11,200,000.00	11,200,000.00			11,200,000.00	35.00	
Zhaoqing Dinghu Huihan Forth Road Development Co., Ltd.	8,440,000.00			8,440,000.00	8,440,000.00			8,440,000.00	50.00	
Fengshun Automobile Transportation Co., Ltd.	7,070,488.41			7,070,488.41	7,070,488.41			7,070,488.41	52.59	
Nanao Yangyu Highway	3,200,350.51			3,200,350.51					50.00	
Huizhou Jingang Cement Co., Ltd.	2,000,000.00			2,000,000.00	2,000,000.00			2,000,000.00	5.45	
Bank of Guangzhou Co., Ltd.	1,748,273.00			1,748,273.00					0.01	203,198.38
Shenzhen Tongyun Shunda Union	1,000,000.00			1,000,000.00					12.35	
Guangdong-Hong Kong-Macao International Logistics Limited										
Meixian Dongxing Electric Appliance Plant	76,469.90			76,469.90	76,469.90			76,469.90	2.00	
Zhuhai Gree REAL Estate Co., Ltd.	75,000.00			75,000.00					0.32	
Guangdong Yuectie Technology Co., Ltd.	500,000.00			500,000.00					1.85	

Investees	Book balance				Provision for impairment			Shareholding proportion in investees (%)	Cash dividend
	Opening balance	Increase	Decrease	Closing balance	Opening balance	Increase	Decrease		
Hong Kong & Macao International Airport Transportation Service (HK) Co. Limited	559,862.50		33,837.50	526,025.00				12.50	
Hong Kong Airport Passenger Service (Macao) Co., Ltd	543,555.82		32,851.94	510,703.88				12.50	
Total	544,829,115.48		566,689.44	544,262,426.04	207,302,187.63			207,302,187.63	1,406,306.38

14 Long-term receivables

(1) Long-term receivables

Items	Closing balance			Opening balance			Discount rate range at the end of the period (%)
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value	
Finance lease amount	15,000,000.00		15,000,000.00	571,376.73		571,376.73	3.85
Including: Unrealised financing income	976,159.78		976,159.78	73,645.27		73,645.27	3.85
Annual ticket system regional creditor's rights	266,156,567.22	149,635,778.69	116,520,788.53	310,156,567.22		310,156,567.22	—
Shareholder loans	1,028,505,527.91	223,414,191.95	805,091,335.96	375,560,540.10	223,414,191.95	152,146,348.15	—
Total	1,309,662,095.13	373,049,970.64	936,612,124.49	686,288,484.05	223,414,191.95	462,874,292.10	

(2) Long-term receivables with single significant amount

Debtors	Nature	Closing balance	
		Book balance	Provision for impairment
Huishen (Yanlian) Expressway Huizhou Co., Ltd. (Note 1)	Shareholder loans	113,048,085.30	
Shantou Road and Bridge Toll Management Office (Note 2)	District annual ticket creditor's rights	116,520,788.53	
Zhaoqing District Annual Ticket System (Provincial Road and Bridge Center)	District annual ticket creditor's rights	149,635,778.69	

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Debtors	Nature	Closing balance	
		Book balance	Provision for impairment
Foshan 325 National Highway Fojiu Section of Co., Ltd	Shareholder loans	13,269,791.95	13,269,791.95
Yangjiang Yuexi Highway Construction Co., Ltd.	Shareholder loans	138,068,400.00	138,068,400.00
Luoding Luomei Highway Co., Ltd.	Shareholder loans	72,076,000.00	72,076,000.00
Guangxi Xifang Lingang Chishui Port Co., Ltd. (Note 3)	Shareholder loans	42,026,164.85	
Guangzhou Zhenfong Industrial Development Co., Ltd.	Shareholder loans	650,017,085.81	
Finance lease receivables	Finance lease receivables	15,000,000.00	
Including: Unrealised financing income	Finance lease receivables	976,159.78	
Total		1,309,662,095.13	373,049,970.64

Note 1:

Reconstruction and Expansion of Huizhou Section of Huizhou Shenzhen Expressway” signed by Huishen (Yantian) Expressway Huizhou Co., Ltd. and Huizhou government, the company’s investment in the reconstruction and expansion of Huizhou section of Huishen Expressway of RMB 113,048,085.30 is the priority compensation, which is included in the accounting of “long-term receivables”.

Note 2:

The subsidiary Shantou Jinhong Highway Co., Ltd. (hereinafter referred to as the “Jinhong Highway”) of Guangdong Road and Bridge Construction Development Co., Ltd. signed the “Contract for Investment Repayment and Profit Distribution after the Implementation of Annual Ticket System for Jinhong Highway Project” on 29 Nov 2005 with Shantou Road and Bridge Toll Management Office. It is agreed that after the completion and acceptance of Jinhong Highway project is qualified, Jinhong Highway will be included in the scope of Shantou road and bridge toll reform according to the reply of the provincial government, and the annual ticket system will be implemented; Shantou Road and Bridge Toll Management Office shall pay off the principal and interest of the funds included in the repayment scope (i.e. the repayment base) in the total investment of Jinhong Highway project to Jinhong Company, and the repayment base shall be finally subject to the approval of the provincial audit office in conjunction with relevant provincial departments according to relevant policies. Since the opinions on “The Audit of the Final Accounts of Shantou Chenghai Jinhong Highway Project” (YJC [2011] No.1225) issued by the Provincial Department of Transportation has been obtained in 2012, but Jinhong Company and Shantou Road and Bridge Toll Management Office have not reached an agreement on the principal and interest of the investment to be recovered, the long-term receivables are temporarily recognised according to the net value of r highway assets, and the repayment principal received in each period is offset against the long-term receivables.

Note 3:

(1) Xin Yue Company Limited provided a one-year loan of HKD 12 million to Guangxi Xijiang Lingang Chishui Port Co., Ltd. (hereinafter referred to as the "Wuzhou Port") on October 2012. In 2013, the resolution of the shareholders' meeting agreed to extend the loan to 5 years from the original loan date. In February 2013, it provided a one-year loan of HKD 6 million to Wuzhou Port, which was extended to 5 years from the original loan date by resolution of the board of directors in 2014. In September 2017, the company provided a one-year loan of HKD 13.6 million to Wuzhou Port. After the expiration of the three loans, the company will extend them every year according to the actual operation of Wuzhou Port. As of December 31, 2020, the loan balance of Xin Yue Company Limited to Wuzhou Port was HKD 31.6 million, equivalent to RMB 26,595,824.00, and the total principal and interest balance was RMB 33,317,435.69.

(2) In June 2013, Guangxi Xijiang Lingang Chishui Port Co., Ltd. (hereinafter referred to as the "Wuzhou Port") and Wuzhou Branch of Industrial and Commercial Bank of China (hereinafter referred to as "ICBC") signed the "Fixed Assets Loan Contract" whose number is 2013 (Business) Zi No.0054. At the same time, each shareholder of Wuzhou Port provided joint and several liability guarantee for the loan according to the share ratio. As a shareholder holding 25% of the shares of Wuzhou Port, Xin Yue (Guangzhou) Investment Co., Ltd. has compensated the due loan principal of Wuzhou Port by RMB 8.5 million and the balance of principal and interest of long-term receivables by RMB 8,708,729.16 according to the shareholding ratio as of 31 Dec 2020.

(3) Long-term receivables derecognized due to transfer of financial assets: Nil

(4) The amount of continuous involvement in the transferred financial assets and liabilities due to the transfer of long-term receivables, such as securitization, factoring, etc: Nil

15 Long-term equity investment

(1) Classification of long-term equity investment

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Investment in subsidiaries				
Investment in joint ventures	457,062,979.45	10,493,038.33	93,782,223.87	373,773,793.91
Investment in associates	6,464,072,477.89	2,213,345,515.78	642,166,362.37	8,035,251,631.30
Sub-total	6,921,135,457.34	2,223,838,554.11	735,948,586.24	8,409,025,425.21
Less: provision of long-term equity investment impairment	123,995,246.59	233,296.01	800,000.00	123,428,542.60
Total	6,797,140,210.75	2,223,605,258.10	735,148,586.24	8,285,596,882.61

(2) Details of long-term equity investment

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Investees	Investment cost	Opening balance	Increase	Decrease	Investment income (loss) under the equity method	Changes in the current period						Closing balance	Closing balance of provision for impairment
						Adjustment in other comprehensive income ("OCI")	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses	Others			
Total	5,791,875,060.42	6,921,135,457.34	774,399,790.69	47,007,200.75	862,146,408.20	-10,404,131.13	-20,789,997.20	636,299,649.29	233,296.01	565,844,747.35	8,409,025,425.21	123,428,542.60	
1. Joint ventures	339,270,713.22	457,062,979.45			10,493,038.33			41,140,487.67		-52,641,736.29	373,773,793.91		
Guangdong United Electronic Service Data Technology Co., Ltd.	8,740,000.00												
Guangdong Shantou Haiwan Bridge Co., Ltd.	176,175,409.13	220,328,576.94			1,388,872.85						221,717,449.79		
Shell Road Solutions Xinyuwei(foshan) Co., Ltd.	24,996,778.42	63,733,863.99			12,592,994.22			40,140,487.67			36,186,370.54		
Guangdong Zhongyuetong Oil operate Co., Ltd. (Note 1)	15,000,000.00	48,546,275.30								-48,546,275.30			
Guangdong Yue Huahui Business Management Limited	9,000,000.00	6,555,133.61			155,819.79						6,710,953.40		
Guangdong Zhongyue Tongyi Energy Sale Co., Ltd.	30,000,000.00	31,391,767.44			4,382,412.10			1,000,000.00			34,774,179.54		
Guangdong Road Network Digital Media Information Technology Co., Ltd.	5,906,850.00	4,273,723.32			-113,165.48						4,160,557.84		
Zhuhai Yuegong Xinhai Transportation Co., Ltd.	64,451,675.67	78,588,109.62			-7,609,037.66					-4,095,460.90	66,883,611.06		
Guangzhou Yueyun Insurance Gonggu Co., Ltd.	1,000,000.00	68,215.54			88,433.36						156,648.90		
Shaoguan Yuehong Passenger Transportation Bus Station Co., Ltd.	4,000,000.00	3,577,313.69			-393,290.85						3,184,022.84		
2. Associates	5,452,604,347.20	6,464,072,477.89	774,399,790.69	47,007,200.75	851,653,369.87	-10,404,131.13	-20,789,997.20	595,159,161.62	233,296.01	618,486,483.55	8,035,251,631.30	123,428,542.60	
Guangdong Keying Development Co., Ltd.	623,491.24	398,733.40		398,733.40									

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Investees	Investment cost	Opening balance	Changes in the current period							Closing balance	Closing balance of provision for impairment	
			Increase	Decrease	Investment income (loss) under the equity method	Adjustment in other comprehensive income ("OCI")	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses			Others
Guangdong Mingyue Industrial Development Co., Ltd.	400,000.00				1,906,426.06			400,000.00			1,506,426.06	
Maoming Lingna Road Co., Ltd.	68,400,000.00											
Luoding Luomet Highway Co., Ltd.	45,708,100.00	45,708,100.00									45,708,100.00	45,708,100.00
Zhanjiang Langiao Engineering Co., Ltd.	27,578,316.98	27,578,316.98									27,578,316.98	10,904,822.83
Shenzhen Expressway Company Limited (Note 3)	552,583,206.80		552,583,206.80								552,583,206.80	
Qiguan New Energy Technology Co., Ltd.	9,555,000.00		9,555,000.00		-131,318.15						9,423,681.85	
Hong Kong Qigang Travel Transportation Co., Ltd.	161,011.80	151,844.40									151,844.40	151,844.40
Zhuhai Nanqi Special Cargo Transportation Co., Ltd.	2,450,000.00	4,754,537.49			1,451,224.00		-364,268.84				5,841,492.65	
Hong Kong-Zhuhai-Macao Road Transportation (Macao) Co., Ltd.	3,530,299.51	5,004,534.48			-1,062,603.80		-246,154.65	420,820.00			3,274,956.03	
Jiangmen Jianghe Expressway Co., Ltd.	37,150,000.00	59,233,435.75			8,367,659.88			13,119,310.30			54,481,785.33	
Huishen (Yantian) Expressway Huizhou Co., Ltd.	28,462,000.00	76,624,372.18			1,401,676.84						78,026,049.02	
Foshan Guangsan Expressway Co., Ltd.	73,341,000.00	116,945,433.50	2,351,141.65		50,895,048.94			45,740,204.59			124,361,419.50	
Guangdong Shenshan Expressway East Section Co., Ltd.	142,450,000.00	253,943,260.97			48,917,873.63						302,861,134.60	
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	42,750,000.00											
Shenzhen Yantian Port Holdings Co., Ltd.	35,231,299.69	262,682,427.44			22,726,327.71						285,408,755.15	
Ganzhou Kangda Expressway Co., Ltd.	216,251,100.00	234,733,526.86			9,080,563.64			27,000,000.00			216,814,090.50	

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Investees	Investment cost	Opening balance	Changes in the current period										Closing balance	Closing balance of provision for impairment
			Increase	Decrease	Investment income (loss) under the equity method	Adjustment in other comprehensive income ("OCI")	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses	Others				
Ganzhou Gankang Expressway Co., Ltd.	226,379,000.00	213,672,650.90	45,000,000.00	-21,398,030.18	1,500,000.00								145,774,620.72	
Guangdong Yuepu Microfinance Co., Ltd.	200,000,000.00	214,637,335.45		10,065,984.93	9,000,000.00								215,703,320.38	
Guoyuan Securities Company Limited	799,999,959.30	793,926,807.52	129,910,442.24	32,205,888.19	11,940,297.90								938,910,680.16	
Human Lianzhi Technology Co., Ltd.	80,000,000.00		80,000,000.00	5,011,902.75	69,072.17								85,080,974.92	
Guangdong Jingzhu Expressway	290,640,000.00	160,231,226.97		31,189,593.46									191,420,820.43	
Guangzhou North Section Co., Ltd.														
Guangzhou Northern Second Ring Expressway Co., Ltd.	90,000,000.00	141,978,177.83		58,757,480.48	18,021,592.68								182,714,065.63	
Guangzhou Pearl River Huangpu Dapiao Construction Co., Ltd.	129,590,000.00	193,420,148.35		59,069,065.85	102,871,047.68								149,618,166.52	
Guangzhou Zhenrong Industrial Development Co., Ltd. (Note 2)	2,500,000.00			-803,084.43	619,887,405.57								619,084,321.14	
Guangzhou Its Communication Equipment Co., Ltd.	4,235,000.00	46,867,016.16		51,804,594.97	12,705,000.00								85,967,011.13	
Guangdong Feida Traffic Engineering Co., Ltd.	16,937,485.78	35,806,213.74		18,007,343.99	12,000,000.00								41,813,557.73	
Guangdong Traffic Telecom Co., Ltd.	3,195,357.29	4,106,691.82		156,452.79									4,263,144.61	1,158,452.80
Guangdong Province Communications Planning & Design Institute Co., Ltd.	36,000,000.00	252,759,312.40		98,035,604.93	33,348.00								329,625,914.51	
Poly Changda Engineering Co., Ltd.	1,383,182,235.76	2,169,165,924.76		246,292,152.11	-4,601,547.75								2,225,872,897.33	
Southern United Assets & Equity Exchange	20,000,000.00	67,804,725.72		15,649,879.14	15,276,787.31								68,177,817.55	

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Investees	Investment cost	Opening balance	Changes in the current period							Closing balance	Closing balance of provision for impairment		
			Increase	Decrease	Investment income (loss) under the equity method	Adjustment in other comprehensive income ("OCI")	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses			Others	
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	20,329,088.00	27,197,203.78			-3,527,467.16						-1,379,363.08	22,290,373.54	
Guangzhou Tianhe Passenger Transportation Station Co., Ltd.	2,000,000.00	27,698,749.60			2,500,168.91							30,198,918.51	
Shantou Automotive Passenger Transportation Center Station Co., Ltd.	25,206,264.00	23,640,633.75			-328,641.59							23,311,992.16	
Guangdong Zhongyou Yueyun Natural Gas Co., Ltd.	12,000,000.00	15,443,059.60			-412,023.63			2,315,126.98				12,715,908.99	
Luofeng Shenzhen Expressway Service Co., Ltd.	450,000.00	3,213,495.10			-779,709.18							2,433,785.92	
Express Cross-Border Coach Mgt. Co. Limited	41,351.00	456,104.04			49,142.14							88,990.98	
Guangdong Guangye Yueyun Gas Co., Ltd.	6,000,000.00	11,242,856.59			-335,774.15					900,000.00		10,007,082.44	
Shaoguan Danxia Tourist Bns Co., Ltd. Guangdong	9,721,622.64	12,258,716.46			-955,222.26							11,303,494.20	
Guangjiang High Speed Passenger Transportation Co., Ltd.	420,000.00	808,467.35		808,467.35									
Shantou Chaonan Yueyuntandao Transportation Co., Ltd.	800,000.00	1,613,541.75			-453,514.34							1,160,027.41	
Shantou Chaoyang Yueyuntandao Transportation Co., Ltd.	200,000.00												

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Investees	Investment cost	Opening balance	Changes in the current period							Closing balance	Closing balance of provision for impairment		
			Increase	Decrease	Investment income (loss) under the equity method	Adjustment in other comprehensive income ("OCI")	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses			Others	
Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	8,000,000.00	6,602,744.21			-842,401.78							5,160,342.43	
Heyuan Yuyun New Energy Co., Ltd.	1,000,000.00	274,328.86			-41,032.85					233,296.01		233,296.01	233,296.01
Qingyuan Zhongnan Development Co., Ltd.	100,000.00	345,893.29			418.16							346,311.45	
Shaoguan Libao Technology Co., Ltd.	1,418,462.00	1,329,854.73			370,528.27		147,000.00					1,553,383.00	
Huiketong Technology (Zhuhai) Co., Ltd.	2,030,000.00	2,249,340.61			-1,230,122.04							1,019,218.57	
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	3,400,000.00	1,458,984.41			-528,984.41							930,000.00	930,000.00
G.D., H.K. and Macao System Technology Company Limited	259,776.20	162,277.36			-157,371.62						-4,905.74		
Zhuhai Wanda Hong Kong Zhuhai Macao Bridge Zhuhai Port Passenger Service Co., Ltd.	9,000,000.00	5,877,877.84			218,926.46							6,096,804.30	
Qingyuan Kuitong Car Lease Co., Ltd.	800,000.00	800,000.00		800,000.00									
Guangdong Panyu Bridge Co., Ltd.	209,010,000.00	267,179,169.01			22,282,659.95					36,608,806.94		252,853,013.02	
Zhaoqing Yuezhao Highway Co., Ltd.	501,991,292.65	608,342,406.92			88,315,683.26					99,500,000.00		597,158,090.18	
Guangzhou Traffic Building	50,000,000.00	50,000,000.00										50,000,000.00	50,000,000.00
Xinfeng Qifeng Weaving Plant	1,900,000.00	1,900,000.00										1,900,000.00	1,900,000.00
Saint Link Group Corp.	12,188,952.56	12,188,952.56										12,188,952.56	12,188,952.56
Macao Airport Express Transportation Co., Ltd.	253,074.00	253,074.00										253,074.00	253,074.00

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Investees	Investment cost	Opening balance	Changes in the current period							Closing balance	Closing balance of provision for impairment	
			Increase	Decrease	Investment income (loss) under the equity method	Adjustment in other comprehensive income ("OCI")	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses			Others
Guangdong Xinkuatong Intelligent Information Development Co., Ltd. (Note 4)	4,800,000.00											

Note 1:

Referred to Notes VII.9, the Group unilaterally increased its capital to Guangdong Zhongyuetong Oil operate Co., Ltd. The shareholding ratio of Guangdong Zhongyuetong Oil operate Co., Ltd., Ltd. was increased to 51%, the control right was obtained and included in the consolidation scope, and the book value of long-term equity investment was adjusted and reduced;

Note 2:

As the financial and operating policies of Shenzhen Expressway Company Limited and Guangdong Road and Bridge Construction Development Co., Ltd. had a significant impact in this year, the Group changed its equity investment in Shenzhen Expressway Company Limited to long-term equity investment equity method for accounting.

Note 3:

Due to the loss of the investee, the book value of the long-term equity investment has been adjusted to RMB 0.00 in previous years. This part of the equity has been listed, auctioned and transferred this year. By the end of this year, the Group no longer holds the equity of Guangdong Xinkuatong Intelligent Information Development Co., Ltd.

(3) Key financial information of significant joint ventures

Items	Amount in the current period					Amount in the prior period				
	Zhuhai Yuegong Xinhai Transportation Co., Ltd	Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.	Shell Road Solutions Xinyue(foshan) Co., Ltd.	Guangdong Shantou Haiwan Bridge Co., Ltd.	Zhuhai Yuegong Xinhai Transportation Co., Ltd	Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.	Shell Road Solutions Xinyue(foshan) Co., Ltd.	Guangdong Shantou Haiwan Bridge Co., Ltd.	Shell Road Solutions Xinyue(foshan) Co., Ltd.	Guangdong Shantou Haiwan Bridge Co., Ltd.
Current assets	28,114,858.03	75,759,808.98	214,072,066.18	116,741,691.23	4,316,975.38	55,269,236.70	176,693,655.28	34,211,503.85	176,693,655.28	34,211,503.85
Non-current assets	113,948,383.28	13,441,204.95	19,865,199.16	121,185,161.32	156,183,921.81	16,142,345.69	22,500,816.50	134,973,873.31	22,500,816.50	134,973,873.31
Total assets	142,063,241.31	89,201,013.93	233,937,265.34	237,926,852.55	160,500,897.19	71,411,582.39	199,194,471.78	169,185,377.16	199,194,471.78	169,185,377.16
Current liabilities	5,566,075.88	19,652,654.85	143,471,338.99	22,750,034.68	117,000.01	8,623,047.49	39,859,811.79	29,843,851.89	39,859,811.79	29,843,851.89
Non-current				1,541,700.00						

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Amount in the current period					Amount in the prior period				
	Zhuhai Yuegong Xinhai Transportation Co., Ltd.	Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.	Shell Road Solutions Xinyue(foshan) Co., Ltd.	Guangdong Shantou Haiwan Bridge Co., Ltd.	Zhuhai Yuegong Xinhai Transportation Co., Ltd.	Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.	Shell Road Solutions Xinyue(foshan) Co., Ltd.	Guangdong Shantou Haiwan Bridge Co., Ltd.		
Liabilities										
Total liabilities	5,566,075.88	19,652,654.85	143,471,338.99	24,291,734.68	117,000.01	8,628,047.49	39,859,811.79	29,843,851.89		
Net assets	136,497,165.43	69,548,359.08	90,465,926.35	213,635,117.87	160,383,897.18	62,783,534.90	159,334,659.99	139,341,525.27		
Net assets share based on shareholding proportion	66,883,611.06	34,774,179.54	36,186,370.54	64,090,535.36	78,588,109.62	31,391,767.45	63,733,863.99	41,802,457.58		
Adjustments				157,626,914.43				178,526,119.36		
Book value of equity investment to joint ventures	66,883,611.06	34,774,179.54	36,186,370.54	221,717,449.79	78,588,109.62	31,391,767.45	63,733,863.99	220,328,576.94		
The fair value of a publicly quotation equity investment										
Operating income		169,276,568.67	479,138,104.11	135,917,702.13		127,540,545.09	224,416,994.80	204,750,306.77		
Finance expenses			766,645.17	-85,715.94			1,527,423.00	-455,250.53		
Income tax expenses	5,449,175.10	2,393,905.09	10,316,231.87	24,797,766.85	110.83	1,026,708.39	506,082.89	40,616,902.22		
Net profit	-15,528,648.28	8,764,824.18	31,529,822.94	74,293,592.60	23,430,053.53	2,921,704.94	4,549,261.32	121,734,556.54		
Other comprehensive income	-8,358,083.47	8,764,824.18			23,430,053.53	2,921,704.94				
Total comprehensive income	-23,886,731.75	17,529,648.36	31,529,822.94	74,293,592.60	46,860,107.06	5,843,409.88	4,549,261.32	121,734,556.54		
Dividends received from joint ventures in the current period		1,000,000.00	40,140,487.67					41,879,335.96		

Note:

The difference between the book value of investment in Guangdong Shantou Haiwan Bridge Co., Ltd. and net assets calculated by shareholding ratio accounts for the unamortised premium residual value in long-term equity investment cost.

(4) Key financial information of significant associates

Items	Amount in the current period			Amount in the prior period		
	Guangzhou Northern Second Ring Expressway Co., Ltd.	Guangzhou Pearl River Huangpu Dajiao Construction Co., Ltd.	Hushen (Yantian) Expressway Haizhou Co., Ltd.	Guangdong Province Communications Planning & Design Institute Co., Ltd.	Poly Changda Engineering Co., Ltd.	
Current assets	1,136,712,027.89	214,395,032.08	314,413,327.36	1,825,404,174.31	17,788,432,169.83	

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Amount in the current period				
	Guangzhou Northern Second Ring Expressway Co., Ltd.	Guangzhou Pearl River Huangpu Daqiao Construction Co., Ltd.	Huishen (Yanlian) Expressway Huizhou Co., Ltd.	Guangdong Province Communications Planning & Design Institute Co., Ltd.	Poly Changda Engineering Co., Ltd.
Non-current assets	930,647,301.20	2,970,641,131.12	1,887,276,639.27	473,234,815.92	11,772,879,537.84
Total assets	2,067,359,329.09	3,185,036,163.20	2,201,689,966.63	2,298,638,990.23	29,561,311,707.67
Current liabilities	236,795,644.93	110,638,255.76	845,942,509.32	1,405,053,179.77	14,173,595,634.75
Non-current liabilities	3,423,027.90	1,579,000,000.00	416,038,600.00	48,730,821.94	10,239,667,525.58
Total liabilities	240,218,672.83	1,689,638,255.76	1,261,981,109.32	1,453,784,001.71	24,413,263,160.33
Net assets	1,827,140,656.26	1,495,397,907.44	939,708,857.31	844,854,988.52	5,148,048,547.34
Net assets share based on shareholding proportion	182,714,065.63	149,618,166.52	191,074,134.32	329,625,894.52	1,661,281,021.61
Adjustments			-113,048,085.30		
Book value of equity investment in associates	182,714,065.63	149,618,166.52	78,026,049.02	329,625,914.51	1,661,281,021.61
The fair value of a publicly quotation equity investment					
Operating income	915,791,220.53	986,196,348.46	255,944,335.56	1,652,206,376.02	20,059,456,933.62
Net profit	586,596,686.91	589,910,392.27	10,124,673.81	247,850,086.16	507,602,223.61
Other comprehensive income					-9,483,679.64
Total comprehensive income	586,596,686.91	589,910,392.27	10,124,673.81	247,850,086.16	498,118,543.97
Dividends received from associates in the current period	18,021,592.68	102,871,047.68		21,202,350.82	164,091,214.42

Continued

Items	Amount in the prior period				
	Guangzhou Northern Second Ring Expressway Co., Ltd.	Guangzhou Pearl River Huangpu Daqiao Construction Co., Ltd.	Huishen (Yanlian) Expressway Huizhou Co., Ltd.	Guangdong Province Communications Planning & Design Institute Co., Ltd.	Poly Changda Engineering Co., Ltd.
Current assets	639,579,332.58	626,007,193.31	312,785,401.82	1,422,865,997.69	15,315,578,069.24
Non-current assets	1,155,688,980.91	3,074,819,997.98	2,014,178,456.67	417,664,985.16	7,370,618,909.18
Total assets	1,795,268,313.49	3,700,827,191.29	2,326,963,858.49	1,840,470,982.85	22,686,196,978.42
Current liabilities	159,918,326.49	86,605,707.88	13,148,493.81	1,104,250,400.67	13,196,024,530.68
Non-current liabilities	215,568,208.80	1,680,000,000.00	1,381,000,000.00	90,748,110.86	5,452,703,383.07
Total liabilities	375,486,535.29	1,766,605,707.88	1,394,148,493.81	1,194,998,511.53	18,648,727,913.75
Net assets	1,419,781,778.20	1,934,221,483.41	932,815,364.68	645,472,471.32	4,037,469,064.67
Net assets share based on shareholding proportion	141,978,177.83	193,420,148.35	189,672,457.48	252,759,312.40	1,604,574,049.04
Adjustments			-113,048,085.30		
Book value of equity investment in associates	141,978,177.83	193,420,148.35	76,624,372.18	252,759,312.40	1,604,574,049.04
The fair value of a publicly quotation equity investment					
Operating income	1,224,992,406.37	1,271,073,293.52	356,035,297.79	1,438,696,940.32	18,010,004,492.24
Net profit	968,465,956.25	786,801,483.41	76,095,004.34	179,529,673.66	428,507,235.80

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Amount in the prior period			
	Guangzhou Northern Second Ring Expressway Co., Ltd.	Guangzhou Pearl River Huangpu Daqiao Construction Co., Ltd.	Huizhen (Yantian) Expressway Huizhou Co., Ltd.	Guangdong Province Communications Planning & Design Institute Co., Ltd.
Other comprehensive income				
Total comprehensive income	968,465,956.25	786,801,483.41	76,095,004.34	179,529,673.66
Dividends received from associates in the current period	85,793,019.71	61,277,438.58		18,124,739.47
				Poly Changda Engineering Co., Ltd.
				3,846,533.10
				432,353,768.90
				286,396,253.17

Continued

Items	Amount in the current period			
	Guangzhou Kangda Expressway Co., Ltd.	Ganzhou Gankang Expressway Co., Ltd.	Guangdong Yuepu Microfinance Co., Ltd.	Guoyuan Securities Company Limited
Current assets	33,557,423.19	341,797,044.45	1,209,913,367.37	
Non-current assets	1,429,451,000.53	1,234,804,161.85	123,666,352.30	
Total assets	1,463,008,423.72	1,576,601,206.30	1,333,579,719.67	
Current liabilities	441,938,196.71	133,230,521.89	254,763,570.90	
Non-current liabilities	298,356,592.02	807,455,282.00	299,546.90	
Total liabilities	740,294,788.73	940,685,803.89	255,063,117.80	
Net assets	722,713,634.99	635,915,402.41	1,078,516,601.87	
Net assets share based on shareholding proportion	216,814,090.50	190,774,620.72	215,703,320.38	731,815,047.62
Adjustments				207,095,632.54
Book value of equity investment in associates	216,814,090.50	145,774,620.72	215,703,320.38	938,910,680.16
The fair value of a publicly quotation equity investment				927,203,934.72
Operating income	213,856,791.10	131,170,076.72	102,138,393.27	4,579,605,087.78
Net profit	35,521,751.46	-71,326,767.27	50,329,924.63	1,360,848,352.44
Other comprehensive income				
Total comprehensive income	35,521,751.46	-71,326,767.27	50,329,924.63	1,360,848,352.44
Dividends received from associates in the current period	27,000,000.00	1,500,000.00	9,000,000.00	11,940,297.90
				99,500,000.00

Continued

Items	Amount in the prior period			
	Guangzhou Kangda Expressway Co., Ltd.	Ganzhou Gankang Expressway Co., Ltd.	Guangdong Yuepu Microfinance Co., Ltd.	Guoyuan Securities Company Limited
Current assets	51,220,910.08	332,805,593.66	1,361,568,837.83	
Non-current assets	1,421,468,958.16	1,282,668,160.31	29,480,303.62	
				57,918,624,287.41
				26,015,472,537.63
				1,453,888,135.31

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Amount in the prior period			
	Ganzhou Kangda Expressway Co., Ltd.	Ganzhou Gankang Expressway Co., Ltd.	Guangdong Yuepu Microfinance Co., Ltd.	Guoyuan Securities Company Limited
Total assets	1,472,689,858.24	1,615,473,733.97	1,391,049,141.45	83,934,096,825.04
Current liabilities	85,725,138.63	96,316,661.38	93,651,010.16	46,206,352,399.19
Non-current liabilities	604,519,640.08	806,914,922.91	475,532.74	12,890,023,021.47
Total liabilities	690,244,778.71	903,231,584.29	94,126,542.90	59,096,375,420.66
Net assets	782,445,089.53	712,242,169.68	1,296,922,598.55	24,837,721,404.38
Net assets share based on shareholding proportion	234,733,526.86	213,672,650.90	214,637,335.45	587,200,989.50
Adjustments				206,725,818.02
Book value of equity investment in associates	234,733,526.86	213,672,650.90	214,637,335.45	793,926,807.52
The fair value of a publicly quotation equity investment				737,910,410.22
Operating income	261,253,295.40	187,468,413.15	131,857,238.51	3,302,720,958.61
Net profit	124,414,900.02	21,255,800.66	20,084,911.58	917,476,547.45
Other comprehensive income				95,017,342.59
Total comprehensive income	124,414,900.02	21,255,800.66	20,084,911.58	1,012,493,890.04
Dividends received from associates in the current period	21,000,000.00	2,700,000.00		19,900,496.50
				105,813,667.20

16 Investment on other equity instruments

(1) Investment on other equity instruments

Items	Closing balance	Opening balance
Beijing Hua Xia Securities Co., Ltd. (Note 1)		
Huazheng Asset Management Co., Ltd. (Note 2)		
Guangdong Radio and Television Network Investment No. 1 Limited Partnership (Limited Partnership)	50,000,000.00	50,000,000.00
China Everbright Bank Company Limited Co., Ltd	938,667,226.56	1,037,474,303.04
Kunlun Securities Co., Ltd. (Note 3)		
Guangdong Southward Container Transportation United Company (Note 4)		
Yangjiang Haoxing Automobile Comprehensive Performance Testing Co., Ltd.	308,228.22	308,228.22
Puning Yueyun Huazhan Co., Ltd.	309,360.00	309,360.00
Guangzhou Huadu Jindaoda Expressway Economic Development Co., Ltd. (Note 5)	600,000.00	600,000.00
Zhongdao Tourism Industry Development Co., Ltd.	2,880,000.00	2,880,000.00
Zhuhai Gongyun Car Transport Co., Ltd.		
Chaozhou Lianhe Motor Vehicle Business Consulting Service Co., Ltd	30,000.00	30,000.00

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Closing balance	Opening balance
Chaozhou HengAn Transportation Co., Ltd.	96,460.00	96,460.00
Total	992,891,274.78	1,091,698,351.26

Note 1:

Due to Beijing Hua Xia Securities Co., Ltd. entered into the liquidation procedure in December 2005, the fair value of this investment on other equity instruments is RMB 0.00.

Note 2:

According to evaluation report issued by Beijing Dewei Evaluation Co., Ltd. (Dewei Evaluation Zi 2005 Year No.88) in September 2005, as of June 30, 2005, the book value of net assets of Huazheng Asset Management Co., Ltd. were RMB 279,132,000.00, and the appraisal value of the net assets of Huazheng Asset Management Co., Ltd was RMB -2,299,548,600.00. The fair value of this investment on other equity instruments is RMB 0.00.

Note 3:

Due to Kunlun Securities Co., Ltd. entered into the liquidation procedure in December 2005, the fair value of this investment on other equity instruments is RMB 0.00.

Note 4:

Due to Guangdong Southward Container Transportation United Company has ceased operation, the fair value of this investment on other equity instruments is RMB 0.00.

Note 5:

Due to perennial loss of Guangzhou Huadu Jindaoda Expressway Economic Development Co., Ltd., the fair value of this investment on other equity instruments is RMB 0.00.

(2) Investment on other equity instruments at the end of period

Items	Dividend income recognized in the current period	Cumulative gains or losses through OCI	Amount transferred from OCI to retained earnings	Reasons for those designated as at fair value through OCI ("FVTOCI")
Equity investment of Guangdong Radio and Television Network Investment No. 1 Limited Partnership (Limited Partnership)	440,655.02			Non-tradable purpose

Items	Dividend income recognized in the current period	Cumulative gains or losses through OCI	Amount transferred from OCI to retained earnings	Reasons for those designated as at fair value through OCI ("FVTOCI")
China Everbright Bank Company Limited Co., Ltd	50,344,558.02	315,829,762.32		Non-tradable purpose
Equity investment of Beijing Hua Xia Securities Co., Ltd.				Non-tradable purpose
Equity investment of Huazheng Asset Management Co., Ltd.				Non-tradable purpose
Equity investment of Kunlun Securities Co., Ltd. (Note 3)				Non-tradable purpose
Yangjiang Haoxing Automobile Comprehensive Performance Testing Co., Ltd.				Long-term holding for strategic purposes
Guangdong Southward Container Transportation United Company				Long-term holding for strategic purposes
Guangzhou Huadu Jindaoda Expressway Economic Development Co., Ltd.				Long-term holding for strategic purposes
Zhubai Gongyun Car Transport Co., Ltd.				Long-term holding for strategic purposes
Others				Long-term holding for strategic purposes
Total	50,785,213.04	315,829,762.32		

17 Investment properties

(1) Measured at cost model

Items	Buildings and structures	Land use rights	Total
I. Original carrying amount:			
1. Opening balance	1,782,916,025.77	147,763,176.42	1,930,679,202.19
2. Increase	313,233,261.83	49,905,485.25	363,138,747.08
(1) Transferred from construction in progress	195,518,025.15	36,103,875.13	231,621,900.28
(2) Transferred from self-use real estate and land use rights	117,715,236.68	13,801,610.12	131,516,846.80
3. Decrease	4,659,675.43	22,663,145.15	27,322,820.58
(1) Transferred to self-use real estate and land use rights	859,622.99		859,622.99
(2) Increase resulting from business combination	3,602,878.54	21,783,514.02	25,386,392.56

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Buildings and structures	Land use rights	Total
(3) Changes in exchange rate	197,173.90	879,631.13	1,076,805.03
4.Closing balance	2,091,489,612.17	175,005,516.52	2,266,495,128.69
II. Accumulated depreciation:			
1. Opening balance	564,198,279.44	30,544,933.06	594,743,212.50
2. Increase	69,543,642.55	5,964,193.44	75,507,835.99
(1) Accrued this year	42,010,184.38	3,851,553.23	45,861,737.61
(2) Transferred from self-use real estate and land use rights	27,472,903.42	2,112,640.21	29,585,543.63
(3) Reclassification	60,554.75		60,554.75
3. Decrease	1,823,398.26	4,027,673.69	5,851,071.95
(1) Transferred to self-use real estate and land use rights	106,548.84		106,548.84
(2) Decrease resulting from business combination	1,536,916.33	3,749,889.30	5,286,805.63
(3) Reclassification		60,554.75	60,554.75
(4) Changes in exchange rate	179,933.09	217,229.64	397,162.73
4.Closing balance	631,918,523.73	32,481,452.81	664,399,976.54
III. Provision for impairment:			
1. Opening balance	43,427,854.84		43,427,854.84
2. Increase			
3. Decrease			
4. Closing balance	43,427,854.84		43,427,854.84
IV. Book value:			
1. Book value at the end of the period	1,416,143,233.60	142,524,063.71	1,558,667,297.31
2. Book value at the beginning of the period	1,175,289,891.49	117,218,243.36	1,292,508,134.85

Note 1:

As at 31 Dec 2020, the investment properties of the Group with book value of RMB 266,416,336.05 have been used as collateral for bank loans.

(2) Investment properties of which certificates of title have not been obtained

Items	Book value	Reasons not obtained certificates
Buildings and structures	1,358,495.91	Have not yet obtained the certificates of title due to historical reasons
Traffic ancillary facilities etc.	1,292,746.74	Incorporated into communication facilities and cannot obtain certification at present
Buildings and structures	194,978,558.03	The procedures of transfer of property right have not yet been completed
Total	197,629,800.68	

18 Fixed assets

Items	Book value at the end of period	Book value at the beginning of period
Fixed assets	249,889,955,552.65	249,799,995,279.14
Fixed assets in liquidation	366,100,657.51	367,975,387.64
Total	250,256,056,210.16	250,167,970,666.78

(1) Fixed assets

Items	Highway properties	Building and structures	Machinery equipment	Transportation equipment	Electronic equipment	Office equipment	Others	Total
I. Original cost:								
1. Opening balance	318,928,516,274.23	12,352,591,072.28	17,803,113,033.84	5,275,230,275.90	823,862,505.26	1,044,379,836.71	834,273,489.36	357,059,966,485.58
2. Increase	10,211,868,889.59	747,152,082.77	4,440,997,828.57	788,164,471.13	88,004,128.98	251,932,878.70	75,334,149.32	16,603,454,429.06
(1) Purchases		123,839,600.14	198,921,605.65	107,556,339.23	24,802,008.62	110,326,992.61	47,319,068.73	612,765,614.98
(2) Increase resulting from business combination		15,039,566.30	7,603,564.00	426,287.08		1,666,549.85		24,735,967.23
(3) Transferred from construction in progress	10,147,594,516.40	509,328,232.39	3,586,852,364.08	680,181,844.82	63,202,120.36	28,008,019.10	13,435,746.67	15,028,602,843.82
(4) Adjustments upon final account for completed project	64,274,373.19	96,405,337.95	60,012,889.36				14,579,333.92	235,271,934.42
(5) Transferred from investment properties		859,622.99						859,622.99
(6) Reclassification			587,607,405.48			111,931,317.14		699,538,722.62
(7) Others		1,679,723.00						1,679,723.00
3. Decrease	152,380,884.18	205,228,841.53	404,193,054.26	980,574,115.11	710,471,766.77	64,279,407.57	21,517,480.06	2,538,645,549.48
(1) Disposal or obsolescence	71,637,689.53	3,433,178.44	166,928,475.60	72,024,989.95	3,209,160.95	51,306,644.26	17,512,429.13	386,052,567.86
(2) Decrease resulting from business combination					10,993,155.77	66,534.59		11,059,690.36
(3) Adjustments upon final account for completed project	80,743,194.65	55,478,109.50	236,929,651.96	631,928,398.68		11,828,972.52		1,016,988,327.31
(4) Transferred to investment properties		117,715,236.68						117,715,236.68
(5) Reclassification			14,306.00		696,264,077.42		3,260,339.20	699,538,722.62
(6) Foreign currency translation differences		10,874,876.36	320,620.70	35,208,179.28	5,372.63	1,077,256.20	744,711.73	48,231,016.90
(7) Transferred to right-use assets				241,412,547.20				241,412,547.20
(8) Transferred to long-term deferred expenses		17,727,440.55						17,727,440.55
4. Closing balance	328,988,004,279.64	12,894,514,313.52	21,839,917,808.15	5,080,820,629.92	201,394,867.47	1,232,033,307.84	888,090,158.62	371,124,775,365.16
II. Accumulated depreciation:								
1. Opening balance	87,388,497,970.02	4,161,781,151.72	10,770,779,211.89	2,875,881,739.27	538,006,449.44	773,075,096.48	637,501,518.69	107,145,523,137.51
2. Increase	12,056,666,426.92	535,409,532.82	2,011,549,849.17	618,943,908.79	19,375,941.43	171,879,282.13	51,285,395.38	15,465,110,336.64

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Highway properties	Building and structures	Machinery equipment	Transportation equipment	Electronic equipment	Office equipment	Others	Total
(1) Accrued for this year	12,056,666,426.92	535,250,206.21	1,627,390,553.88	618,943,908.79	19,375,941.43	91,198,841.66	51,285,395.38	15,000,111,274.27
(2) Increase resulting from business combination								
(3) Transferred from investment properties		106,548.84						106,548.84
(4) Reclassification			384,159,295.29			80,680,440.47		464,839,735.76
(5) Foreign currency translation differences								
(6) Others		52,777.77						52,777.77
3. Decrease	56,737,617.31	42,781,046.01	142,621,141.73	687,472,129.11	478,423,903.06	57,609,542.02	17,460,172.12	1,483,105,551.36
(1) Disposal or obsolescence	56,737,617.31	9,473,644.91	142,408,272.95	647,803,326.84	3,092,112.28	56,796,235.95	16,260,446.28	932,571,656.52
(2) Decrease resulting from business combination					11,028,762.64	9,847.21		11,038,609.85
(3) Transferred to investment properties		27,472,903.42						27,472,903.42
(4) Reclassification			14,306.00	346.32	464,297,776.77		527,306.67	464,839,735.76
(5) Foreign currency translation differences		5,613,083.49	198,562.78	23,761,104.35	5,251.37	803,458.86	672,419.17	31,053,880.02
(6) Transferred to the right-use assets				15,907,351.60				15,907,351.60
(7) Transferred to long-term deferred expenses		221,414.19						221,414.19
4. Closing balance	99,388,426,779.63	4,654,409,638.53	12,659,707,919.33	2,807,353,518.95	78,958,487.81	887,344,836.59	671,326,741.95	121,127,527,922.79
III. Provision for impairment:								
1. Opening balance		14,237,067.30	91,298,207.06	1,445,258.50	7,238,195.84	229,340.23		114,448,068.93
2. Increase		4,669,116.00	9,584,719.46	4,424,031.49		687,761.96	14,569.55	19,380,198.46
(1) Accrued for the period		4,669,116.00	2,945,929.58	4,424,031.49		88,356.00	14,569.55	12,142,002.62
(2) Increase resulting from business combination								
(3) Reclassification			6,638,789.88			599,405.96		7,238,195.84
3. Decrease		4,907,623.59	13,288,196.76	1,014,005.48	7,238,195.84	88,356.00		26,536,377.67
(1) Disposal or obsolescence		4,669,116.00	13,288,196.76	1,014,005.48		88,356.00		19,059,674.24
(2) Reclassification					7,238,195.4			7,238,195.84
(3) Foreign currency translation differences		238,507.59						238,507.59

Notes to the Consolidated Financial Statements

Items	Highway properties	Building and structures	Machinery equipment	Transportation equipment	Electronic equipment	Office equipment	Others	Total
4. Closing balance		13,998,559.71	87,594,729.76	4,855,284.51		828,746.19	14,569.55	107,291,889.72
IV. Book value:								
1. Book value at the end of the period	229,599,577,500.01	8,226,106,115.28	9,112,615,159.06	2,268,611,826.46	122,436,379.66	343,859,725.06	216,748,847.12	249,889,955,552.65
2. Book value at the beginning of the period	231,540,018,304.21	8,176,572,853.26	6,941,035,614.89	2,395,903,276.13	278,617,859.98	271,075,400.00	196,771,970.67	249,799,995,279.14

Note 1:

As at 31 Dec 2020, the Group's fixed assets with book value of RMB 387,826,424.08 have been used as collateral for bank loans. Please refer to Notes VIII.68 Assets with restricted ownership or right of use for details of pledge and mortgage of charging right in the open stage.

(2) Temporarily idle fixed assets

Items	Original cost	Accumulated depreciation	Provision for impairment	Book value	Reference
Building and structures	6,014,243.63	4,047,283.20		1,966,960.43	Temporarily closed
Machinery equipment	734,192.06	137,921.05		596,271.01	Temporarily closed
Total	6,748,435.69	4,185,204.25		2,563,231.44	

(3) Fixed assets of which certificates of title have not been obtained

Items	Book value	Reasons for not obtained certificates
Building and structures	5,390,865,815.23	According to the actual characteristics of toll highway operation, the affiliated houses will be handed over to the government free of charge after the expiration of the toll approved by the government, so the company has no plan to obtain the relevant property right certificate.
Highway properties	198,886,687,904.21	According to the actual characteristics of toll highway operation, the highway properties will be handed over to the government free of charge after the expiration of the toll approved by the government, so the company has no plan to obtain the relevant property right certificate.
Transportation equipment	453,326.84	Purchased on 30 December 2020, the procedures of the transfer of property right have not yet been completed
Building and structures	25,356,425.96	The procedures of the transfer of property right have not yet been completed
Total	204,303,363,472.24	

(4) Liquidation of fixed assets

Items	Book value at the end of the period	Book value at the beginning of the period	Reasons for transfer to disposal
Shenzhen landscape improvement project and Guanfan relocation project	61,390.00	61,390.00	To be scrapped
Yueying project assets (Note)	366,001,924.99	366,824,342.43	To be liquidated and disposal
Machinery equipment, transportation equipment etc.	37,342.52	1,089,655.21	To be scrapped
Total	366,100,657.51	367,975,387.64	

Note: The balance of assets to be liquidated and disposed of Yueying project at the end of this report is RMB366,001,924.99. For details, please refer to Note XII.4.

19 Construction in progress

Items	Closing balance		Opening balance	
	Book balance	Provision for impairment	Book value	Book value
Construction in progress	91,689,830,307.02	40,609,030.70	91,649,221,276.32	77,536,774,314.47
Engineer materials	329,014,519.66		329,014,519.66	160,034,185.90
Total	92,018,844,826.68	40,609,030.70	91,978,235,795.98	77,696,808,500.37
				44,609,030.70
				77,652,199,469.67

(1) Construction in progress

Items	Closing balance		Opening balance	
	Book balance	Provision for impairment	Book value	Book value
Expressway and ancillary facilities project	91,145,310,654.60	1,298,450.00	91,144,012,204.60	76,670,858,351.14
Transportation project	181,068,040.01	451,957.10	180,616,082.91	415,059,832.33
Logistics service engineering	250,361,373.88		250,361,373.88	256,155,332.86
Data maintenance center	46,589,326.70		46,589,326.70	45,098,788.98
Other fundamental infrastructure project	66,500,911.83	38,858,623.60	27,642,288.23	149,602,009.16
Total	91,689,830,307.02	40,609,030.70	91,649,221,276.32	77,536,774,314.47
				42,858,623.60
				44,609,030.70
				77,492,165,283.77

(2) Changes in significant construction in progress in the current period

Items	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Heyuan Zijin Huizhou Huiyang section of Hehuizhuan Expressway (Note 3)	9,287,060,000.00	4,394,853,366.45	2,521,910,797.42			6,916,764,163.87
Zhanxu Xiwenqiang branch line project (Note 2)	978,831,899.88	927,981,382.31	47,169,317.69	975,150,700.00		
Reconstruction and expansion of Yangjiang Maoming section	8,038,124,732.00	1,092,980,245.35	1,693,969,763.37			2,786,950,008.72
Shenshanxi Expressway Expansion Project	29,168,670,000.00	641,562,155.58	1,360,044,623.52			2,001,606,779.10
Baishi Interchange Project (Note 2)	162,413,659.00	28,377,233.00	115,157,353.00	143,534,586.00		
Luoxin Expressway Project	15,567,033,900.00	8,706,565,422.20	3,727,702,125.82			12,434,267,548.02
Humen second bridge project	10,100,000,000.00	8,147,550,919.08	-1,637,594,489.49			6,509,956,429.59
Gaoen Expressway Project	3,650,000,000.00	3,338,693,148.03	197,438,671.03			3,536,131,819.06
Reconstruction and expansion project of Zhongshan Xinlong Jiangmen Longwan section	10,697,064,575.00	1,318,156.88	125,786,572.77			127,104,729.65
Guangshan reconstruction and expansion project	36,500,000,000.00	1,167,650.34	27,345,993.14			28,513,643.48
Huizhou Qingyuan section of Shanzhan Expressway (Note 3)	20,791,668,700.00	14,469,767,878.94	2,515,996,150.49			16,985,764,029.43
Chaoshan Ring Expressway (including Chaoshan connecting line) project (Note 3)	15,221,408,800.00	11,142,197,744.68	3,104,040,411.46			14,246,238,156.14
Wuhua Luhe section project of Xingning Shanwei Expressway (Note 3)	5,147,318,600.00	3,328,203,183.86	1,276,653,048.33			4,604,856,232.19
Charging pile project in service area	44,348,119.87	6,400,000.00	28,403,466.00	21,102,200.00		13,701,266.00
Dapu Chaozhou Expressway (including Dapu Zhangzhou Branch Line) (Note 3)	11,483,352,700.00	8,577,775,436.21	2,342,539,343.27			10,920,314,779.48
Kuigang Interchange Project	242,216,200.00	25,908,640.93	99,000,353.08	124,908,996.01		
Meizhou Pingyuan Expressway in Guangdong Province Reconstruction and expansion project of Shuikou Baisha section of Shenyang Haikou National Expressway (Note 4)	3,447,522,000.00	2,689,859,475.00	105,055,356.00			2,794,914,831.00
	11,863,537,372.00	3,710,304,834.58	5,924,374,209.99	9,343,490,123.57	291,188,921.00	
Vehicle purchase	700,000,000.00	260,873,284.31	423,802,354.52	665,982,885.67		18,692,753.16
Commercial transformation of service area	125,000,000.00	11,237,440.08	110,230,358.38	106,737,470.57		14,730,327.89
Guangdong transportation scientific research base project (Note 5)	288,898,500.00	197,915,426.42	33,706,473.86		231,621,900.28	
Xingshan Expressway (Note 3)	4,496,258,198.00	1,940,499,543.33	533,453,946.01			2,473,953,489.34
Hailing bridge of Huaiji Yangjiang Expressway (Note 3)	975,009,300.00	793,691,437.36	184,091,284.55			979,782,721.91
Meizhou east ring branch line project of Meida expressway of Jiaying Ring City Company (Note 3)	1,996,935,900.00	1,375,895,815.12	419,525,645.37			1,795,421,460.49

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Cancellation of the provincial toll station project of Expressway (Note 6)	3,192,709,343.92	1,079,269,464.17	1,484,624,239.76	2,550,225,420.13	13,668,283.80	
Total	204,165,382,499.67	76,892,849,284.21	26,764,427,371.34	13,931,132,381.95	536,479,105.08	89,189,665,168.52

Continued

Items	Proportion of accumulated project investment in budget (%)	Project progress	Accumulated amount of interest capitalization	Including: current interest capitalization amount	Current interest capitalization rate (%)	Resources of funds
Zijin Huiyang section of Heyuan Huizhou Dongguan Expressway (Note 3)	74.48	100.00	240,361,680.84	109,892,260.28	4.18	Self-raised, loans and financial appropriations
Zhanxu Xuwengang branch line project (Note 2)	99.62	100.00	48,888,073.48	11,681,624.96	4.15	Self-raised, loans and financial appropriations
Reconstruction and expansion of Yangjiang Maoming section	34.67	34.67	80,852,192.12	63,051,151.55	4.35	Self-raised and loans
Shenshanxi Expressway Expansion Project	6.86	6.86	20,007,225.07	20,007,225.07	4.04	Self-raised, loans and financial appropriations
Baisi Interchange Project (Note 2)	88.38	100.00				Self-raised
Luoxin Expressway Project	79.88	79.88	564,232,267.77	261,257,250.14	4.26	Self-raised, loans and financial appropriations
Humen second bridge project	94.11	100.00	896,216,831.35	213,973,159.58	4.10	Self-raised, loans and financial appropriations
Gaoren Expressway Project	96.89	100.00	301,332,226.24	100,043,226.67	4.33	Self-raised, loans and financial appropriations
Reconstruction and expansion project of Zhongshan Xinlong Jiangmen Longwan section	1.19	1.19				Self-raised
Guangshen reconstruction and expansion project	0.08	0.08				Self-raised
Huizhou Qingyuan section of Shantou Zhangjiang Expressway (Note 3)	93.20	100.00	935,761,730.74	373,534,581.06	4.33	Loans and financial appropriations
Chaoshan Ring Expressway (including Chaoshan connecting line) project (Note 3)	93.59	100.00	675,619,500.15	324,916,435.71	4.20	Loans and financial appropriations
Wuhua Luhe section project of Xingning Shanwei Expressway (Note 3)	89.46	100.00	201,492,048.63	89,740,429.38	4.29	Loans and financial appropriations
Charging pile project in service area	91.11	99.26				Self-raised

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Proportion of accumulated project investment in budget (%)	Project progress	Accumulated amount of interest capitalization	Including: current interest capitalization amount	Current interest capitalization rate (%)	Resources of funds
Tai Po Chaozhou Expressway (including Tai Po Zhangzhou Branch Line) (Note 3)	95.10	100.00	599,946,865.60	239,479,433.29	4.47	Loans and financial appropriations
Kuigang Interchange Project	100.00	100.00				Self-raised and financial appropriations
Meizhou Pingyuan Expressway in Guangdong Province	81.07	100.00	202,551,974.51	71,256,431.41	4.26	Loans and financial appropriations
Reconstruction and expansion project of Shuikou Baisha section of Shenyang Haikou National Expressway (Note 4)	87.15	100.00	266,194,439.30	171,169,685.31	4.27	Self-raised and loans
Vehicle purchase	97.81	97.81				Self-raised
Commercial transformation of service area	97.17	97.17				Self-raised
Guangdong transportation scientific research base project (Note 5)	80.17	100.00	8,976,202.61	3,804,139.67	4.49	Self-raised and loans
Xingshan Expressway (Note 3)	55.02	55.02	116,025,813.07	55,100,480.28	4.15	Self-raised, loans and financial appropriations
Hailing bridge of Huaiji Yangjiang Expressway (Note 3)	100.00	100.00	52,359,870.68	22,070,398.18	4.23	Self-raised, loans and financial appropriations
Meizhou east ring branch line project of Meida expressway of Jiaying ring city company (Note 3)	89.91	100.00	79,911,729.92	36,153,434.56	4.27	Self-raised, loans and financial appropriations
Cancellation of the provincial toll station project of Expressway (Note 6)	82.56	100.00				Self-raised and financial appropriations
Total			5,290,730,672.08	2,167,131,347.10		

Note 1:

For the details of the pledge of toll right of road sections of projects under construction during construction or trial operation, please referred to Notes VIII No.68, Assets with restricted ownership or right of use.

Note 2:

While Zhanxu Xuwengang branch line project officially put into operation on 26 Sept 2020, the construction in progress of the project was transferred to fixed assets. While Baishi interchange project officially put into operation on 1 Oct 2020, the construction in progress of the project was transferred to fixed assets.

Note 3:

Phase I of Xingshan expressway was completed and put into trial operation on 28 Sept 2020, Huizhou Qingyuan section of Shanzhan expressway was completed and put into trial operation on 18 Oct 2020, Meizhou east ring branch line of Meida expressway of Jiaying Huancheng company was completed and put into trial operation on 18 Nov 2020, and Xingning Shanwei branch line of Huahu company was completed and put into trial operation. The Wuhua Lujiang section of the expressway was completed and opened to traffic on 28 Nov 2020 and entered the trial operation period; the Chaoshan Ring Expressway (including Chaoshan connecting line) of Chaoshan ring line company was completed and opened to traffic on 30 Dec 2020 and entered the trial operation period; the Dapu Chaozhou Expressway (including Dapu Zhangzhou Branch Line) was completed and opened to traffic on 30 Dec 2020 and entered the trial operation period. The Zijin Huizhou Huiyang section of Heyuan Huizhou Dongguan expressway was completed and put into trial operation on 28 Dec 2020, and the Hailing bridge of HUAIJI Yangjiang expressway was completed and put into trial operation on 28 Dec 2020.

Note 4:

Other of the reconstruction and expansion project of Shuikou Baisha section of Shenyang Haikou national expressway are reduced as ① the entrusted construction cost of the reconstruction and expansion project of Shuikou Baisha section of Shenyang Haikou National Expressway carried forward by Xin Yue Co., Ltd. (hereinafter referred to as "Xinyue") is RMB 168,901,241.00. ② Xinyue should receive RMB 122,287,680.00 of construction in progress estimated by Kaiping Transportation Bureau.

Note 5:

Other projects of Guangdong transportation scientific research base are reduced to the completion of engineering projects and transferred to investment properties.

Note 6:

The provincial toll station projects of expressway was cancelled, and other items were reduced to intangible assets of RMB 13,668,283.80 after the completion of the project.

(3) Engineer materials

Items	Closing balance	Opening balance
Engineer materials	329,014,519.66	160,034,185.90
Total	329,014,519.66	160,034,185.90

20 Right-of-use assets

Items	Opening balance	Increase	Decrease	Closing balance
I. Total original cost:	985,077,639.19	467,715,295.36	21,971,824.04	1,430,821,110.51
Including: Land	94,735,489.18	5,486,648.19	626,405.48	99,595,731.89
Building and structures	483,152,670.99	207,340,539.60	20,569,308.00	669,923,902.59
Machinery, transportation and office equipment	406,173,232.80	254,888,107.57	776,110.56	660,285,229.81
Others	1,016,246.22			1,016,246.22
II. Total accumulated depreciation:	261,123,257.01	128,713,267.86	16,665,988.88	373,171,435.99
Including: Land	25,607,868.29	5,900,512.83		31,508,381.12
Building and structures	102,626,487.24	34,827,517.57	13,738,966.32	123,715,038.49
Machinery, transportation and office equipment	132,463,396.66	85,255,642.62	703,857.26	217,015,182.02
Others	425,504.82	2,729,594.84	2,222,265.30	932,834.36
III. Total book value of right-of-use assets	723,954,382.18			1,057,649,674.52
Including: Land	69,127,620.89			68,087,350.77
Building and structures	380,526,183.75			546,208,864.10
Machinery, transportation and office equipment	273,709,836.14			443,270,047.79
Others	590,741.40			83,411.86
IV. Total provision for impairment				
Including: Land				
Building and structures				
Machinery, transportation and office equipment				
Others				
V. Book value of right-of-use assets	723,954,382.18			1,057,649,674.52
Including: Land	69,127,620.89			68,087,350.77
Buildings and structures	380,526,183.75			546,208,864.10
Machinery, transportation and office equipment	273,709,836.14			443,270,047.79
Others	590,741.40			83,411.86

21 Intangible assets

Items	Land use rights	Joint operation earning rights	Patent rights	Trade mark rights	Line route operation rights and license use rights	Toll highway franchise operating rights	Passenger service licenses	BOI construction project franchise operating rights	Software	Others	Total
I. Original cost:											

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Land use rights	Joint operation earning rights	Patent rights	Trade mark rights	Line route operation rights and license use rights	Toll highway franchise operating rights	Passenger service licenses	BOI construction project franchise operating rights	Software	Others	Total
1. Opening balance	1,156,114,214.69	42,747,190.60	8,727,720.73	4,435,058.72	270,033,345.48	387,478,456.26	39,255,193.64	30,893,671,567.49	540,614,165.51	5,053,003.11	33,348,129,916.23
2. Increase	1.00	1.00			3,767,299.91	3,813,077,668.57		322,530,157.05	112,181,746.43		4,251,556,872.96
(1) Purchases	1.00				3,767,299.91				75,364,613.58		79,131,914.49
(2) Transfer from construction in progress								44,193,861.02	8,331,581.75		52,525,442.77
(3) Transfer from development expenditure									28,485,551.10		28,485,551.10
(4) Others						3,813,077,668.57		278,336,296.03			4,091,413,964.60
3. Decrease	20,019,524.08		224,176.03	113,100.00			2,374,295.46	17,882,474.84	19,419,729.07	305,398.19	60,338,697.67
(1) Disposals or obsolescence	3,810,285.89			113,100.00				17,882,474.84	3,262,042.31		25,067,903.04
(2) Decrease resulting from business combination			224,176.03						16,141,168.31		16,365,344.34
(3) Transfer to investment properties	13,801,610.12										13,801,610.12
(4) Foreign currency translation difference	2,407,628.07						2,374,295.46		16,518.45	305,398.19	5,103,840.17
4. Closing balance	1,136,094,691.61	42,747,190.60	8,503,544.70	4,321,958.72	273,800,645.39	4,200,556,124.83	36,880,898.18	31,198,319,249.70	633,376,182.87	4,747,604.92	37,539,348,091.52
II. Accumulated amortization:											
1. Opening balance	207,008,747.82	17,558,010.77	7,274,798.82	1,543,440.45	134,304,170.40	266,933,210.47		367,549,935.66	386,372,678.02		1,388,544,992.41
2. Increase	24,106,110.03	1,950,890.89	1,175,541.95	95,011.16	21,764,835.39	227,154,468.21		862,009,893.24	85,457,836.43		1,223,714,586.50
(1) Accrued for the year	24,106,110.03	1,950,890.89	1,175,541.95	95,011.16	21,764,835.39	227,154,468.21		862,009,893.24	85,457,836.43		1,223,714,586.50
3. Decrease	4,122,976.09				25,037.20				10,175,876.71		14,323,910.00
(1) Disposal or obsolescences	1,088,150.20				25,037.20				2,378,482.31		3,491,689.71
(2) Decrease resulting from business combination									7,783,591.69		7,783,591.69
(3) Transfer to investment properties	2,112,640.21										2,112,640.21
(4) Foreign currency translation difference	922,185.68								13,802.71		935,988.39
4. Closing balance	226,991,881.76	19,508,900.86	8,450,340.77	1,638,451.61	156,043,948.59	494,087,678.68		1,229,559,828.90	461,654,637.74		2,597,935,668.91
III. Provision for impairment:											
1. Opening balance	24,560,042.71								7,925,125.00		32,485,167.71
2. Increase									5,152,554.91		5,152,554.91
(1) Accrued for the year									5,152,554.91		5,152,554.91
3. Decrease									7,925,125.00		7,925,125.00
(1) Decrease resulting from business combination									7,925,125.00		7,925,125.00
4. Closing balance	24,560,042.71								5,152,554.91		29,712,597.62

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Land use rights	Joint operation carrying rights	Patent rights	Traffic mark rights	Line route operation rights and license use rights	Toll highway franchise operating rights	Passenger service licenses	BOT construction project franchise operating rights	Software	Others	Total
IV. Book value:											
1. Book value at the end of the period	884,542,767.14	23,238,289.74	53,203.93	2,683,507.11	117,756,696.80	3,706,468,446.15	36,880,898.18	29,968,759,420.80	166,568,990.22	4,747,604.92	34,911,699,824.99
2. Book value at the beginning of the period	924,545,424.16	25,189,179.83	1,452,921.91	2,891,618.27	135,729,175.08	120,545,245.79	39,255,193.64	30,526,121,631.83	146,316,362.49	5,053,003.11	31,927,099,756.11

Note 1:

The General Office of Guangdong Provincial People's Government agreed to the Construction of Guangzhou-Buddha-Zhao Expressway from Zhaoqing Dawang to Fengkaijiangkou section as an operational toll collection project, adopting build-operate-transfer ("BOT") and Engineering Procurement Construction ("EPC") (integration of investment, design, construction and operation) mode with the Reply letter on Charging Issues of Guangzhou-Buddha-Zhao Expressway from Zhaoqing Dawang to Fengkaijiangkou Section (Yuejianhan [2012] No.781). Poly Changda Engineering Co., Ltd completed the project construction in the way of EPC, and Zhaoqing City would be responsible for the land use procedures and completed the whole line of land requisition demolition work. The project started in June 2013, and the collection period will be 25 years since the opening of the project. On December 31, 2019, the Guangzhou-Buddhan-Zhao Expressway construction project was officially put into operation.

Note 2:

According to the concession agreement signed by Guangdong Provincial Department of Communications and Guangdong Pingxing Expressway Co., LTD., the toll collection period of Pingxing highway construction project will be 25 years. Upon the expiration of the concession operation, Guangdong Pingxing Expressway Co., Ltd. shall hand over the road products and ancillary facilities to the government without charge.

Note 3:

On 31 Dec 2020, the Group's land use right with a carrying amount of RMB 192,175,047.58 was used as collateral for bank loans, and on 31 Dec 2020, the Group's land use right with a carrying amount of RMB 931,902.00 was used as collateral for long-term payables. As of 31 Dec 2020, the Group's house land use right with a book value of RMB 6,417,570.01 has been mortgaged by the bank.

Note 4:

According to the relevant documents of the government, the company will record the relevant operating expenses incurred during the epidemic prevention and control period from February 17, 2020 to May 5, 2020 into the book value of the intangible assets - toll road franchise, and amortize them in the remaining operating period starting from May 2020.

Note 5:

Heyuan Yunyu Public Transport Co., LTD. The government of Dongyuan County of Heyuan city allocated the transportation land for the first and last bus stations of Huiling Industrial Park for the current period, which was recorded in the account at the nominal price of RMB 1.

Note 6:

Details of BOI construction project pledge of charging right referred to Notes VIII No.68 Assets with restricted ownership or right of use.

(2) Intangible assets of which certificates of title have not been obtained

Items	Book balance	Reasons for not obtained certificates
Land use rights	15,692,089.36	The procedures of transfer of property right have not yet been completed
Total	15,692,089.36	

22 Development costs

Items	Opening balance	Increase		Decrease		Closing balance	
		Internal development cost	Others	Recognised as intangible assets	Transferred to profit or loss in the current period		Others
Capitalized expenditure	26,915,965.66		31,101,591.30			41,603.77	29,490,402.09
Total	26,915,965.66		31,101,591.30		28,485,551.10	41,603.77	29,490,402.09

23 Goodwill

(1) Book value of goodwill

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Name of Investees	Opening balance	Increase	Decrease	Closing balance
Guangdong Yangjiang Automobile Transportation Co., Ltd. (Note 1)	7,558,101.69			7,558,101.69
Zhongshan Yueyun Tongxing Transportation Co., Ltd. (Note 1)	528,466.69			528,466.69
Zhongshan Yueyun Airport Kuaixian Passenger Transportation Co., Ltd. (Note 1)	2,100,000.00			2,100,000.00
Zhaoqing Yueyun Automobile Transportation Co., Ltd. (Note 1)	1,402,500.00			1,402,500.00
Qingyuan Automobile Transportation Group Co., Ltd. (Note 1)	35,402,088.43			35,402,088.43
Guangdong Yueyun Langri Co., Ltd. (Note 1)	23,198,978.67			23,198,978.67
Yangjiang Yangzha New Imagine Bus Co., Ltd. (Note 1)	5,416,461.97			5,416,461.97
Heyuan Yueyun Automobile Transportation Co., Ltd. (Note 1)	28,559,728.57			28,559,728.57
Guangdong Xinguang International Logistics Co., Ltd.	417,531.78			417,531.78
Gaozhou Hengyuan Hotel Co., Ltd.	266,600.00			266,600.00
Guangzhou Lututong Co., Ltd.	131,200.00			131,200.00
Guangdong Provincial Expressway Development Co., Ltd. (Note 2)	284,136,656.57			284,136,656.57
Guangdong Guangwu E-commerce Co., Ltd. (Note 3)	22,780,960.18			22,780,960.18
Guangdong Yuefengbao Electronic Payment Co., Ltd. (Note 4)	770,321.77		770,321.77	
Guangdong Wangfei Logistics Technology Co., Ltd. (Note 1)	6,809,901.49			6,809,901.49
Guangdong Zhongyuetong Oil Operate Co., Ltd. (Note 1)		1,641,316.22		1,641,316.22
Total	419,479,497.81	1,641,316.22	770,321.77	420,350,492.26

(2) Provision for impairment of goodwill

Investee name	Opening balance	Increase	Decrease	Closing balance
Guangdong Yangjiang Automobile Transportation Co., Ltd. (Note 1)				
Zhongshan Yueyun Tongxing Transportation Co., Ltd. (Note 1)				
Zhongshan Yueyun Airport Kuaixian Passenger Transportation Co., Ltd. (Note 1)		2,100,000.00		2,100,000.00
Zhaoqing Yueyun Automobile Transportation Co., Ltd. (Note 1)				
Qingyuan Automobile Transportation Group Co., Ltd. (Note 1)				
Guangdong Yueyun Langri Co., Ltd. (Note 1)				
Yangjiang Yangzha New Imagine Bus Co., Ltd. (Note 1)				
Heyuan Yueyun Automobile Transportation Co., Ltd. (Note 1)		8,046,462.29		8,046,462.29
Guangdong Xinguang International Logistics Co., Ltd.				
Gaozhou Hengyuan Hotel Co., Ltd.	417,531.78			417,531.78
Guangzhou Lututong Co., Ltd.				
Guangdong Provincial Expressway Development Co., Ltd. (Note 2)				

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Investee name	Opening balance	Increase	Decrease	Closing balance
Guangdong Guangyu E-commerce Co., Ltd. (Note 3)				
Guangdong Yuetongbao Electronic Payment Co., Ltd. (Note 4)	770,321.77		770,321.77	
Guangdong Wangfei Logistics Technology Co., Ltd. (Note 1)		3,796,869.59		3,796,869.59
Guangdong Zhongyuetong Oil Operate Co., Ltd. (Note 1)				
Total	1,187,853.55	13,943,331.88	770,321.77	14,360,863.66

Note 1:

Guangdong Yueyun Transportation Company Limited (the "Yueyun Shares") divides the asset groups of the above companies. For the investee operating a single business, Yueyun Shares identifies the assets related to its operation as an asset group related to goodwill. For the investee operating a variety of businesses, the assets related to goodwill are divided into fleet assets and station assets according to their main business types. Apportionment of goodwill to relevant asset groups for impairment tests. According to the basic assumption of going concern and combined with the operation characteristics of each asset group, the recoverable amount of the fleet asset group, software platform asset group and gas station asset group is determined by the method of predicting the present value of future cash flows. The present value of the future cash flows of the asset group is estimated by Yueyun Shares according to the financial budget for the latest 5 years and the pre-tax discount rate ranges from 12.6% to 13.41% approved by the management. Cash flow is projected to grow by 2% in the years beyond the five-year financial budget.

On 31 Dec 2020, the management team of Yueyun Shares estimated the recoverable amount of heyuan Yueyun Automobile Transportation Co., LTD., Zhongshan Yueyun Airport Express Passenger Transport Co., LTD., zhongshan Yueyun Airport Express Passenger Transport Co., LTD., and Guangdong Netfly Logistics Technology Co., LTD.'s software platform asset group. The impairment provisions of RMB 8,046,462.29, RMB 2,100,000.00 and RMB 3,796,869.59, respectively. Asset group for the rest of the team and the gas station of the recoverable amount of an asset group is expected to result did not lead to confirm the impairment loss, but the rest of the team group assets, and gas stations based on which the present value of future cash flow of the asset group are the key assumptions may change, negative change of management thought if the critical assumptions, is likely to lead to the book value of the company more than its recoverable amount. For the station asset group, recoverable amounts are determined net of fair value less disposal costs. In the related asset group, the fair value of land and housing is determined according to the transaction price of the bidding, auction and hanging of the same lot or the recent relevant evaluation report; The fair value of equipment and other assets is determined according to the replacement cost method. Disposal fees shall take into account transaction listing fees, intermediary agency fees and transaction taxes and fees. As of 31 Dec 2020, the expected results of the management of Yue Yun Shares on the recoverable amount of the station asset group did not result in the recognition of impairment losses.

Note 2:

The Group conducted an impairment test on the goodwill generated by the non-shareholding reform and shareholding increase of Guangdong High Speed in 2006. Based on the current operating conditions of Guangdong High Speed and the management's future profit forecast and financial budget of Guangdong High Speed, there is no impairment of goodwill.

Note 3:

The production and operation of Guangdong Yuetongbao E-commerce Co., Ltd. is normal this year. The national economic policies, market environment, interest rate, exchange rate and other factors assumed in the annual assessment report of 2016 have no significant adverse effects in this year, and the management determines that there is no impairment of goodwill.

Note 4:

Guangdong Yuetongbao Electronic Payment Co., Ltd. has been liquidated and cancelled in 2020.

24 Long-term deferred expenses

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance	Reasons for other decrease
Compensation for Guangshen Expressway Project (foreign shareholders)	270,238,509.85		36,031,801.20		234,206,708.65	
Design and improvement expenses of building and structures	54,647,430.82	36,931,857.04	17,165,559.77	447,603.28	73,966,124.81	(1) The provisional estimate of previous years is reduced by 345,117.00 in the current period according to the audit report (2) Foreign currency translation difference is RMB102,486.28
Long term asset lease expenses	47,235,823.17	9,876,854.54	7,360,362.65	97,461.46	49,654,853.60	Foreign currency translation differences
Reconstruction of station auxiliary facilities	78,205,383.31	80,339,886.52	27,876,015.85		130,669,253.98	
Vehicle recovery self-operated line compensation	54,694,595.28	57,185,889.32	19,582,276.24		92,298,208.36	
Insurance expenses	1,308,366.10	1,950,197.15	2,170,981.19	56,486.52	1,031,095.54	Foreign currency translation differences
Maintenance and upgrading expenses of electromechanical facilities and others	24,279,649.00	18,537,538.93	11,862,953.48		30,954,234.45	
Gas station rental income, business tax and surcharges	2,805,000.00		350,625.00		2,454,375.00	
Total	533,414,757.53	204,822,223.50	122,400,575.38	601,551.26	615,234,854.39	

25 Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred income tax liabilities are not presented as net amount after offset

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Closing balance		Opening balance	
	Deferred tax assets /liabilities	Deductible/taxable temporary difference	Deferred tax assets /liabilities	Deductible/taxable temporary difference
I. Deferred tax assets	1,779,304,943.39	7,284,725,113.44	1,872,732,438.11	7,649,558,275.66
Provision for impairment of assets	199,122,685.98	817,014,744.86	175,569,648.16	728,805,340.05
Deductible losses	382,963,373.14	1,547,463,659.09	449,185,181.57	1,796,740,726.29
Asset valuation appreciation	79,275,227.00	317,100,987.99	95,004,673.10	380,018,692.41
Depreciation of fixed assets, amortization of intangible assets and long-term deferred expenses	228,543,288.98	914,173,155.85	223,059,533.39	892,238,133.54
Deferred income	101,661,856.95	413,872,226.36	51,649,058.73	214,452,158.71
Accrued expenses	33,167,269.70	143,507,343.13	29,337,945.37	128,288,787.25
Employee benefits payable	32,094,347.54	128,724,738.62	17,247,721.68	69,338,971.79
Long-term employee benefits payable	8,235,055.54	32,940,222.16	7,972,426.64	31,889,706.56
Unrealized profits from internal transactions	608,135,463.86	2,432,541,855.44	765,024,333.66	3,060,097,334.64
Lease expenses	17,594,942.67	70,379,770.68	15,493,139.49	61,972,557.96
Specific payables	18,648,789.47	74,595,157.86		
Government grants	27,393,604.70	109,574,418.80		
Others	42,469,037.86	282,836,912.60	43,188,776.32	285,715,866.46
II. Deferred tax liabilities	927,579,563.28	4,144,383,078.45	1,341,927,657.74	5,670,994,038.34
Changes in fair value of available-for-sale financial assets FVTOCI	788,656.64	3,154,626.56	317,796,555.68	1,271,186,222.73
Changes in fair value of other financial assets FVTOCI	105,276,587.44	421,106,349.76	129,978,356.56	519,913,426.24
Impact on accumulated depreciation of fixed assets	597,416,012.19	2,390,013,840.42	670,359,687.25	2,681,963,436.52
Differences under amortization methods of toll highway franchise	633,372.72	2,533,490.83		
Investment income tax difference	3,532,895.07	14,131,580.28	4,949,489.54	19,797,958.16
Withholding and remitting tax on investment dividends	27,107,189.57	542,143,792.00	18,922,419.97	378,448,399.73
Differences in exchange gains or losses	20,502.09	82,008.34	46,373.97	185,495.88
Tax preference deduction of fixed assets with unit price less than RMB 5000.00	537,384.63	2,149,538.52	702,068.79	2,808,275.14
Equity investment cost difference	4,249,277.82	16,997,111.28	4,364,123.17	17,456,492.68
Asset valuation appreciation of assets arising from business combination	24,012,031.04	96,048,124.16	24,220,898.72	96,883,594.88
Net profit and loss of trial operation	142,982,586.92	571,930,347.70	150,669,411.85	602,677,647.42
Government grants	21,023,067.15	84,092,268.60	19,918,272.24	79,673,088.96

Note:

Other financial assets FVTOCI are other debt investments and investment on their equity instruments.

26 Other non-current assets

Items	Closing balance	Opening balance
Prepayments for equity repurchase	6,218,925,638.89	5,159,050,638.89
VAT input tax to be deducted	4,328,358,162.47	3,762,899,376.25
Prepayments for land use rights	57,261,226.31	92,613,079.14
Advance payment for project and equipment	1,300,818,886.37	621,699,341.87
Entrusted loans due more than one year		60,100,000.00
Prepaid taxes	11,371,609.70	13,398,274.80
Evaluation appreciation of assets of Kaiyang expressway (Note)	74,203,490.86	80,184,196.40
Evaluation appreciation of assets of Yueyun Langri (Note)	16,997,111.33	17,456,492.72
Evaluation and appreciation of assets of Yuedong expressway (Note)	6,865,795.82	8,598,005.98
Others	9,900,000.00	14,781,086.63
Total	12,024,701,921.75	9,830,780,492.68

Note:

These other non-current assets are the identifiable net assets evaluation appreciation formed when the Group purchased the equity of Guangdong Kaiyang Expressway Co., Ltd, Guangdong Yueyun Langri Co., Ltd. and Guangdong Yuedong Expressway Industrial Development Co., Ltd. The Group adopted the average annual amortization method for this part of the assets evaluation appreciation from the date of equity purchase to the expiration of the operation period.

27 Short-term loans

(1) Classification of short-term loans

Items	Closing balance	Opening balance
Pledged loans	230,000,000.00	18,000,000.00
Mortgaged loans	190,096,898.32	74,000,000.00
Guaranteed loans		19,174,050.00
Credit loans	2,033,899,298.43	202,877,273.41
Total	2,453,996,196.75	314,051,323.41

(2) There is no overdue short-term loan at the end of the period.

28 Notes payable

Category	Closing balance	Opening balance
Bank acceptance bill	711,634,221.16	713,262,399.91
Commercial acceptance bill		
Total	711,634,221.16	713,262,399.91

29 Accounts payable

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	7,156,786,191.99	8,462,335,050.01
1-2years (inclusive)	929,473,709.40	560,075,105.55
2-3years (inclusive)	369,979,043.79	934,849,072.49
Over 3 years	2,904,773,929.35	2,532,157,993.21
Total	11,361,012,874.53	12,489,417,221.26

Significant accounts payable with aging of more than one year:

Name of creditors	Closing balance	Reasons for unsettlement
Provisional estimates of Jingzhubei, Guangle, Guangqing, Maozhan, Chaohui expressway Zhuhai section, Guangshen etc.	766,761,003.68	Unsettlement
Reserved funds of Boshen, Nanhuanduan, Mata extension line and other construction in progress	296,001,067.39	Unsettlement and reserved funds
Poly Changda Engineering Co., Ltd.	404,004,620.89	Unsettlement
Guangdong Goldsign Electronic Data Service Co., Ltd.	297,915,077.63	Unsettlement
Foshan Shunde District Land Reserve Development Center	76,112,265.35	Unsettlement
Yangjiang Expressway Construction Project Headquarters	68,176,860.00	Reserved funds
Zhongshan Guangzhu East Expressway Land Acquisition Office	54,392,647.36	Unsettlement
Requisition Office of Panyu District People's Government of Guangzhou	52,472,443.37	Unsettlement
Shenzhen Longgang District People's Government	39,195,707.06	Unsettlement
Zhongshan Bureau of Land and Resources	38,729,831.09	Unsettlement
VanJee Technology Co., Ltd	36,638,211.04	Unsettlement
Zhongshan Land Acquisition and Demolition Management Office	33,201,590.05	Unsettlement
Foshan Bureau of Land and Resources	30,507,598.21	Unsettlement
Zhaoqing Highway Bureau	28,375,580.00	Unsettlement
Guangzhongjiang Expressway Project Management Office	28,000,000.00	Unsettlement
Guangdong Guanyue Road and Bridge Co., Ltd.	22,452,988.06	Unsettlement
Maoming Dianbai Eryun Transportation Co., Ltd.	22,100,294.00	Unsettlement
Shenzhen Genviet Technologies Co., Ltd.	19,690,925.83	Unsettlement
Guangzhou Its Communication Equipment Co., Ltd.	17,233,138.49	Unsettlement
Zhanjiang Bureau of Land and Resources	16,185,625.00	Unsettlement
Shenzhen Chenggu Technology Co., Ltd.	16,074,875.73	Unsettlement
Guangdong Province Communications Planning & Design Institute Co., Ltd.	13,489,251.33	Unsettlement
Guangzhou Housing Development Construction Co., Ltd.	11,626,327.65	Unsettlement
Guangzhou Zhongxin Traffic Construction Co., Ltd.	11,591,135.50	Unsettlement
Zhuhai Transportation Group Co., Ltd.	10,638,451.47	Unsettlement
Heyuan People's Government	10,210,900.00	Unsettlement
Heshan Bureau of Land and Resources	10,186,893.60	Unsettlement
Dongguan Xiegang People's Government	9,834,654.93	Unsettlement
Guangzhou Turingit Co., Ltd.	9,426,384.44	Unsettlement
China Railway 12th Bureau Group Co., Ltd.	9,388,843.00	Unsettlement
Nexwise Intelligence China Limited	9,039,396.15	Unsettlement
Beijing RHY Technology Development Co., Ltd.	8,595,509.60	Unsettlement
Guangzhou Jiaotou Electromechanical Engineering Co., Ltd.	8,258,763.71	Unsettlement
Guangdong Zubo Road & Bridge Engineering Co., Ltd.	8,224,024.94	Unsettlement
Cccc First Harbor Engineering Co., Ltd.	8,086,590.00	Unsettlement
Chongqing Data Technology Co., Ltd.	7,448,804.94	Unsettlement
Beijing Gongke Feida Traffic Engineering Development Co., Ltd.	7,245,664.85	Unsettlement
Yunan Treasury Payment Center	6,000,000.00	Unsettlement
China Railway 23rd Bureau Group Co., Ltd.	5,938,211.78	Unsettlement
Xingning People's Government	5,922,492.57	Unsettlement
Wuhan Zhongzi Road and Bridge Design and Research Institute Co., Ltd.	5,803,897.20	Unsettlement
Guangning Bureau of Land and Resources	5,433,336.97	Unsettlement
Cccc Second Highway Engineering Co., Ltd.	5,426,359.34	Unsettlement

Name of creditors	Closing balance	Reasons for unsettlement
Heyuan People's Government	5,410,046.18	Unsettlement
Boluo People's Government	5,289,689.30	Unsettlement
Jiexi People's Government	5,265,043.53	Unsettlement
Chongqing Huachi Communications Scientific and Technical Co., Ltd.	5,071,299.38	Unsettlement
Pingyuan People's Government	5,021,680.00	Unsettlement
China Highway Engineering Consulting Group Co., Ltd.	5,015,877.00	Unsettlement
Zhejiang Yuzhong Construction Group Co., Ltd.	4,790,419.27	Unsettlement
Dongguan Institute of Navigation Aids and Surveying and Mapping, Guangdong Dongguan Waterway Affairs Center,	4,444,990.44	Unsettlement
Maoming Construction Group Co., Ltd.	4,396,821.69	Unsettlement
Meixian Bureau of Land and Resources	4,344,995.73	Unsettlement
Guangdong Henghui Construction Co., Ltd.	4,185,297.23	Unsettlement
Cccc First Highway Consultants Co., Ltd.	4,002,595.89	Unsettlement
Joint union of Shandong Traffic Planning Design Institute and Guangdong Metallurgy Architectural Design & Research	3,786,944.00	Unsettlement
Sichuan Road & Bridge Co., Ltd.	3,441,313.08	Unsettlement
Jiangxi Construction Engineering Third Construction Limited Liability Company	3,287,494.57	Unsettlement
Meixian People's Government	3,282,474.50	Unsettlement
Crcc Harbour & Channel Engineering Bureau Group Co., Ltd.	3,238,021.90	Unsettlement
Guangdong Transportation Planning and Research Center	3,178,075.00	Unsettlement
Suzhou Deyajiaotong Technology Co., Ltd.	3,160,720.05	Unsettlement
China RAILWAY 14TH BUREAU Group Co., Ltd.	3,147,001.77	Unsettlement
Guangdong Gaintop Highway Engineering Construction Group Co., Ltd.	3,081,972.00	Unsettlement
China Railway Tunnel Group Co., Ltd.	3,025,408.00	Unsettlement
Total	2,641,906,424.71	

30 Advances from customers

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	620,706,409.22	1,208,591,480.94
Over 1 year	551,325,131.13	101,707,087.86
Total	1,172,031,540.35	1,310,298,568.80

Significant advances from customers with aging of more than 1 year:

Name of creditors	Closing balance	Reason for not carrying forward
Guangdong Branch of China Construction Bank	54,799,035.37	Unsettlement
Guangdong Nanyue Transportation Longhuai Expressway Management Center	49,170,000.00	Unsettlement
Guangdong Nanyue Transportation Shaogan Expressway Management Center	28,440,000.00	Unsettlement
Industrial and Commercial Bank of China Limited	28,141,592.92	Unsettlement
Guangdong Jiangzhao Expressway Management Center	28,110,000.00	Unsettlement
Hubei Guangmao Han'e Expressway Co., Ltd.	26,041,815.21	Unsettlement
Guangdong Nanyue Transportation Renbo Expressway Management Center	22,560,000.00	Unsettlement
Guangzhou Highway Co., Ltd.	22,000,000.00	Unsettlement
Guangzhongjiang Expressway Project Management Office	18,400,000.00	Unsettlement

Name of creditors	Closing balance	Reason for not carrying forward
Guangdong Nanyue Transportation Chaozhang Expressway Management Center	15,910,000.00	Unsettlement
Zhaoqing Yuezhao Highway Co., Ltd.	15,320,000.00	Unsettlement
Guangdong Nanyue Transportation Jiehui Expressway Management Center	15,220,000.00	Unsettlement
Guangdong Shenshan Speedway East Section Co., Ltd.	13,220,000.00	Unsettlement
Guangzhou Daguang Expressway Co., Ltd.	9,346,672.00	Unsettlement
Guangzhou Huanlong Expressway Co., Ltd.	8,242,974.26	Unsettlement
Zhuhai Transportation Group Co., Ltd.	6,272,766.70	Unsettlement
Shenzhen Channel Management Center	5,810,737.79	Unsettlement
Total	367,005,594.25	

31 Contract liabilities

Items	Closing balance	Opening balance
Freight received in advance	5,449,361.14	7,189,251.36
Sales of goods received in advance	34,985,558.94	23,253,638.76
Service fees received in advance	5,564,839.84	4,881,775.38
Total	45,999,759.92	35,324,665.50

32 Deposits from customers and interbank

Items	Closing balance	Opening balance
Current deposits	64,936,403.93	173,680,108.11
Fixed term deposits		
Total	64,936,403.93	173,680,108.11

33 Employee benefits payable

(1) Presentation of employee benefits payable

Items	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee benefits	546,544,665.98	6,541,850,255.98	6,539,489,278.41	548,905,643.55
2. Post-employment benefits - defined contribution plan	20,864,412.64	433,502,088.59	423,126,882.11	31,239,619.12
3. Termination benefits	34,256,298.25	52,176,667.30	75,591,797.22	10,841,168.33
4. Other benefits due within one year	8,617,239.40	16,492,724.25	8,617,239.40	16,492,724.25
5. Others	53,600.00			53,600.00
Total	610,336,216.27	7,044,021,736.12	7,046,825,197.14	607,532,755.25

(2) Short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus and other allowance	320,523,012.02	5,092,303,425.09	5,114,107,709.76	298,718,727.35
2. Employee welfare	3,899,677.52	432,308,588.23	431,652,126.58	4,556,139.17
3. Social insurance	6,997,528.56	265,838,727.61	267,519,006.00	5,317,250.17
Including: Medical insurance	4,514,103.66	215,422,354.25	216,749,525.70	3,186,932.21
Work-related injury insurance	359,144.45	2,000,617.31	1,860,297.67	499,464.09
Maternity insurance	121,980.59	31,970,351.24	31,983,387.71	108,944.12
Others	2,002,299.86	16,445,404.81	16,925,794.92	1,521,909.75

Items	Opening balance	Increase	Decrease	Closing balance
4. Housing fund	5,371,688.71	466,009,985.76	466,586,434.06	4,795,240.41
5. Labor union fee and employee education fee	201,155,428.47	146,343,225.91	122,421,021.75	225,077,632.63
6. Short-term paid absence				
7. Short-term profit-sharing plan				
8. Other short-term employee benefits	8,597,330.70	139,046,303.38	137,202,980.26	10,440,653.82
Total	546,544,665.98	6,541,850,255.98	6,539,489,278.41	548,905,643.55

(3) Defined contribution plans

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance	10,000,933.55	156,261,642.88	144,880,229.85	21,382,346.58
2. Unemployment insurance	305,863.91	4,682,464.36	4,346,630.88	641,697.39
3. Enterprise annuity payment	10,557,615.18	272,557,981.35	273,900,021.38	9,215,575.15
Total	20,864,412.64	433,502,088.59	423,126,882.11	31,239,619.12

34 Taxes and surcharges payable

Items	Opening balance	Payable	Paid	Closing balance
VAT	237,433,605.53	1,254,042,807.89	1,307,481,812.42	183,994,601.00
Corporate income tax	557,347,734.90	1,808,375,585.97	1,291,438,946.54	1,074,284,374.33
City maintenance and construction tax	18,051,647.95	79,655,444.75	81,702,440.55	16,004,652.15
Property tax	13,492,149.53	105,167,854.05	106,212,053.32	12,447,950.26
Land use tax	3,446,276.88	30,258,702.97	31,149,009.76	2,555,970.09
Individual income tax	42,857,537.19	90,664,743.23	84,767,369.73	48,754,910.69
Education surcharge (including local education surcharge)	13,551,332.95	63,570,997.49	64,894,320.09	12,228,010.35
Other taxes	24,405,735.34	75,838,343.75	68,952,500.49	31,291,578.60
Total	910,586,020.27	3,507,574,480.10	3,036,598,452.90	1,381,562,047.47

35 Other payables

Items	Closing balance	Opening balance
Interest payables	1,014,738,564.23	1,421,088,180.36
Dividend payables	66,849,146.17	131,108,573.76
Other payables	9,962,693,328.26	10,875,783,564.33
Total	11,044,281,038.66	12,427,980,318.45

(1) Interest payable

Items	Closing balance	Opening balance
Interest on long-term loans with interest paid by installments and principal repaid at maturity	294,048,099.92	668,369,990.49
Interest on corporate bond	687,055,315.83	725,734,921.00
Interest payable on short-term loans	6,133,408.99	
Interest on preferred shares / perpetual bonds classified as financial liabilities		
Other interests	27,501,739.49	26,983,268.87
Total	1,014,738,564.23	1,421,088,180.36

There is no significant interest payment that is past due.

(2) Dividends payable

Items	Closing balance	Opening balance
Ordinary share dividends	66,849,146.17	131,108,573.76
Preferred stock / perpetual debt dividends classified as equity instruments		
Others		
Total	66,849,146.17	131,108,573.76

(3) Other payables

Listed by the nature of other payables:

Items	Closing balance	Opening balance
Toll to be settled	3,127,780,837.36	3,004,359,021.23
Project quality deposits payable	2,831,061,262.31	3,279,600,297.83
Other provisional accounts receivable and payable	1,354,487,916.83	1,008,397,296.08
Project performance bonds payable	1,043,335,122.62	1,267,521,766.00
Current accounts	476,814,149.58	683,629,905.70
Deposits	211,040,668.00	255,852,744.52
Progress payment of agent construction project	209,503,121.25	347,095,927.28
Excellent project price and safety production guarantee fee temporarily withheld	203,941,839.26	277,531,533.83
Payable to Department of Communications	147,750,977.18	123,530,735.30
Bid security payables	127,506,925.05	207,429,099.92
Collection and payment of project materials	105,597,658.39	283,496,048.59
Land acquisition and demolition fees payable	71,863,864.78	80,273,441.98
Collection and payment of completion document preparation fees and insurance premium	47,547,724.65	41,783,046.77
Technical expenses such as completion acceptance and information management	4,461,261.00	15,282,699.30
Total	9,962,693,328.26	10,875,783,564.33

Significant other payables with aging of more than 1 year:

Name of creditors	Closing balance	Reasons for unsettlement
Poly Changda Engineering Co., Ltd.	621,035,216.40	Warranty deposit and unsettlement
Guangdong Guanyue Road and Bridge Co., Ltd.	394,952,114.73	Warranty deposit and unsettlement
China RAILWAY 12TH BUREAU Group Co., Ltd.	191,428,927.62	Warranty deposit and unsettlement
Guangdong Gaintop Highway Engineering Construction Group Co., Ltd.	130,397,187.68	Warranty deposit and unsettlement
Cccc Second Highway Engineering Co., Ltd.	119,725,852.88	Warranty deposit and unsettlement
Department of Communications of Guangdong Province	110,395,878.45	Unsettlement
CCCC Second Harbour Engineering Co., Ltd.	106,688,723.15	Warranty deposit and unsettlement
China RAILWAY 14TH BUREAU Group Co., Ltd.	101,861,464.45	Warranty deposit and unsettlement
China RAILWAY 11TH BUREAU Group Co., Ltd.	82,728,176.24	Warranty deposit and unsettlement

Name of creditors	Closing balance	Reasons for unsettlement
China RAILWAY Tunnel Group Co., Ltd.	65,549,088.41	Warranty deposit and unsettlement
Zhaoqing Highway Development Co., Ltd.	53,000,000.00	Unsettlement
Cree Harbour & Channel Engineering Bureau Group Co., Ltd.	40,786,002.84	Warranty deposit and unsettlement
Shanwei Bureau of Land and Resources	37,771,898.00	Unsettlement
Guizhou Highway Engineering Group Co., Ltd.	32,474,300.00	Warranty deposit and unsettlement
Guangzhou Municipal Group Co., Ltd.	32,303,148.00	Warranty deposit and unsettlement
Qingyuan Jiafu Investment Co., Ltd.	30,409,189.52	Unsettlement
ROAD & BRIDGE International Co., Ltd.	27,928,966.00	Unsettlement
Zhongshan Bureau of Land and Resources	27,525,847.82	Warranty deposit
Heshan People's Government	25,748,197.70	Unsettlement
Meizhou Bureau of Land and Resources	23,602,408.86	Unsettlement
China RAILWAY 20TH BUREAU Group Co., Ltd.	22,653,493.68	Warranty deposit and unsettlement
Non transferred balance of special funds allocated by the Provincial Department of Finance for Sihao rural road of ordinary highway and waterway project in 2019	20,875,764.00	Specific capital
Byd Auto Industry Company Limited	19,300,000.00	Warranty deposit and unsettlement
China RAILWAY 18TH BUREAU Group Co., Ltd.	18,626,336.00	Warranty deposit and unsettlement
Sinopec Sales Co., Ltd. Guangdong Petroleum Branch	18,000,000.00	Unsettlement
Shandong Highway Construction (Group) Co., Ltd.	17,267,439.00	Unsettlement
Guangzhou Gonglu Engineering Company	16,391,151.75	Warranty deposit and unsettlement
China Railway Major Bridge Engineering Group Co., Ltd.	14,057,490.27	Warranty deposit
Cccc First Harbor Engineering Co., Ltd.	13,229,593.70	Warranty deposit
Yayao Xiebian expansion project	12,499,448.48	Unsettlement
China RAILWAY Tunnel Group Co., Ltd.	12,177,851.97	Warranty deposit
CCCC First Highway Bridge and Tunnel Engineering Co., Ltd.	11,700,627.00	Warranty deposit
China Energy Engineering Group Guangdong Power Engineering Co., Ltd.	11,564,876.48	Warranty deposit and unsettlement
Road & Bridge Southern China Engineering Co., Ltd.	10,973,150.00	Warranty deposit
Shanghai Zhenhua Heavy Industries Co.,Ltd.	10,322,794.05	Unsettlement
Demolition cost of Dongguan and Panyu	10,000,000.00	Warranty deposit and unsettlement
China Railway Shanhaiguan Bridge Group Co., Ltd.	9,853,860.00	Warranty deposit
Sichuan Electric Power Transmission and Transformation Construction Co., Ltd.	9,649,112.14	Unsettlement
China RAILWAY Baoji BRIDGE Group Co., Ltd.	8,945,166.00	Warranty deposit
Jiangsu Fasten Company Limited	8,380,739.80	Unsettlement
China RAILWAY 1ST BUREAU Group Co., Ltd.	7,490,958.90	Warranty deposit
No.6 Engineering Co., Ltd., Cccc Second Highway Engineering	7,450,580.00	Warranty deposit
Zhejiang Zhengfang Traffic Construction Co., Ltd.	6,960,000.00	Unsettlement
Sichuan Road and Bridge East China Construction Co., Ltd.	6,888,164.00	Unsettlement
Guangdong Nengda High Grade Highway Maintenance Co., Ltd.	6,776,090.93	Warranty deposit and unsettlement
Dacheng Engineering Construction Group Co., Ltd.	6,747,063.92	Warranty deposit and unsettlement

Name of creditors	Closing balance	Reasons for unsettlement
Guangdong Feida Traffic Engineering Co., Ltd.	6,666,280.95	Warranty deposit and unsettlement
Guangzhou Jianlong Trade Co., Ltd.	6,646,637.35	Warranty deposit and unsettlement
Beijing Gongke Feida Traffic Engineering Development Co., Ltd.	6,364,489.13	Warranty deposit and unsettlement
CHINA RAILWAY GROUP LIMITED	6,165,690.36	Warranty deposit and unsettlement
No.6 Engineering of CCCC First Highway Engineering Co., Ltd.	5,975,723.00	Warranty deposit
Guangdong Provincial Highway Affairs Center	5,884,362.97	Unsettlement
China RAILWAY 4TH BUREAU Group Co., Ltd.	5,636,428.27	Warranty deposit and unsettlement
Guangdong Branch of China Ping An Property Insurance Co., Ltd.	5,475,068.50	Unsettlement
China Railway First Group Second Engineering Co., Ltd.	5,365,812.55	Warranty deposit and unsettlement
Shaanxi Road and Bridge Group Co., Ltd.	5,358,467.31	Unsettlement
Jinrun Commercial Factoring (Shanghai) Co., Ltd.	5,000,000.00	Warranty deposit and unsettlement
Xinjiang Beixin Road & Bridge Group Co., Ltd.	4,854,060.00	Unsettlement
China RAILWAY 7TH BUREAU Group Co., Ltd.	4,840,781.00	Warranty deposit and unsettlement
Hunan Road & Bridge Construction Group Co., Ltd.	4,802,440.00	Warranty deposit and unsettlement
Cece Fourth Harbor Engineering Co., Ltd.	4,360,777.00	Unsettlement
PICC Property and Casualty Company Limited	4,289,216.38	Warranty deposit and unsettlement
China Energy Engineering Group Hunan Power Construction Co., Ltd.	4,264,671.99	Unsettlement
Cece Third Harbor Engineering Co., Ltd.	4,203,203.00	Warranty deposit and unsettlement
Zhejiang Jiaogong Road & Bridge Constroction Co., Ltd.	4,111,012.00	Unsettlement
POWERCHINA Fujian Engineering Co., Ltd.	3,911,295.71	Unsettlement
China Railway 14th Bureau Group No.3 Engineering Co., Ltd.	3,663,440.00	Warranty deposit
China RAILWAY 23RD BUREAU Group Co., Ltd.	3,569,586.00	Warranty deposit
Sino Road & Bridge Group Co., Ltd.	3,434,211.30	Unsettlement
China RAILWAY 9TH BUREAU Group Co., Ltd.	3,328,145.37	Warranty deposit and unsettlement
Guangdong No.2 Construction Engineering Co., Ltd.	3,159,975.00	Unsettlement
Guangdong Chuang'er Industry Co., Ltd.	3,122,394.80	Warranty deposit and unsettlement
Cece Highway Consultants Co., Ltd.	3,120,714.27	Warranty deposit and unsettlement
Meizhou Bureau of Land and Resources	3,118,194.00	Unsettlement
Jiangsu Middle Rd. Traffic Development Co., Ltd.	3,009,395.00	Warranty deposit
Shantou Da Hao City Construction Company Limited	3,000,000.00	Warranty deposit and unsettlement
Total	2,711,796,814.03	

36 Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term loans due within 1 year	6,746,404,710.30	6,467,319,101.34
Including: Credit loans	403,143,980.00	1,078,199,733.32
Guaranteed loans	211,412,787.89	380,550,533.58
Pledged loans	122,000,328.59	87,362,465.46
Mortgaged loans	6,009,847,613.82	4,921,206,368.98

Items	Closing balance	Opening balance
Bonds payable due within 1 year	1,000,000,000.00	1,839,334,228.04
Long-term payables within 1 year	507,302,293.81	212,002,501.57
Including: Finance lease sale and leaseback	469,599,470.20	189,699,470.20
Payments for car purchase	21,970,748.15	22,046,427.60
Entrusted loans	15,000,000.00	
Others	732,075.46	256,603.77
Lease liabilities within 1 year	189,178,093.36	118,921,545.42
Other long-term liabilities within 1 year	62,016,677.01	30,117,289.30
Including: Accrued interests payable within 1 year	62,016,677.01	30,117,289.30
Total	8,504,901,774.48	8,667,694,665.67

37 Other current liabilities

Items	Closing balance	Opening balance
VAT output tax to be transferred	5,131,113.85	1,925,044.09
Total	5,131,113.85	1,925,044.09

38 Long-term loans

Items	Closing balance	Opening balance	Interest rate range at the end of the period
Pledged loans	210,072,172,913.29	191,138,690,790.74	2.238%-4.90%
Mortgaged loans	615,397,092.65	682,885,167.85	3.16%-4.90%
Guaranteed loans	1,083,212,100.96	7,884,670,065.60	2.50%-4.90%
Credit loans	26,846,589,959.89	17,372,692,264.47	1.20%-4.90%
Total	238,617,372,066.79	217,078,938,288.66	

Note: At the end of the year, the Company has no long-term loans that are due and outstanding.

39 Bonds payable

(I) Bonds payable

Items	Closing balance	Opening balance
Corporate bonds	28,392,533,626.17	28,398,161,553.41
Medium-term note	3,426,488,336.65	3,678,124,972.89
Total	31,819,021,962.82	32,076,286,526.30

(2) Changes in bond payable (Excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Name of bonds	Par value	Issue date	Term (years)	Issuing amount	Opening balance	Issue in the period	Interest accrued according to par value	Premium or discount amortization	Repayments during the period	Reclassify to non-current liabilities due within 1 year	Closing balance
10 Guangdong Expressway bond	2,000,000,000.00	2010-7-2	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
10 Yue Lujian bond	2,000,000,000.00	2010-7-16	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
12 Guangdong Expressway bond	1,500,000,000.00	2012-6-26	15	1,500,000,000.00	1,500,000,000.00						1,500,000,000.00
13 Yue Transportation MTN1	500,000,000.00	2013-1-29	15	500,000,000.00	500,000,000.00						500,000,000.00
13 Yue Lujian bond	2,000,000,000.00	2013-3-29	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
13 Yue Transportation MTN2	1,500,000,000.00	2013-4-24	15	1,500,000,000.00	1,500,000,000.00						1,500,000,000.00
14 Yue Luqiao MTN001	1,000,000,000.00	2014-5-12	10	1,000,000,000.00	1,000,000,000.00					1,000,000,000.00	
14 Guangdong Expressway bond	2,000,000,000.00	2014-10-29	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
15 Yue Luqiao bond	2,000,000,000.00	2015-5-21	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
14 Yueyun 01 bond	400,000,000.00	2015-9-28	7	400,000,000.00	398,161,533.41		2,578,742.15	-487,330.61	8,694,000.00		392,533,626.17
15 Yue Lujian bond	1,500,000,000.00	2015-12-11	15	1,500,000,000.00	1,500,000,000.00						1,500,000,000.00
16 Yue Expressway 01 bond	2,000,000,000.00	2016-6-16	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
2016 Yue Bridge 01	3,000,000,000.00	2016-7-12	15	3,000,000,000.00	3,000,000,000.00						3,000,000,000.00
16 Yue Expressway 02 bond	1,000,000,000.00	2016-8-11	15	1,000,000,000.00	1,000,000,000.00						1,000,000,000.00
2016 Yue Bridge 02	2,000,000,000.00	2016-9-23	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
2018 Yue Bridge 01	500,000,000.00	2018-8-16	15	500,000,000.00	500,000,000.00						500,000,000.00
2018 Yue Bridge 02	1,500,000,000.00	2018-11-20	15	1,500,000,000.00	1,500,000,000.00						1,500,000,000.00
18 Guangdong Expressway bond 01	1,000,000,000.00	2018-12-13	15	1,000,000,000.00	1,000,000,000.00						1,000,000,000.00
19 Yue Expressway MTN001	680,000,000.00	2019-3-1	5	680,000,000.00	678,124,972.89			-450,343.98			678,575,316.87
19 Yue Lujian bond	2,000,000,000.00	2019-3-25	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
19 Guangdong Expressway bond 01	2,000,000,000.00	2019-7-31	15	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
20 Yue Expressway MTN001	750,000,000.00	2020-3-17	5	750,000,000.00	750,000,000.00			2,086,980.22			747,913,019.78
Total				32,830,000,000.00	32,076,286,526.30	750,000,000.00	2,578,742.15	1,149,305.63	8,694,000.00	1,000,000,000.00	31,819,021,962.82

Note:

For the abbreviation, amount, coupon rate, term and purpose of the above corporate bonds and medium-term notes, please refer to "Notes XII to financial statements, other contents to be disclosed in accordance with relevant financial and accounting systems".

40 Lease liabilities

Items	Closing balance	Opening balance
Lease payments	1,214,705,416.26	796,486,369.53
Less: Unrecognized financing expenses		
Reclassification to non-current liabilities due within one year	189,178,093.36	118,921,545.42
Net lease liabilities	1,025,527,322.90	677,564,824.11

41 Long-term payables

Items	Opening balance	Increase	Decrease	Closing balance
Long-term payables	1,069,794,723.59	355,694,712.96	926,887,940.62	498,601,495.93
Special payables	74,597,942.36	24,798,950.00		99,396,892.36
Total	1,144,392,665.95	380,493,662.96	926,887,940.62	597,998,388.29

(1) Long-term payables

Items	Closing balance	Opening balance
Financing sales and leaseback (Note 1)	341,030,584.89	494,972,134.59
Loans due to shareholders		311,224,533.33
Payments of car purchase	46,126,616.61	174,827,931.42
Loans due to Department of Transportation of Guangdong Provincial	34,780,000.00	34,780,000.00
Payment for station construction	23,638,866.00	24,038,866.00
Entrusted loans due to Zhaoqing Highway Development Co., Ltd.		15,000,000.00
Loans due to Guangdong Panyu Bridge Co., Ltd.	39,000,000.00	
Deposits	8,958,993.00	11,171,615.28
Non-operating assets payable	2,022,210.11	2,022,210.11
Funds from Department of Finance of Guangdong Provincial	300,000.00	300,000.00
Others	2,744,225.32	1,457,432.86
Total	498,601,495.93	1,069,794,723.59

Note:

(1) Guangdong Road and Bridge Construction Development Co., Ltd, a subsidiary of the Company, carried out financing sales and leaseback with the subgrade and pavement assets and ancillary facilities of Jingzhu Expressway (k2125 + 420 to k2150 + 420) and CCB Financial Leasing Corporation Ltd. (hereinafter referred to as "CCB finance"), with a capital of RMB 1.5 billion and a financial lease term of 10 years. The interest rate of the lease contract is 12% lower than the benchmark interest rate of RMB loans with a term of more than five years published and implemented by the people's Bank of China (adjusted once a year), and the guarantee method is the pledge guarantee of 10% charging right of Jingzhu South Expressway. As of 31 Dec 2020, the payable to CCB finance was RMB 530,630,055.09, including the ending balance of long-term accounts payable of 340,930,584.89 and the transfer to non-current liabilities due within one year of RMB 189,699,470.20.(2) The subsidiary, Guangdong Leatop REAL Estate Investment Co., Ltd., carried out financing sales and leaseback with Qianhai Xingbang Financial Leasing Co., Ltd. (hereinafter referred to as "Qianhai Xingbang") with Leatop Plaza fire-fighting and power supply engineering equipment, window cleaning machine and conference center system equipment, kitchen equipment, etc., and borrowed RMB 280 million, with a financial lease term of 1.5 years. The interest rate of the lease contract is 4% lower than the benchmark interest rate of RMB loans with a term of more than five years promulgated and

implemented by the people's Bank of China on 20 Oct 2020 (adjusted once a year). As of 31 Dec 2020, the amount payable to Qianhai Xingbang was RMB 280,000,000.00, including the closing balance of long-term accounts payable of RMB 100,000.00 and the transfer to non-current liabilities due within one year of RMB 279,900,000.00.

(2) Special payables

Items	Opening balance	Increase	Decrease	Closing balance
Special funds for war preparedness	2,784.50			2,784.50
Compensation for ground attachments of Yinzhan Management Center (Note 1)	74,595,157.86			74,595,157.86
Compensation for the reduced value of Yinzhan branch line (Note 2)		24,798,950.00		24,798,950.00
Total	74,597,942.36	24,798,950.00		99,396,892.36

Note 1:

In July 2019, Guangdong Expressway Co., Ltd. and Qingyuan Land Development and Reserve Bureau signed an agreement on compensation for the collection of aboveground attachments of Yinzhan Management Center. Qingyuan municipal government collected the aboveground attachments of Yinzhan Management Center of Guangqing Expressway in order to plan and implement the needs of public interests. For the replacement cost and relocation cost of Yinzhan aboveground attachments and office equipment, RMB 76,510,003.00 of compensation shall be paid according to the evaluation results. According to the provisions on overall relocation compensation in the interpretation of accounting standards for Business Enterprises No. 3 (Caikuai [2009] No. 8), Guangdong Expressway Co., Ltd. will calculate the received funds as special accounts payable. In 2019, due to the demolition of Yinzhan dormitory building and tennis court, the net loss was RMB 1,914,845.14, which was carried forward to non-operating income.

Note 2:

In July 2019, Guangdong Expressway Co., Ltd. and Qingyuan Land Development and Reserve Bureau signed an agreement on the compensation for the reduced value of Yinzhan branch line. Qingyuan Municipal government expropriated the Yinzhan branch line of Guangqing Expressway to compensate the road subgrade, pavement, bridges and culverts and other structures and supporting facilities other than the land (the land recovery compensation will be handled separately). The compensation consideration is determined according to the discounted value of the branch line as of 30 Apr 2019. According to the special audit report, it is confirmed that the compensation amount of aboveground attachments collected this time is RMB 49,597,900.00, and the compensation shall be settled within two years after the signing of the agreement. In June 2020, Guangdong Expressway Co., Ltd. received RMB 24,798,950.00, which is 50% of the reduced value compensation of Yinzhan branch line paid by Qingyuan municipal government. According to the provisions on overall relocation compensation in the interpretation of accounting standards for Business Enterprises No.3 (Caikuai [2009] No. 8), the received funds are accounted as special payables.

42 Long-term employee benefits payable

Items	Opening balance	Increase	Decrease	Closing balance
I. Post-employment benefits - net liabilities of defined benefit plan	190,234,077.01	21,251,379.47	16,492,724.25	194,992,732.23
II. Termination benefits	43,273.00			43,273.00
III. Other long-term benefits				
Total	190,277,350.01	21,251,379.47	16,492,724.25	195,036,005.23

Note:

Post-employment benefits - net liabilities of defined benefit plan are that the Yueyun Shares provides the staff in some of its subsidiaries with the following two kinds of defined contribution plans of post-employment benefits.

43 Provisions

Items	Closing balance	Opening balance
Pending lawsuits		125,594.00
Total		125,594.00

44 Deferred income

Items	Opening balance	Increase	Decrease	Closing balance
Government subsidies	420,032,852.39	1,075,781,493.26	163,368,700.24	1,332,445,645.41
Rental income	399,099,927.20		42,878,715.98	356,221,211.22
Unrealized profit or loss from sales and leaseback	625,733,788.59		63,453,434.83	562,280,353.76
Option fee income	23,906,509.08		12,013,254.54	11,893,254.54
Total	1,468,773,077.26	1,075,781,493.26	281,714,105.59	2,262,840,464.93

Projects involving government subsidies:

Items	Opening balance	Increase	Decrease	Other decrease	Closing balance
Subsidies for purchase of fixed assets	173,639,286.64	150,110,294.44	90,894,745.61		232,854,835.47
Subsidies for bus stops and yards	103,004,893.80	25,321,553.91	9,062,931.29		119,263,516.42
Subsidies for relocation of Hezhou dormitory building, office building and maintenance station	46,897,983.34		6,311,017.20		40,586,966.14
Special funds for R & D center of Highway Traffic Safety and Emergency Support Technology and Equipment Industry	19,639,809.47		1,577,813.08		18,061,996.39
Other subsidies	14,498,062.03	7,584,182.67	3,103,715.71		18,978,528.99
Rental of station and advertising space	13,623,636.37	575,322.24			14,198,958.61
Rent compensation during construction period	13,211,250.00		8,130,000.00		5,081,250.00
Government subsidies for Guandu Interchange Project	11,718,714.35		468,940.13		11,249,774.22
The government is responsible for part of the West Union interchange of Guangzhou Shaoguan expressway	6,374,473.82		932,849.83		5,441,623.99
Shenzhen landscape improvement project	4,110,158.00		548,021.04		3,562,136.96
Government subsidies for phase II of Wharf	2,425,556.03		93,333.24		2,332,222.79
Government subsidies for R & D of Expressway intelligent system	2,288,910.00	859,400.00	848,310.00		2,300,000.00
Scientific research project of 21st Century Conference Center	1,530,000.00				1,530,000.00
Weisheng government subsidies	1,521,186.54		285,996.81		1,235,189.73
R & D Center Project	1,500,000.00	1,476,400.00			2,976,400.00
Special funds for import and export testing equipment	1,498,932.00		531,197.73		967,734.27
Yue Jiaoguil Han No.1848 special funds	500,000.00				500,000.00
Software development subsidies	300,000.00				300,000.00
Study on ecological restoration and landscape integration technology of high and steep slope of Huiqing Expressway in Subtropical Mountainous Area	180,000.00		180,000.00		
Highway intelligent self-service payment terminal technology of Guangdong Provincial Department of Transportation	180,000.00				180,000.00
Study on complete set of green construction technology of Huiqing Expressway Tunnel	180,000.00		180,000.00		
Scientific research subsidies for safety remote automatic monitoring and intelligent management system	160,000.00				160,000.00
Study on key technologies of safety and energy saving asphalt pavement of Huiqing Expressway	120,000.00		120,000.00		
Study on key technologies of low energy consumption treatment of highway sewage in ecological sensitive area of Huiqing Expressway	120,000.00		120,000.00		
Study on construction technology of ecological sound barrier on Huiqing Expressway	120,000.00		120,000.00		
Research on structural optimization and rapid maintenance technology of steel deck pavement based on the integration of construction and maintenance	120,000.00				120,000.00

Items	Opening balance	Increase	Decrease	Other decrease	Closing balance
Study on portable real-time early warning technology and construction management system for construction safety of large section tunnel of Huiqing Expressway	120,000.00		120,000.00		
Study on crack resistance of bridge tunnel concrete based on SAP internal maintenance of Huiqing Expressway	120,000.00		120,000.00		
Guangzhou intelligent transportation electronic toll collection technology	100,000.00		100,000.00		
Study on crack resistance of bridge tunnel concrete based on SAP internal curing	80,000.00				80,000.00
Electronic truck scale of Humen Bridge overload control station	75,000.00		37,500.00		37,500.00
Integrated transportation and intelligent transportation R. & D project	60,000.00				60,000.00
Huiqing Expressway 2017 science and technology demonstration project of the Ministry of transport	15,000.00		15,000.00		
Research and demonstration project of smart highway system based on cloud network node mode		840,000.00			840,000.00
Government subsidies for cancellation of provincial toll stations		589,014,340.00	39,467,328.57		549,547,011.43
Subsidies for reconstruction and expansion of Xintang interchange main section of Guangshen Expressway		300,000,000.00			300,000,000.00
Total	420,032,852.39	1,075,781,493.26	163,368,700.24		1,332,445,645.41

45 Other non-current liabilities

Items	Closing balance	Opening balance
Investment fund of Guangdong Hengzhao Equity Investment Fund (limited partnership)	977,000,000.00	512,000,000.00
Guangdong-Macao Cooperation & Development Fund (limited partnership)	7,415,060,000.00	7,415,060,000.00
Pension subsidies for retirees of Sanshui Material Station	2,252,401.27	2,811,891.96
Total	8,394,312,401.27	7,929,871,891.96

46 Share Capital

Name of investor	Opening balance		Closing balance	
	Investment amount	Proportion (%)	Investment amount	Proportion (%)
Total	26,800,000,000.00	100.00	26,800,000,000.00	100.00
People's Government of Guangdong Province	26,800,000,000.00	100.00	26,800,000,000.00	100.00

Note 1:

The registered capital of the company has been verified by Guangdong Zhengzhong Zhujiang Certified Public Accountants (Special General Partnership) and a capital verification report (Guangkuaisuo Yan Zi [2010] No.10003400019) has been issued.

Note 2:

According to the Financial Department of Guangdong Province and Guangdong Province Human resources and Social Security Hall, the Guangdong People's Government State-owned Assets Supervision and Administration Commission released on 3 Dec 2020 by the Departments of Guangdong Province and Guangdong Province Human Resources and Social Security Hall, the Guangdong People's Government State-owned Assets Supervision and Administration Commission of transfer part of state-owned capital to enrich the social security fund related matters "(Guangdong Caizi [2020] No. 78), with 31 Dec 2019 as the transfer base date, transfer 10% of the Company's equity to the Guangdong Provincial Department of Finance in a lump sum, which will be centrally held by the Financial Department of Guangdong Provincial Department on behalf of the Guangdong Provincial Government. The remaining 90% is still managed by the State-owned Assets Supervision and Administration Commission of the Guangdong Provincial People's Government.

47 Capital reserves

Items	Opening balance	Increase	Decrease	Closing balance
I. Capital (or share) premiums (Note 1)	1,550,830,618.88	897,825,246.31	45,658,342.13	2,402,997,523.06
II. Project capital appropriation (Note 2)	36,683,711,115.84	2,346,295,079.42	56,000,000.00	38,974,006,195.26
III. Other capital reserves	5,599,130,506.50	67,970.36	20,892,417.37	5,578,306,059.49
(1) Investees' changes in other equities (Note 3)	110,088,244.23	67,970.36	20,892,417.37	89,263,797.22
(2) Others	5,489,042,262.27			5,489,042,262.27
IV. Capital reserves in the original system transferred in	-43,980,074.51			-43,980,074.51
Total	43,789,692,166.71	3,244,188,296.09	122,550,759.50	46,911,329,703.30
Including: State-owned capital reserves				

Note 1:

Capital (or equity) premiums increase by RMB 897,825,246.31, mainly included:

- (1) Xin Yue Company Limited acquired 25% shares of Guangdong Jiangzhong Expressway Co., Ltd., which was held by Shenzhen Expressway Company Limited. The difference between the consideration of the transaction and the net asset on the delivery date is RMB 11,330,841.56, which increases the capital reserve of the Group;
- (2) Weisheng Transportation & Enterprises Company Limited received the equity shares transferred to Guangdong Traffic Technology Industrial Development Company free of charge, and the book net assets transferred to the equity were RMB 108,432.02;
- (3) Guangdong Highway Construction Co., Ltd. received a net asset of RMB 372,195.86 transferred to Guangdong Expressway Central Area Networking Toll Management Committee free of charge;
- (4) During the period, 7,931.00 prepaid shares of Guangdong Provincial Expressway Development Co., Ltd. were recovered, and the difference between the prepaid consideration and the net assets of the corresponding shares was RMB 11,249.25;
- (5) The dilution premium of equity restructuring of subsidiaries within the Group is RMB 886,002,527.62.

Capital (or equity) premiums decrease by RMB 897,825,246.31, mainly included:

- (1) The difference between the newly increased investment cost of the Group's capital increase in Guangdong United Electronic Fee-Collecting Co., Ltd. and the newly increased owner's equity attributable to the Group is RMB 35,034,085.52;
- (2) Xin Yue Company Limited purchased 30% equity of Yunfu Guangyun Speedway Co., Ltd. held by Shenzhen Expressway Company Limited at a premium of RMB 10,624,256.61.

Note 2:

Project capital appropriation increases by RMB 2,346,295,079.42, mainly included:

- (1) The provincial finance directly appropriated capital subsidy of RMB 1,059,880,000.00;
- (2) Guangdong Expressway Co., Ltd. received RMB 492,290,000.00 from local finance capital appropriation;
- (3) Guangdong Road and Bridge Construction Development Co., Ltd. received RMB 153,190,000.00 from local finance capital appropriation;
- (4) Guangdong Highway Construction Co., Ltd. received RMB 539,000,000.00 from local finance capital appropriation;
- (5) Guangdong Guanghui Expressway Co., Ltd. received RMB 89,083,500.00 from local finance capital appropriation, the share attributable to the Group recognized according to the shareholding ratio is RMB 33,406,312.65;
- (6) Guangdong Traffic Industrial Investment Company received RMB 68,528,766.77 from local finance capital appropriation.

Project capital appropriation decreases by RMB 56,000,000.00, mainly included:

- (1) Guangdong Road and Bridge Construction Development Co., Ltd. appropriated RMB 56 million of Xinghua project to Meizhou expressway.

Note 3:

Investees' changes in other equities increase by RMB 67,970.36, mainly included:

- (1) Except for net profit and loss, OCI and profit distribution, the change of other net assets of Guangdong Province Communications Planning & Design Institute Co., Ltd., an associate recognized by the Group according to the shareholding ratio of 40%, is RMB 33,348.00;
- (2) Except for net profit and loss, OCI and profit distribution, the change of other net assets of Hunan Lianzhi Technology Co., Ltd., an associate recognized by the Group according to the shareholding ratio, is RMB 34,622.36.

Investees' changes in other equities decrease by RMB 20,892,417.37, mainly included:

- (1) Except for net profit and loss, OCI and profit distribution, the change of other net assets of Poly Changda Engineering Co., Ltd. recognised by the Group according to the shareholding ratio of 48.52%, is RMB - 20,892,417.37.

48 Specific reserves

Items	Opening balance	Increase	Decrease	Closing balance
Safety production cost	68,717,068.84	59,914,034.12	59,384,326.58	69,246,776.38
Total	68,717,068.84	59,914,034.12	59,384,326.58	69,246,776.38

49 Surplus reserves

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	2,411,271,751.46	224,011,704.20		2,635,283,455.66
Discretionary surplus reserves	439,283,004.82			439,283,004.82
Total	2,850,554,756.28	224,011,704.20		3,074,566,460.48

50 General risk reserves

Items	Opening balance	Increase	Decrease	Closing balance
General risk reserves	326,144,252.03	47,356,753.01		373,501,005.04
Total	326,144,252.03	47,356,753.01		373,501,005.04

Note:

Guangdong Communications Group Finance Co., Ltd. (hereinafter referred to as the "Finance Company") established general risk reserve to make up for some unrecognized possible losses on the basis of withdrawing the provision for asset impairment in accordance with "The Measures for the Administration of Provision for Financial Enterprises (Caijin [2012] No.20) issued by the MOF. The general risk reserve is treated as profit distribution and is an integral part of the owner's equity. In principle, it shall not be less than 1.5% of the closing balance of risk assets, and can be in place year by year. In principle, it shall not exceed 5 years. The finance company withdraws the general risk reserve of RMB 47,356,753.01 after withdrawing the surplus reserve according to the after-tax profit of 2020.

51 Undistributed Profits

Items	Current period	Last period
Closing balance at the end of the last year	19,494,586,223.77	17,971,206,574.73
Add: Changes in accounting policies		-4,886,923.04
Opening balance at the beginning of the year	19,494,586,223.77	17,966,319,651.69

Guangdong Provincial Communications Group Co., Ltd.
 For the year ended 31 December 2020
 Notes to Consolidated Financial Statements

Items	Current period	Last period
Increase in the current period	623,055,360.64	2,688,046,372.74
Including: Transfer from net profit for the year	623,055,360.64	2,688,046,372.74
Decrease in the current period	1,394,408,457.21	1,159,779,800.66
Including: Appropriation to statutory surplus reserves	224,011,704.20	242,009,800.66
Appropriation to general risk reserve	47,356,753.01	
Declaration of cash dividends in the current period	1,123,040,000.00	917,770,000.00
Closing balance	18,723,233,127.20	19,494,586,223.77

52 Operating revenue and operating cost

Items	Current period		Prior period	
	Income	Costs	Income	Costs
Vehicle toll business	28,089,241,093.02	17,111,749,370.14	36,086,765,089.43	20,011,709,545.53
Material sales business	5,079,290,906.58	4,699,827,323.38	3,705,233,323.06	3,419,468,966.82
Passenger and freight transportation business	2,405,919,179.94	2,720,642,018.11	4,096,027,256.44	3,436,276,285.66
Expressway service zones services	3,003,512,269.95	2,454,056,686.37	2,128,886,702.44	1,830,952,477.08
Engineering Technology	1,095,354,493.82	747,785,872.70	1,282,159,796.23	1,015,514,701.90
Others	939,854,737.72	613,187,923.28	1,508,021,545.67	1,077,586,278.17
Total	40,613,172,681.03	28,347,249,193.98	48,807,093,713.27	30,791,508,255.16

The top 10 contracts with the largest amount of construction contracts revenue recognized in the current period (the old standards apply):

Contract projects	Total amount of contract	Total contract amount	Completion progress (%)	Accumulative recognized contract revenue	Accumulative recognized contract costs	Accumulated recognized gross profit ("-" indicates loss)	Settled price	Accumulated receipts	Contract revenue recognized in the current period	Contract costs recognized in the current period
I. Fixed price contracts	673,051,263.63	624,432,053.34	—	473,768,894.27	474,190,486.35	33,068,203.21	593,553,542.59	593,553,542.59	284,833,584.44	264,896,349.63
Huajii Yunnan section of Huajii Yangjianggang Expressway	80,735,420.00	66,951,649.55	70.94	57,271,726.61	47,493,857.95	9,777,868.66	53,648,665.00	53,648,665.00	57,271,726.61	47,493,857.95
Construction of traffic safety facilities in Heshun Chencun section of (Shan) Jiang (men) Expressway	99,907,734.09	96,987,379.45	100.00	102,546,189.00	99,878,433.55	2,667,755.45	120,383,859.32	120,383,859.32	34,260,569.24	33,369,275.08
Cancellation of the general contract for design and construction of provincial toll station project of Guangxi Cenxi Xingye Expressway	57,476,050.14	55,177,008.14	54.19	31,146,852.06	29,980,977.98	1,245,874.08	50,932,774.12	50,932,774.12	31,146,852.06	29,900,977.98

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Contract projects	Total amount of contract	Total contract amount	Completion progress (%)	Accumulative recognized contract revenue	Accumulative recognized contract costs	Accumulated recognized gross profit ("-" indicates loss)	Settled price	Accumulated receipts	Contract revenue recognized in the current period	Contract costs recognized in the current period
Cancellation of the general contract for design and construction of provincial toll station project of Shanxi Yulin Yashen Expressway	46,007,786.76	44,167,475.29	59.28	27,271,414.73	26,180,558.14	1,090,856.59	42,295,830.41	42,295,830.41	27,271,414.73	26,180,558.14
Electromechanical engineering project of north section of Airport second Expressway	79,100,616.00	75,933,175.66	33.40	26,422,966.06	25,364,906.42	1,058,059.63	43,259,409.00	43,259,409.00	26,422,966.06	25,364,906.43
Cancellation of the general contract for design and construction of provincial toll station project of Guangxi Quanzhou Xing'an Expressway	39,455,219.34	37,877,010.57	65.85	25,982,449.19	24,943,151.22	1,039,297.97	34,336,495.33	34,336,495.33	25,982,449.20	24,943,151.23
Cancellation of the general contract for design and construction of provincial toll station project of Guangxi Cenxi Cangwu Expressway	36,092,378.73	34,648,683.58	66.58	24,031,104.69	23,069,860.50	961,244.19	32,160,531.42	32,160,531.42	24,031,104.69	23,069,860.50
Cancellation of the general contract for design and construction of provincial toll station project of Shanxi Shenjiami	22,710,106.57	21,801,702.31	90.48	20,549,048.21	19,727,086.28	821,961.93	20,611,623.91	20,611,623.91	20,549,048.21	19,727,086.28
Electromechanical engineering project of Qingyuan Qingxin Yunfu Xinxing section of Shantou Zhanjiang Expressway	152,869,949.00	134,537,877.25	66.02	100,917,833.03	88,815,827.14	12,102,005.89	137,678,589.00	137,678,589.00	19,213,024.77	16,909,010.38
Electromechanical engineering construction of Lianhe Huozhou National Expressway (G30) Southern Lanzhou Ring Road (G3001) highway construction project	58,696,003.00	56,350,091.54	98.18	57,629,310.68	88,815,827.14	2,303,278.82	58,245,765.08	58,245,765.08	18,684,428.87	17,937,665.66

53 Interest income and expenditure

Items	Current period	Prior period
Interest income	313,786,042.71	305,235,917.67
Including: Interbank deposits	284,978,166.95	283,045,723.13
Deposits in the Central Bank	21,640,327.30	19,242,041.29
Loans and advances	1,687,395.17	2,941,033.76
Financial assets held under resale agreements	5,480,153.29	7,119.49
Interest expense	17,234,901.32	17,431,173.27
Including: absorbed deposit and savings in other banks	17,234,901.32	17,431,173.27
Net interest income	296,551,141.39	287,804,744.40

54 Financial expenses

Items	Current period	Prior period
Interest expenses	10,319,231,334.52	8,890,928,891.49
Less: interest income	197,523,876.61	159,426,601.72
Exchange gains/losses (gains (-)/losses (+))	-179,768,082.52	41,140,960.97
Handling fee	36,719,839.59	16,333,451.25
Unrecognized financing expenses	7,408,753.98	6,120,770.17
Others	23,246,501.30	48,072,967.86
Total	10,009,314,470.26	8,843,170,440.02

55 Other incomes

Items	Current period	Prior period
VAT levy tax refund	5,698,574.54	893,442.46
Special funds for R & D		1,236,729.25
New energy vehicle operation subsidies	227,167,451.45	166,843,472.57
Fuel subsidies		987,000.00
Preferential travel subsidies	22,980,603.03	23,115,820.89
Bus line operation subsidies	127,755,258.41	117,894,201.06
Additional deduction of VAT input tax and VAT exemption	84,628,775.27	12,294,015.18
Subsidies for station withdrawal at provincial boundary	51,786,688.57	
Epidemic prevention subsidies	17,812,524.08	
Job suitability subsidies	11,826,246.00	
Subsidies for replacing training with work	23,551,931.49	
Others	66,171,857.79	44,619,534.13
Total	639,379,910.63	367,884,215.54

56 Investment income

Sources of investment income	Current period	Prior period
Long-term equity investment income under equity method	862,146,408.20	1,055,258,498.31
Investment income from disposal of long-term equity investment	920,827,820.69	2,248,367.58
Investment income of financial assets measured at fair value through profit or loss during the holding period	109,765,535.15	116,541.99
Investment income from disposal of financial assets at fair value through profit or loss	14,702,705.27	13,879,214.95

Sources of investment income	Current period	Prior period
Investment income from available-for-sale financial assets during holding period	164,039,765.80	151,662,057.73
Investment income from disposal of available-for-sale financial assets	1,190,179,257.74	
Interest income from equity investment during holding period	6,063,838.37	
Gains arising from remeasurement of original investment at fair value after acquisition of control right	1,112,914.07	6,935,110.60
Gains arising from remeasurement of residual equity at fair value after loss of control right	617,387,405.57	
Dividend income from other equity instrument investment during the holding period	50,785,213.04	38,912,399.15
Others	-15,787,193.55	-169,844,461.74
Total	3,921,223,670.35	1,099,167,728.57

57 Impairment losses of credit

Items	Current period	Prior period
Bad debt loss	-30,185,575.73	-12,882,937.57
Total	-30,185,575.73	-12,882,937.57

58 Asset impairment losses

Items	Current period	Prior period
Impairment loss on bad debt	-196,725,992.20	20,884,670.55
Impairment loss on inventories	-651,066.12	-6,200.00
Impairment loss on long-term equity investment	-233,296.01	-930,000.00
Impairment loss on fixed assets	-12,142,002.62	-99,847,925.11
Impairment loss on intangible assets	-5,152,554.91	-7,925,125.00
Impairment loss on goodwill	-13,943,331.88	-770,321.77
Others	1,425,000.00	-9,395,268.22
Total	-227,423,243.74	-97,990,169.55

59 Gains from disposal of assets

Items	Current period	Prior period	Amount included in current non-recurring gains and losses for the current period
Nanan village, Xindun village, Gangshan, Xintang Town		175,032,190.78	
The Shenzhen section of Guangzhou Shenzhen Expressway is compensated for the highway land occupied by the Shenzhen side connection project of Shenzhen middle channel of phase II of Yanjiang Expressway and the outer ring expressway project		2,458,146.00	
Guangzhou No. 2 Airport Expressway project was charged with compensation for Guangzhou nitrogen interchange plot (Note 1)	15,144,440.15		15,144,440.15
Compensation for house demolition of Airport Road (Note 2)	39,031,047.69		39,031,047.69
Others	26,222,883.74	57,551,706.29	26,222,883.74
Total	80,398,371.58	235,042,043.07	80,398,371.58

Note 1:

Dongguan Guangshenzhu Expressway Co., Ltd. (hereinafter referred to as "Guangshenzhu") transferred about 24.0056 mu of Guangzhou nitrogen interchange plot to Guangzhou Tianhe District People's government due to the needs of the south section of Guangzhou New Baiyun International Airport No. 2 Airport Expressway project, collected land compensation of RMB 15,987,947.00, and recognized asset disposal gains of RMB 15,144,440.15.

Note 2:

Guangdong Hualu Traffic Technology Co., Ltd. (hereinafter referred to as "Hualu Company") replaced a total of 16 properties at 183-187 Tianhe North Road due to subway building demolition, increased the asset value and recognized the asset disposal gains of RMB 39,031,047.69.

60 Non-operating income

Items	Current period	Prior period	Amount included in current non-recurring gains and losses for the current period
Gains from disposal of non-current assets	11,034,476.90	3,505,620.92	11,034,476.90
Accepting donation	43,142.72		43,142.72
Government grants	16,891,981.67	36,675,646.49	16,891,981.67
Others:	153,187,320.42	136,434,511.12	42,659,739.71
Including: Highway property damage compensation income	110,527,580.71	89,273,699.31	
Compensation for buildings and ground attachments	9,008,608.71	4,231,759.46	9,008,608.71
Surplus of Leatop Property entrusted management service fee		3,817,481.87	
Total	181,156,921.71	176,615,778.53	70,629,341.00

Details of government grants:

Items	Current period	Prior period
Relocation grants for Hezhou dormitory building, office building and maintenance station	6,311,017.20	6,309,011.03
Grants for relocation of Nanping toll station	3,900,000.00	
Special funds allocated by the Department of Communications	2,080,000.00	
Guangshao Xilian interworking grants	932,849.83	932,849.83
Shenzhen landscape improvement project	548,021.04	548,021.04
Vehicle scrapping grants	66,500.00	3,253,338.73
Economic compensation for loss during the cooperation period of Xinhui section		16,185,000.00
Other grants	3,053,593.60	9,447,425.86
Total	16,891,981.67	36,675,646.49

61 Non-operating expenses

Items	Current period	Prior period	Amount included in current non-recurring gains and losses for the current period
Losses on scrapping of non-current assets	49,440,210.69	68,391,520.23	49,440,210.69
External donation expenditure	24,291,494.13	712,449.30	24,291,494.13
Others:	62,381,743.19	82,371,227.96	23,847,581.09
Including: Highway property repair expenditure	38,534,162.10	42,401,246.44	
Fine and overdue fees	7,907,257.13	3,665,559.73	7,907,257.13
Total	136,113,448.01	151,475,197.49	97,579,285.91

62 Income tax expenses

(1) Statement of income tax expenses

Items	Current period	Prior period
Current income tax expense	1,812,453,828.57	2,141,307,117.98
Deferred income tax expense adjustment	20,207,050.74	144,208,439.82
Others		
Total	1,832,660,879.31	2,285,515,557.80

63 OCI attributable to owners of parent company

(1) Items of other comprehensive income and income tax impact and transfer into profit and loss

Items	Current period			Prior period		
	Amount before tax	Income tax expenses	Net amount after tax	Amount before tax	Income tax expenses	Net amount after tax
LOCI that cannot be reclassified into profit or loss						
1. Remeasurement of changes in defined benefit plans	-49,376,899.85	-12,381,737.84	-36,995,162.01	84,376,826.90	20,930,874.61	63,445,952.29
	150,051.51		150,051.51	653,328.44		653,328.44
2. Changes in fair value of investment in other equity instruments	-49,526,951.36	-12,381,737.84	-37,145,213.52	83,723,498.46	20,930,874.61	62,792,623.85
II. OCI that can be reclassified into income	-1,224,705,798.09	-11,472,934.49	-1,236,178,732.58	501,907,774.31	90,636,743.87	411,271,030.44
1. Under the equity model, OCI that can be transferred to profit or loss	-7,188,711.50		-7,188,711.50	2,675,391.61		2,675,391.61
Less: Amount included in OCI in the current period transfer to profit or loss in current period						
Subtotal	-7,188,711.50		-7,188,711.50	2,675,391.61		2,675,391.61
2. Changes in the fair value of available-for-sale financial assets	-283,325,487.93	-11,472,934.49	-294,800,422.42	493,244,082.21	90,636,743.87	402,607,338.34
Less: Amount included in OCI in the current period transfer to profit or loss in current period	916,604,893.60		916,604,893.60			
Subtotal	-1,199,930,381.53	-11,472,934.49	-1,211,403,316.02	493,244,082.21	90,636,743.87	402,607,338.34
3. Foreign currency translation differences	-17,586,705.06		-17,586,705.06	5,988,300.49		5,988,300.49
Less: Amount included in OCI in the current period transfer to profit or loss in current period						
Subtotal	-17,586,705.06		-17,586,705.06	5,988,300.49		5,988,300.49
III. Total comprehensive income	-1,274,082,697.94	-23,854,672.33	-1,297,937,370.27	586,284,601.21	111,567,618.48	474,716,982.73

(2) Reconciliation of each item of other comprehensive income

Items	Remeasurement of changes in defined benefit plans	Changes in fair value of other equity instrument investment	Under equity model, other comprehensive income that can be transferred to profit or loss	Changes in the fair value of available for sale financial assets	Foreign currency translation differences	Subtotal
I. Opening balance in the prior year	-1,549,101.24	109,083,776.88	-4,251,177.28	1,052,647,315.81	-58,082,127.07	1,097,848,687.10
II. Changes of amount in the prior year (decrease is indicated with "-")	653,328.44	62,792,623.85	2,675,391.61	402,607,338.34	5,988,300.49	474,716,982.73
III. Opening balance this year	-895,772.80	171,876,400.73	-1,575,785.67	1,455,254,654.15	-52,093,826.58	1,572,565,669.83
IV. Changes of amount this year (decrease is indicated with "-")	150,051.51	-37,145,213.52	-7,188,711.50	-1,188,457,447.04	-17,586,705.06	-1,250,228,025.61
V. Closing balance this year	-745,721.29	134,731,187.21	-8,764,497.17	266,797,207.11	-69,680,531.64	322,337,644.22

64 Lease

(1) Finance lease

(a) As a lessor (apply with the old standard)

Remaining lease term	Minimum lease receipts
Within 1 year (inclusive)	960,000.78
1-2 years (inclusive)	14,916,159.00
2-3 years (inclusive)	
Over 3 years	
Total	15,876,159.78

At the end of the period, the unrealised finance income is RMB 976,159.78.

(b) As a lessor (apply with the new standard)

Items	Amount
I. Income:	—
Finance income on the net investment in the lease	370,126.95
II. The undiscounted lease payment receivables to be received after the balance sheet date	645,022.00
The 1 st year	645,022.00
The 2 nd year	
The 3 rd year	
The 4 th year	
The 5 th year	
Over 5 years	
III. Adjustment between unrealized finance income and net investment in the lease	—
Subtotal of undiscounted lease receipts in the remaining years	645,022.00
Less: Unrealized finance income:	35,473.07
Add: The present value of unguaranteed residual value	
Net investment in the lease	609,548.93

(2) Finance lease as a lessee:

(a) Opening and closing balance of original cost, accumulated depreciation, provision for impairment of fixed assets of different categories.

Category	Opening balance of original cost of fixed assets	Closing balance of original cost of fixed assets	Accumulated depreciation	Accumulated provision for impairment
Highway properties	1,562,858,770.19	1,562,858,770.19	561,992,161.15	
Total	1,562,858,770.19	1,562,858,770.19	561,992,161.15	

(b) Minimum lease payments to be paid in subsequent years

Remaining lease term	Minimum lease payment
Within 1 year (inclusive)	189,699,470.20
1-2 years (inclusive)	189,699,470.20
2-3 years (inclusive)	114,699,470.20
Over 3 years	
Total	494,098,410.60

At the end of the period, the unrealised finance expense is RMB 81,741,849.01.

(3) Disclosure of lessee under the New Lease Standard

(a) Information of lessees

Items	Amount
Interest expenses on lease liabilities	52,574,705.76
Short-term lease expenses included in current profit or loss	69,176,161.30
Low-value assets lease expenses included in current profit or loss	
Variable lease payments not included in the measurement of lease liabilities	24,633,351.18
Income from subletting right to use assets	525,527,181.72
Total cash outflows related to lease	197,543,493.20
Relevant profit and loss arising from sale and leaseback transactions	
Others	

65 Segment information

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. There are 5 reportable segments, which are highway operation management, material logistics service, passenger and freight transportation service, service area business and engineering technology service. Segment accounting policies are consistent with those for the consolidated financial statements. Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment revenue and segment expenses are determined according to the actual revenue and expenses of each segment. Segment assets or liabilities are distributed according to the assets used in the daily activities of the operating segment that can be attributed to the operating segment or the liabilities generated that can be attributed to the operating segment.

Financial information of reportable segments in 2020 is shown as follows:

Items	Highway operation management	Material logistics service	Passenger and freight transportation service	Expressway service zones services	Engineering technology	Other undistributed	Inter segment offset	Total
I. Operating income	28,387,527,109.65	5,330,592,566.29	2,545,357,363.87	3,003,512,269.95	2,819,385,778.28	1,781,137,178.56	-2,940,553,542.86	40,926,958,723.74
Including: Income from external transactions	28,089,241,093.02	5,079,290,906.58	2,405,919,179.94	3,003,512,269.95	1,095,354,493.82	1,253,640,780.43		40,926,958,723.74
Income from inter segment transactions and joint ventures	298,286,016.63	251,301,659.71	139,438,183.93		1,724,031,284.46	527,496,398.13	-2,940,553,542.86	
II. Investment income from associates and joint ventures	772,667,405.42	39,189,710.61	-16,265,145.34	8,615,616.68	69,968,791.75	-273,782.36	-11,756,188.56	862,146,408.20
III. Impairment loss of assets	-147,690,354.48	-44,729,602.69	-12,103,019.67	-5,387,122.00	-1,057,691.34	-54,945,778.69	38,490,325.13	-227,423,243.74
IV. Impairment loss of credit	-2,457,808.51	5,977,314.60	-30,964,236.11	202,967.67		-3,194,332.76	250,519.38	-30,185,575.73
V. Depreciation and amortization expenses	12,771,597,198.21	22,144,331.79	612,396,859.91	216,748,155.56	26,059,372.31	169,053,124.49	-179,024,696.86	13,638,974,345.41
VI. Total profit before tax	6,416,068,671.21	322,507,713.97	-738,220,041.35	337,031,200.44	325,049,262.27	447,918,525.32	-3,619,006,839.36	3,491,348,492.50
VII. Income tax expense	1,549,628,373.16	63,748,967.91	3,873,936.08	68,306,108.84	42,759,539.99	104,343,953.33		1,832,660,879.31
VIII. Net profit	4,866,440,298.05	258,758,746.06	-742,093,977.43	268,725,091.60	282,289,722.28	343,574,571.99	-3,619,006,839.36	1,658,687,613.19
IX. Total assets	438,645,644,390.80	6,343,976,274.61	7,480,467,166.06	3,289,688,127.58	2,923,037,139.64	37,051,636,310.14	-49,446,118,323.02	446,288,331,085.81
X. Total liabilities	312,568,050,425.09	5,273,061,361.99	3,709,328,051.71	2,603,670,413.16	1,911,519,755.67	31,098,056,600.07	-35,970,978,705.83	321,192,707,901.86
XI. Other significant non-cash items	1,417,918,642.54	-37,823,473.44	-14,830,385.95	-45,943,572.38	44,865,058.35	123,703,698.75		1,487,889,967.87
Including: Increase in long-term equity investment of associates and joint ventures accounted for under equity method	1,417,918,642.54	-37,823,473.44	-14,830,385.95	-45,943,572.38	44,865,058.35	123,703,698.75		1,487,889,967.87

Financial information of reportable segments in 2019 is shown as follows:

Items	Highway operation management	Material logistics service	Passenger and freight transportation service	Expressway service zones services	Engineering technology	Other undistributed	Inter segment offset	Total
I. Operating income	36,292,414,778.79	4,445,363,235.78	4,196,639,083.14	2,128,886,702.44	2,325,853,498.92	2,475,100,374.04	-2,751,928,042.17	49,112,329,630.94
Including: Income from external transactions	36,086,765,089.43	3,705,233,323.06	4,096,027,256.44	2,128,886,702.44	1,282,159,796.23	1,813,257,463.34		49,112,329,630.94
Income from inter segment transactions and joint ventures	205,649,689.36	740,129,912.72	100,611,826.70		1,043,693,702.69	661,842,910.70	-2,751,928,042.17	
II. Investment income from associates and joint ventures	816,283,211.21	63,043,104.32	19,846,573.57	20,082,824.69	57,459,444.52	-1,165,680.49	-164,069,879.01	811,481,598.81
III. Impairment loss of assets	-94,747,704.39	5,249,976.70	-7,526,543.60		-8,765,416.80	-14,543,382.66	22,342,901.20	-97,990,169.55
IV. Impairment loss of credit	-191,096.49	6,548,018.62	-15,239,229.35	-1,660,771.66		-1,514,606.88	-825,251.81	-12,882,937.57
V. Depreciation and amortization expenses	14,381,701,759.17	13,730,820.43	942,282,213.66	77,331,203.28	22,295,033.57	138,093,155.60	-456,068,855.66	15,119,365,330.05

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Highway operation management	Material logistics service	Passenger and freight transportation service	Expressway service zones services	Engineering technology	Other undistributed	Inter segment offset	Total
VI Total profit before tax	8,365,227,491.93	292,773,925.08	267,714,042.29	136,172,952.28	140,344,702.10	573,341,621.95	-2,235,930,848.94	7,539,643,886.69
VII Income tax expense	1,965,916,043.86	38,596,462.67	92,503,038.82	56,310,762.11	15,065,625.71	118,204,269.39	-1,080,644.76	2,285,515,557.80
VIII Net profit	6,342,833,217.52	254,177,462.41	175,211,003.47	79,862,190.17	181,737,306.94	455,137,352.56	-2,234,850,204.18	5,254,128,328.89
IX Total assets	412,507,139,273.56	7,430,074,877.11	5,989,212,046.27	3,012,768,276.93	2,916,299,618.50	35,518,868,903.43	-42,798,106,732.53	424,576,256,263.27
X Total liabilities	291,403,747,489.76	3,114,200,961.50	3,592,241,335.76	2,479,923,821.22	2,057,597,569.05	29,950,556,506.25	-33,035,553,255.81	299,562,714,427.73
XI Other significant non-cash items	-2,208,775,656.14	-4,853,136.50	14,708,038.37	2,084,989.38	1,232,118.97	-1,165,680.48		-2,196,769,326.40
Including: increase in long-term equity investment of associates and joint ventures accounted for under equity method	-2,208,775,656.14	-4,853,136.50	14,708,038.37	2,084,989.38	1,232,118.97	-1,165,680.48		-2,196,769,326.40

66 Supplementary Information of the Consolidation Statement of Cash Flows

(1) Reconciliation of net profit to cash flows from operating activities

Supplementary information	Current period	Prior period
1.Reconciliation of net profit to cash flows from operating activities:		
Net Profit	1,658,687,613.19	5,254,128,328.89
Add: Impairment loss of asset	227,423,243.74	97,990,169.55
Impairment loss of credit	30,185,575.73	12,882,937.57
Depreciation of fixed assets, oil and gas assets and productive biological assets	12,191,108,446.97	14,593,689,966.82
Depreciation of assets of right use	112,732,417.93	98,174,044.58
Amortization of intangible assets	1,221,366,460.62	330,597,769.33
Amortization of long-term deferred expenses	112,306,649.05	96,903,549.32
Loss on disposal of fixed assets, intangible assets and other long-term assets ('-' represents 'gains')	-76,398,371.58	-235,042,043.07
Loss on scrapping of fixed assets ('-' represents 'gains')	38,405,733.79	64,885,899.31
Loss on change of fair value ('-' represents 'gains')		
Financial expenses ('-' represents 'gains')	10,463,194,434.16	9,374,069,852.46
Loss on investments ('-' represents 'gains')	-3,921,223,670.35	-1,099,167,728.57
Decrease in deferred tax assets ('-' represents 'increase')	93,427,494.72	20,335,925.32
Increase of deferred tax liabilities ('-' represents 'decrease')	-414,348,094.46	220,232,993.51
Decrease in inventories ('-' represents 'increase')	206,278,907.65	-4,837,153,914.03
Decrease in operating receivables ('-' represents 'increase')	-3,255,631,817.45	330,718,873.44
Increase in operating payables ('-' represents 'decrease')	-3,740,897,752.07	2,899,295,167.54
Others		
Net cash flows from operating activities	14,946,617,271.64	27,222,541,791.97
2.Significant investing and financing activities not involving cash inflows and outflows		
Capital transferred from debts		
Convertible corporate bonds due within 1 year		
Fixed assets under finance lease		
3.Net changes of cash and cash equivalents:		
Cash balance at the end of the period	18,737,868,224.10	22,305,806,028.05
Less: Cash balance at the beginning of the period	22,305,806,028.05	26,454,146,981.70
Add: Cash equivalents balance at the end of the period		
Less: Cash equivalents balance at the beginning of the period		
Net increase of cash and cash equivalents	-3,567,937,803.95	-4,148,340,953.65

(2) Net cash payment for acquiring subsidiaries or net cash receipts from disposal of subsidiaries

Items	Amount
I.Cash or cash equivalents paid in the current period for consolidation that occurred in the current period	
Less: The cash and cash equivalents held by the company on the purchase day	
Add: Cash or cash equivalents paid in the current period for consolidation that occurred in previous periods	
Net cash paid for acquiring subsidiaries	
II.Cash or cash equivalents received from disposal of subsidiaries in the current period	934,980,876.68
Less: Cash or cash equivalents held by the company on the date of loss of control	139,729,929.94
Add: Cash or cash equivalents received in the current period from disposal of subsidiaries in previous periods	
Net cash received from disposal of subsidiaries	795,250,946.74

(3) Composition of cash and cash equivalents

Items	Closing balance	Opening balance
I.Cash	18,737,868,224.10	22,305,806,028.05
Including: Cash on hand	7,842,679.85	10,091,995.44

Items	Closing balance	Opening balance
Bank deposits always available for payment	18,704,283,640.18	22,262,600,654.15
Other monetary funds always available for payment	25,741,904.07	33,113,378.46
Deposits in central bank always available for payment		
Deposit in Interbank		
Deposit from Inter for interbank		
II. Cash equivalents		
Including: Bond investments due within three months		
III. Closing balance of cash and cash equivalents	18,737,868,224.10	22,305,806,028.05
Including: Cash and cash equivalents of the parent company or the subsidiaries in the group with restricted use		

Note:

The monetary capital balance of the Group at the end of the year includes RMB 1,734,761,394.74 of legal reserves deposited with the central bank, and RMB 46,564,592.82 of performance bond, guarantee bond and reclamation bond have been deducted from the balance of cash and cash equivalents.

67 Monetary items dominated in foreign currency

Items	Closing balance in foreign currency	Exchange rate	Closing balance translated in RMB
Monetary funds			928,974,656.83
Including: USD	21,279,270.62	6.5249	138,845,112.87
HKD	930,159,515.73	0.8416	782,822,248.44
PTE	8,942,963.55	0.8171	7,307,295.52
Accounts receivables			134,511,544.24
Including: USD	11,878,131.20	6.5249	77,503,618.27
HKD	67,737,554.62	0.8416	57,007,925.97
Short-term loans			1,255,911,606.98
Including: USD	179,581,542.55	6.5249	1,171,751,606.98
HKD	100,000,000.00	0.8416	84,160,000.00
Long-term loans			3,031,834,565.21
Including: USD	353,939,961.42	6.5249	2,309,422,854.27
HKD	858,032,745.89	0.8416	722,120,358.94
JPY	4,610,000.00	0.0632	291,352.00

68 Assets with restricted ownership or use rights

Items	Closing balance	Reasons for restriction
Monetary funds	1,781,325,987.56	Legal deposit reserve and deposits, etc.
Pledge of toll right	317,192,675,362.57	Pledged loans
Inventories	385,700,291.29	Lot C2-22-05 of phase I land of Litong Zhihui Jinggu project belonged to Guangdong Lihao Real Estate Co., Ltd. is mortgaged to Guangzhou Branch of Shanghai Pudong Development Bank Co., Ltd.
Fixed assets	387,826,424.08	Mortgage of properties and bank deposits mortgaged loans
Intangible assets	199,524,519.59	Mortgaged land use right and long-term payables, mortgage of bank deposit
Pledge of all property and toll right of Guangshenzhu Expressway	6,473,321,331.17	Pledged loans
Investment properties	266,416,336.05	Mortgaged loans
Right-use-assets	442,464,097.81	Mortgaged loans

Items	Closing balance	Reasons for restriction
Total	327,129,254,350.12	

Details of monetary funds, toll right and equity which are restricted from owner's right and usage right are as follows:

Items	Closing balance	Reasons for restriction
Statutory reserves deposited with the central bank	1,734,761,394.74	Statutory deposit reserve paid to the People's Bank of China
Performance bond, guarantee bond, reclamation bond, etc	46,564,592.82	Deposits and other funds that cannot be withdrawn at any time
Subtotal of monetary funds	1,781,325,987.56	
72% toll right of Yuegan Expressway	2,623,885,824.51	Open to traffic
83.38% toll right of Zhaxu Expressway	3,217,513,765.48	Open to traffic
Toll right of Xuwengang Branch highway	791,847,083.09	Open to traffic
Toll right of Hailingdao Bridge	979,782,721.91	Trial operation
Toll right of Gunagle Expressway	24,528,023,467.00	Open to traffic
Yangyang Expressway	2,569,604,309.41	Open to traffic
83% toll right of Zhaohua Expressway	10,244,701,701.65	Open to traffic
Toll right of Chaohui Expressway	20,724,049,341.02	Open to traffic
Toll right of Baomao Expressway	8,653,531,021.81	Open to traffic
Toll right of Jiepu Expressway	743,886,113.97	Open to traffic
Toll right of Heyuan Zijin Huizhou Huiyang section of Hehuiguan Expressway	6,916,764,163.57	Trial operation
Toll right of Xingshan Phase I Expressway	2,473,953,489.34	Construction in progress
100% toll right of Zhuhai section Expressway	2,997,989,846.12	Open to traffic
100% toll right of Xinhui section Expressway	527,798,195.09	Open to traffic
100% toll right of extension line of Zhuhai branch line	623,459,839.39	Open to traffic
100% toll right of Nansha Bridge Expressway	6,510,285,738.22	Trial operation
75% toll right of Jiangluo Expressway	11,407,265,593.88	Open to traffic
65% toll right for the south section of the West Second Ring Road of Guangzhou Ring Expressway	2,359,620,051.22	Open to traffic
100% toll right for the South Second Ring Section of Guangzhou Ring Expressway	5,167,831,533.42	Open to traffic
65% toll right of Ganen Expressway	3,536,322,753.14	Trial operation
60% toll right of Yunmao Expressway	12,435,085,812.68	Construction in progress
100% toll right of Guangzhu West Line Expressway	9,707,340,236.17	Open to traffic
75% toll right of Boshen Expressway	7,453,679,708.89	Open to traffic
100% toll right of Meida Expressway	5,628,732,352.72	Open to traffic
100% toll right of Meida East Extension Expressway	1,738,283,976.68	Open to traffic
100% toll right of Luoyang Expressway	4,967,428,283.95	Open to traffic
60% toll right of Shanmei Expressway	1,698,213,931.64	Open to traffic
35% toll right of Jingzhu South Expressway	3,663,429,998.56	Open to traffic
65% toll right of Shanjie Expressway	3,153,248,428.18	Open to traffic
65% toll right of Tianshan Expressway	2,495,861,062.40	Open to traffic
65% toll right of Erguang (Huaiji Sanshui section) Expressway	7,278,800,340.74	Open to traffic
100% toll right of Yunwu and Yunluo Expressway	10,417,235,130.13	Open to traffic
75% toll right of Jiebo Expressway	13,161,121,689.41	Open to traffic
65% toll right of Erguang (Lianzhou Huaiji section) Expressway	11,098,563,965.46	Open to traffic
65% toll right of Zhaohua Expressway Xingning Wuhua section of Xinghua Shanwei Expressway	6,134,913,119.10	Open to traffic
60% toll right of Meizhou east ring branch of Meida Expressway	1,795,421,460.49	Trial operation
60% toll right of Chaoshan Ring Expressway	14,246,238,156.14	Trial operation
60% toll right of Hualu Expressway	4,604,856,232.19	Trial operation

Items	Closing balance	Reasons for restriction
60% toll right of Huiqing Expressway	16,985,764,029.43	Trial operation
100% toll right of Pingxing Expressway	7,360,258,095.92	Open to traffic
100% toll right of Taishan Expressway	1,579,731,886.15	Open to traffic
74.45% toll right of Meihe Expressway and 69.56% toll right of Xingshe Expressway	3,313,656,484.03	Open to traffic
90% toll right of Helong Expressway (Liucheng Reshui section of Changshen Expressway)	650,121,714.95	Open to traffic
100% toll right of Dachao Expressway	10,920,314,779.48	Trial operation
100% toll right of Meiping Expressway	2,794,913,831.04	Trial operation
19.20% toll right of Guangzhu section of Jingzhu Expressway	351,344,056.49	Open to traffic
100% toll right of Kaiyang Expressway	10,277,267,168.11	Open to traffic
100% toll right of Jiangzhong Expressway	1,068,528,224.69	Open to traffic
Toll right of Taiping interchange of Guangshenzhu Expressway	57,618,606.46	Open to traffic
Toll right of Zhaoqing Dawang Fengkai Jiangkou section of Guangfozhao Expressway	22,556,586,047.05	Open to traffic
Subtotal of toll right of	317,192,675,362.57	
Total	318,974,001,350.13	

IX. CONTINGENT EVENTS

I Contingent liabilities

(I) Contingent liabilities arising from pending litigation or arbitration

There is no material litigation that needs to be disclosed in the company this year.

(2) Provision of guarantee

No.	Guarantors	Guarantees				Guaranty type	Counter guarantee	Actual amount guaranteed (in RMB 10,000.00)	Amount of new guarantee this year
		Name	Nature of the business	Whether it is a listed company	Guarantee form				
	Total						75,308,698,259.09	4,931,286,453.01	
	I.In the Group						60,224,948,259.09	4,931,286,453.01	
1	Guangdong Communications Group Finance Co., Ltd.	Qiguan Chelu Co., Ltd.	State-owned	No	Joint liability guarantee	No counter guarantee	300,000.00		
2	Guangdong Communications Group Finance Co., Ltd.	Guangzhou Lulutong Co., Ltd.	State holding	No	Joint liability guarantee	No counter guarantee	17,975,898.21	14,948,953.01	
3	Guangdong Communications Group Finance Co., Ltd.	Guangdong Hualu Traffic Technology Co., Ltd.	State-owned	No	Joint liability guarantee	No counter guarantee	3,105,342.00		
4	Guangdong Communications Group Finance Co., Ltd.	Guangdong Highway Construction Co., Ltd. Jiangluo Branch	State holding	No	Joint liability guarantee	No counter guarantee	4,540,000.00		
5	Guangdong Communications Group Finance Co., Ltd.	Guangdong Gaoen Expressway Co., Ltd.	State holding	No	Joint liability guarantee	No counter guarantee	903,200.00		
6	Guangdong Communications Group Finance Co., Ltd.	Dongguan Weisheng International Logistics Limited	State-owned	No	Joint liability guarantee	No counter guarantee	4,000,000.00	4,000,000.00	
7	Guangdong Communications Group Finance Co., Ltd.	Guangdong Yunmao Expressway Co., Ltd.	State holding	No	Joint liability guarantee	No counter guarantee	270,000.00	270,000.00	
8	Guangdong Traffic Industrial Investment Company	Guangdong Pingxing Expressway Co., Ltd.	State holding	No	Joint liability guarantee	No counter guarantee	80,000,000.00		
9	Guangdong Traffic Industrial Investment Company	Guangdong Meiping Expressway Co., Ltd.	State holding	No	Joint liability guarantee	No counter guarantee	1,671,889,138.24	58,000,000.00	
10	Guangdong Traffic Industrial Investment Company	Guangdong Spring Tide Expressway Co., Ltd.	State holding	No	Joint liability guarantee	No counter guarantee	6,093,350,000.00	649,850,000.00	

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

No.	Guarantors	Guarantees				Guarantee form	Guaranty type	Counter guarantee	Actual amount guaranteed (in RMB 10,000.00)	Amount of new guarantee this year
		Name	Nature of the business	Whether it is a listed company						
11	Guangdong Road and Bridge Construction Development Co., Ltd.	Guangdong Ninghua Expressway Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	3,863,700,000.00		
12	Guangdong Highway Construction Co., Ltd.	Guangdong Yumao Expressway Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	700,000,000.00		
13	Guangdong Highway Construction Co., Ltd.	Guangdong Boda Expressway Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	1,825,121,260.00	1,777,200,000.00	
14	Guangdong Expressway Co., Ltd.	Guangdong Shanfen Expressway Co., Ltd.	State holding	No	General guarantee	Loan guarantee	Pledge	51,934,108.00		
15	Guangdong Expressway Co., Ltd.	Guangdong Shanfen Expressway Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	171,333,346.00	25,500,000.00	
16	Guangdong Expressway Co., Ltd.	Guangdong Leatop REAL Estate Investment Co., Ltd.	State-owned	No	General guarantee	Loan guarantee	No counter guarantee	35,750,000.00		
17	Guangdong Expressway Co., Ltd.	Guangdong Maozhan Expressway Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	6,324,021,226.64		
18	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Yueyun Transportation Company Limited	State holding	是	Joint liability guarantee	Loan guarantee	Joint liability guarantee	400,000,000.00		
19	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Pingxing Expressway Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	5,535,960,000.00	1,128,460,000.00	
20	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Pingxing Expressway Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	446,000,000.00	248,000,000.00	
21	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Expressway Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	9,500,000,000.00		
22	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Highway Construction Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	7,500,000,000.00		
23	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Road and Bridge Construction Development Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	10,000,000,000.00		

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

No.	Guarantors	Guarantees				Guarantee form	Guaranty type	Counter guarantee	Actual amount guaranteed (in RMB 10,000.00)	Amount of new guarantee this year
		Name	Nature of the business	Whether it is a listed company						
24	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Taishan Coastal Expressway Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	4,941,460,000.00	173,000,000.00	
25	Guangdong Traffic Industrial Investment Company	Guangdong Boda Expressway Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	299,427,240.00	127,400,000.00	
26	Guangdong Road and Bridge Construction Development Co., Ltd.	Guangdong Leatop REAL Estate Investment Co., Ltd.	State-owned	No	General guarantee	Loan guarantee	No counter guarantee	9,750,000.00		
27	Guangdong Road and Bridge Construction Development Co., Ltd.	Guangdong Guangfozhao Expressway Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	724,657,500.00	724,657,500.00	
28	Guangdong Highway Construction Co., Ltd.	Guangdong Leatop REAL Estate Investment Co., Ltd.	State-owned	No	General guarantee	Loan guarantee	No counter guarantee	19,500,000.00		
	II. Out the Group							15,083,750,000.00		
1	Xin Yue (Guangzhou) Investment Co., Ltd.	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	State holding	No	Joint liability guarantee	Loan guarantee	No counter guarantee	83,750,000.00		
2	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Yuecai Investment Holding Co., Ltd.	State-owned	No	Joint liability guarantee	Loan guarantee	Joint liability guarantee	15,000,000,000.00		

Continued

No.	Guarantors	Guarantees				Whether it is to be sued	Whether it is overdue	Amount of compensatory loss	Amount included in provisions in the current period	Whether it is guaranteed in proportion to equity	Note
		Name	Operation status	Asset-liability ratio (%)							
	Total										
	I. In the Group										

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

No.	Guarantors	Guarantees			Whether it is overdue	Whether to be sued	Amount of compensatory loss	Amount included in provisions	Amount included in provisions in the current period	Whether it is guaranteed in proportion to equity	Note
		Name	Operation status	Asset-liability ratio (%)							
1	Guangdong Communications Group Finance Co., Ltd.	Qiguan Chelt Co., Ltd.	Normal operation	14.49	No	No			No		
2	Guangdong Communications Group Finance Co., Ltd.	Guangzhou Lulutong Co., Ltd.	Normal operation	63.63	No	No			No		
3	Guangdong Communications Group Finance Co., Ltd.	Guangdong Huailu Traffic Technology Co., Ltd.	Normal operation	24.81	No	No			No		
4	Guangdong Communications Group Finance Co., Ltd.	Guangdong Highway Construction Co., Ltd. Jiangluo Branch	Normal operation	64.94	No	No			No		
5	Guangdong Communications Group Finance Co., Ltd.	Guangdong Gaoen Expressway Co., Ltd.	Normal operation	65.18	No	No			No		
6	Guangdong Communications Group Finance Co., Ltd.	Dongguan Weisheng International Logistics Limited	Normal operation	76.37	No	No			No		
7	Guangdong Communications Group Finance Co., Ltd.	Guangdong Yunmao Expressway Co., Ltd.	Normal operation	63.46	No	No			No		
8	Guangdong Traffic Industrial Investment Company	Guangdong Pingxing Expressway Co., Ltd.	Normal operation	76.51	No	No			Yes		
9	Guangdong Traffic Industrial Investment Company	Guangdong Meiping Expressway Co., Ltd.	Normal operation	56.02	No	No			Yes		
10	Guangdong Traffic Industrial Investment Company	Guangdong Spring Tide Expressway Co., Ltd.	Normal operation	53.43	No	No			Yes		
11	Guangdong Road and Bridge Construction Development Co., Ltd.	Guangdong Ninghua Expressway Co., Ltd.	Normal operation	67.50	No	No			Yes		
12	Guangdong Highway Construction Co., Ltd.	Guangdong Yunmao Expressway Co., Ltd.	Normal operation	63.46	No	No			Yes		

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

No.	Guarantors	Guarantees				Whether it is overdue	Whether to be sued	Amount of compensatory loss	Amount included in provisions	Amount included in provisions in the current period	Whether it is guaranteed in proportion to equity	Note
		Name	Operation status	Asset-liability ratio (%)								
13	Guangdong Highway Construction Co., Ltd.	Guangdong Boda Expressway Co., Ltd.	Normal operation	91.33	No	No				No		
14	Guangdong Expressway Co., Ltd.	Guangdong Shanfen Expressway Co., Ltd.	Normal operation	200.23	No	No				Yes		
15	Guangdong Expressway Co., Ltd.	Guangdong Shanfen Expressway Co., Ltd.	Normal operation	200.23	No	No				No		
16	Guangdong Expressway Co., Ltd.	Guangdong Leatop REAL Estate Investment Co., Ltd.	Normal operation	38.12	No	No				No		
17	Guangdong Expressway Co., Ltd.	Guangdong Maozhan Expressway Co., Ltd.	Normal operation	68.13	No	No				Yes		
18	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Yueyun Transportation Company Limited	Normal operation	51.06	No	No				No		
19	Guangdong Provincial Communications Group Co., Ltd.	Guang Dong Meihe Expressway Ltd.	Normal operation	142.43	No	No				No		
20	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Pingxing Expressway Co., Ltd.	Normal operation	76.51	No	No				No		
21	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Expressway Co., Ltd.	Normal operation	43.81	No	No				No		
22	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Highway Construction Co., Ltd.	Normal operation	64.94	No	No				No		
23	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Road and Bridge Construction Development Co., Ltd.	Normal operation	63.22	No	No				No		
24	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Taishan Coastal Expressway Co., Ltd.	Normal operation	286.26	No	No				No		
25	Guangdong Traffic Industrial Investment Company	Guangdong Boda Expressway Co., Ltd.	Normal operation	91.33	No	No				Yes		

No.	Guarantors	Guarantees				Whether it is overdue	Whether to be sued	Amount of compensatory loss	Amount included in provisions	Amount included in provisions in the current period	Whether it is guaranteed in proportion to equity	Note
		Name	Operation status	Asset-liability ratio (%)								
26	Guangdong Road and Bridge Construction Development Co., Ltd.	Guangdong Leatop REAL Estate Investment Co., Ltd.	Normal operation	38.12	No	No				No		
27	Guangdong Road and Bridge Construction Development Co., Ltd.	Guangdong Guangfozhao Expressway Co., Ltd.	Normal operation	80.56	No	No				No		
28	Guangdong Highway Construction Co., Ltd.	Guangdong Leatop REAL Estate Investment Co., Ltd.	Normal operation	38.12	No	No				No		
	II.Out the Group											
1	Xin Yue (Guangzhou) Investment Co., Ltd.	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Normal operation	105.11	No	No				Yes		
2	Guangdong Provincial Communications Group Co., Ltd.	Guangdong Yuecai Investment Holding Co., Ltd.	Normal operation	52.00	No	No				No		

X. EVENTS AFTER THE BALANCE SHEET

The Company has no non-adjusting matters after the balance sheet date that need to be disclosed.

XI. RELATED PARTIES AND TRANSACTIONS

1 Parent company

The controller of the Group is the State-owned Assets Management Commission of Guangdong Provincial People's Government.

2 The Group's subsidiaries

Name	Registered address	Nature of the business	Registered capital	Proportion of shareholding (%)	Proportion of voting rights (%)
Guangdong Expressway Co., Ltd.	Guangzhou	Highway management and conservation	1,248,895.10	86.48	100.00
Guangdong Highway Construction Co., Ltd.	Guangzhou	Highway management and conservation	1,080,000.00	93.96	100.00
Guangdong Road and Bridge Construction Development Co., Ltd.	Guangzhou	Highway management and conservation	909,552.00	80.81	100.00
Guangdong Traffic Industrial Investment Company	Guangzhou	Highway management and conservation	189,530.86	72.12	100.00
Guangdong Provincial Expressway Development Co., Ltd.	Guangzhou	Highway management and conservation	209,080.61	50.12	50.12
Guangdong Guangfozhao Expressway Co., Ltd.	Zhaoqing	Highway management and conservation	10,000.00	75.00	75.00
Xin Yue Company Limited	Hong Kong	Investment	HKD 2,400.00	100.00	100.00
Guangdong Yueyun Transportation Company Limited	Guangzhou	Logistics	79,984.78	74.12	74.12
Guangdong Yueyun Investment Management Co., Ltd.	Guangzhou	Highway passenger transportation	300.00	100.00	100.00
Qiguan Chelu Co., Ltd.	Zuhai	Highway passenger transportation	500.00	100.00	100.00
Guangdong Hualu Traffic Technology Co., Ltd.	Guangzhou	Other professional technology	1,300.00	100.00	100.00
Guangzhou Newsoft Technology Co., Ltd.	Guangzhou	Information technology services	5,282.79	100.00	100.00
Guangdong Leatop REAL Estate Investment Co., Ltd.	Guangzhou	Real estate development and operation	15,000.00	100.00	100.00
Guangdong Communications Group Finance Co., Ltd.	Guangzhou	Providing financial services to member units	200,000.00	100.00	100.00
Guangdong United Electronic Fee-Collecting Co., Ltd.	Guangzhou	Other road transport support	39,200.00	65.00	65.00
Weisheng Transportation & Enterprises Company Limited	Hong Kong	Highway passenger and freight transportation	HKD 30.00	100.00	100.00
Guangdong City Traffic Investment Co., Ltd.	Guangzhou	Commercial complex management services	50,000.00	100.00	100.00
Guangdong Guanghui Expressway Co., Ltd.	Guangzhou	Highway management and conservation	235,167.80	67.50	67.50
Guangdong Chaohui Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	100.00	100.00
Guangdong Guangle Expressway Co., Ltd.	Guangzhou	Highway management and conservation	166,666.67	100.00	100.00
Guangdong Maozhan Expressway Co., Ltd.	Guangzhou	Highway management and conservation	112,000.00	100.00	100.00
Guangdong Luoyang Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	100.00	100.00
Guangdong Yangmao Expressway Co., Ltd.	Yangjiang	Highway management and conservation	20,000.00	75.00	75.00
Guangdong Zhaoyang Expressway Co., Ltd.	Guangzhou	Highway management and conservation	20,000.00	100.00	100.00
Guangdong Zihui Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	74.56	100.00
Guangdong Huiqing Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	91.45	100.00
Guangdong Chaoshan Ring Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	80.85	100.00
Guangdong Jiaying Huancheng Expressway Co., Ltd.	Guangzhou	Highway management and conservation	4,000.00	63.13	100.00
Guangdong Hualu Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	46.47	100.00
Guangdong Ninghua Expressway Co., Ltd.	Meizhou	Highway management and conservation	10,000.00	90.00	90.00

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Name	Registered address	Nature of the business	Registered capital	Proportion of shareholding (%)	Proportion of voting rights (%)
Yunfu Guangyuan Speedway Co., Ltd.	Yunfu	Highway management and conservation	1,000.00	100.00	100.00
Guangdong Gaocn Expressway Co., Ltd.	Kaiping	Highway management and conservation	5,000.00	100.00	100.00
Guangdong Jiangzhong Expressway Co., Ltd.	Guangzhou	Highway management and conservation	111,000.00	100.00	100.00
Guangdong Yunmao Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	75.47	100.00
Dongguan Guangshen Expressway Co., Ltd.	Guangzhou	Highway management and conservation	47,100.00	55.00	55.00
Guangdong Guangzhou West Expressway Co., Ltd.	Guangzhou	Highway management and conservation	489,900.00	50.00	50.00
Guangdong Boda Expressway Co., Ltd.	Guangzhou	Highway management and conservation	20,000.00	100.00	100.00
Guangdong Meiping Expressway Co., Ltd.	Pingyuan	Highway management and conservation	54,000.00	87.14	100.00
Guangdong Pingxing Expressway Co., Ltd.	Meizhou	Highway management and conservation	285,000.00	100.00	100.00
Heyuan Helong Expressway Co., Ltd.	Dongyuan	Highway management and conservation	4,437.87	93.24	93.24
Guangdong Spring Tide Expressway Co., Ltd.	Dapu	Highway management and conservation	2,000.00	70.05	100.00
Guangfo Expressway Co., Ltd.	Guangzhou	Highway management and conservation	20,000.00	75.00	75.00
Jingzhu Expressway Guangzhou Section Co., Ltd.	Guangzhou	Highway management and conservation	58,000.00	75.00	75.00
Xin Yue Humen Co., Ltd.	British Virgin Islands	Investment	USD1.00	100.00	100.00
Gd Humen Bridge Co., Ltd.	Dongguan	Highway management and conservation	27,390.00	51.00	51.00
Xin Yue Hai Xin Sha Asphalt Company Limited	Hong Kong	Other road transport support	USD1.00	100.00	100.00
Guangzhou Xin Yue Asphalt CO., Ltd.	Guangzhou	Other road transport support	77,500.00	100.00	100.00
Guangdong Kaiyang Expressway Co., Ltd.	Kaiping	Highway management and conservation	46,000.00	75.00	75.00
Xin Yue (Guangzhou) Investment Co., Ltd.	Guangzhou	Investment	USD 4,207.00	100.00	100.00
Guangdong Tongyi Expressway Service Area Co., Ltd.	Guangzhou	Other road transport support	10,000.00	100.00	100.00
Foshan Yueyun Public Traffic Co., Ltd.	Foshan	Urban public transport	2,000.00	51.00	51.00
Zhaoqing Yueyun Automobile Transportation Co., Ltd.	Zhaoqing	Other road passenger transport	10,000.00	59.62	59.62
Guangdong Yueyun Langri Co., Ltd.	Yangjiang	Other road passenger transport	15,675.00	51.00	51.00
Qingyuan Automobile Transportation Group Co., Ltd.	Qingyuan	Other road passenger transport	5,000.00	61.75	61.75
Guangdong Nanyue Logistics Industrial Company Limited	Guangzhou	logistics	18,000.00	100.00	100.00
Guangdong Lihao Real Estate Co., Ltd.	Guangzhou	Real estate development and operation	1,000.00	100.00	100.00

Note: The subsidiaries disclosed above include all secondary subsidiaries and tertiary subsidiaries with the amount of net assets more than RMB 300 million.

3 Other related parties of the Company

Name of other related parties	Relationship with the Company
Zhaoqing Yuezhao Highway Co., Ltd.	Joint venture
Guangdong Shantou Haiwan Bridge Co., Ltd.	Joint venture
Shell Road Solutions Xinyue(foshan) Co., Ltd.	Joint venture
Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.	Joint venture
Guangdong Road Network Digital Media Information Technology Co., Ltd.	Joint venture
Guangdong Automobile Terminal Co., Ltd	Joint venture
Huishen (Yantian) Expressway Huizhou Co., Ltd.	Joint venture
Guangdong Yue Huahui Business Management Limited	Joint venture
Guangzhou Yueyun Insurance Gonggu Co., Ltd.	Joint venture
Guangdong Province Communications Planning & Design Institute Co., Ltd.	Associate
Guangdong Highway Technology Consulting Co., Ltd.	The subsidiary of associate
Zhongshan Shunyi Construction Engineering Design Consulting Co., Ltd.	The subsidiary of associate
Guangdong Xiangfei Road Engineering Supervision Co., Ltd.	The subsidiary of associate
Guangdong Civil Engineering Co., Ltd.	The subsidiary of associate
Jiangmen Jianghe Expressway Co., Ltd.	Associate
Foshan Guangsan Expressway Co., Ltd.	Associate
Guangdong Shenshan Speedway East Section Co., Ltd.	Associate
Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	Associate
Guangzhou Northern Second Ring Expressway Co., Ltd.	Associate
Guangzhou Pearl River Huangpu Daqiao Construction Co., Ltd.	Associate
Guangdong Panyu Bridge Co., Ltd.	Associate
Shenzhen Yantian Port Holdings Co., Ltd.	Associate
Ganzhou Kangda Expressway Co., Ltd.	Associate
Ganzhou Gankang Expressway Co., Ltd.	Associate
Guangdong Yuepu Microfinance Co., Ltd.	Associate
Guoyuan Securities Company Limited	Associate
Hunan Lianzhi Technology Co.,Ltd.	Associate
Southern United Assets & Equity Exchange	Associate
Guangzhou Tianhe Passenger Transportation Station Co., Ltd.	Associate
Shantou Automotive Passenger Transportation Center Station Co., Ltd.	Associate
Guangdong Zhongyou Yueyun Natural Gas Co., Ltd	Associate
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	Associate
Lufeng Shenshan Expressway Service Co.,Ltd.	Associate
EXPRESS CROSS-BORDER COACH MGT. CO. LIMITED	Associate
Guangdong Guangjiang High Speed Passenger Transportation Co., Ltd.	Associate
Jiangmen Guangjiang High Speed Passenger Transport Co., Ltd.	Associate
Shantou Chaonan Yueyuntiandao Transportation Co., Ltd.	Associate
Guangdong Guangye Yueyun Gas Co.,Ltd.	Associate
Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	Associate
Qingyuan Zhongguan Development Co., Ltd.	Associate
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	Associate
Heyuan Yueyun New Energy Co.,Ltd.	Associate
Guangdong Wangfei Logistics Technology Co., Ltd.	Associate
Shaoguan Libao Technology Co., Ltd.	Associate
Shaoguan Danxia Tourist Bus Co., Ltd	Associate
Zhuhai Nanqi Special Cargo Transportation Co., Ltd	Associate
Zhuhai Macao Land Transportation (Macao) Co., Ltd	Associate
Guangdong Keying Development Co., Ltd.	Associate
Guangzhou Its Communication Equipment Co., Ltd.	Associate
Guangdong Feida Traffic Engineering Co., Ltd.	Associate
Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	Associate
Zhuhai Yuegong Xinhai Transportation Co., Ltd	Associate

Name of other related parties	Relationship with the Company
Zhuhai Wanda Hong Kong Zhuhai Macao Bridge Zhuhai Port Passenger Service Co., Ltd	Associate
Qiguan New Energy Vehicle Technology (Guangdong) Co., Ltd.	Associate
Poly Changda Engineering Co., Ltd.	Associate
Guangzhou Zhentong Industrial Development Co., Ltd.	Associate
Guangdong Changxin Municipal Engineering Co., Ltd.	The subsidiary of associate
Zhongshan Mayor New Concrete Co., Ltd.	The subsidiary of associate
Guangdong Changda China Overseas Engineering Group Co., Ltd.	The subsidiary of associate
Tibet Changtong Highway Engineering Co., Ltd.	The subsidiary of associate
Guangdong Changxin Construction Engineering Co., Ltd.	The subsidiary of associate
Guangzhou Luoxi Bridge Widening Construction Co., Ltd	The subsidiary of associate
Guangdong Changda Road Maintenance Co., Ltd.	The subsidiary of associate
Guangdong Changda Engineering Ship Service Co., Ltd.	The subsidiary of associate
Guangdong Changda Engineering Ship Service Co., Ltd.	The subsidiary of associate
Guangdong Changda Property Management Co., Ltd.	The subsidiary of associate
Guangdong Changxin Asphalt Concrete Co., Ltd.	The subsidiary of associate
Guangdong Changda Experimental Technology Development Co., Ltd.	The subsidiary of associate
Guangdong Changda Development Investment Co., Ltd.	The subsidiary of associate
Yangjiang Binhai Highway Investment and Construction Co., Ltd.	The subsidiary of associate
Zhongshan Tanzhou Express Construction Investment Co., Ltd.	The subsidiary of associate
Guangzhou Zhongma Overseas Investment Co., Ltd.	The subsidiary of associate
Huiketong Technology (Zhuhai) Co., Ltd.	Associate
Guangdong United Electronic Service Data Technology Co., Ltd.	Associate
Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.	Associate
Hong Kong & Macao International Airport Transportation Service (HK) Co. Limited	Associate
Hong Kong Airport Passenger Service (Macao) Co., Ltd	Associate
Guangdong Nanyue Transportation CNOOC Energy Co., Ltd	Other significant impact
Guangdong Nanyue Communications Petrochemical Energy Co., Ltd.	Other significant impact
Guangdong Nanyue Transportation PetroChina Energy Co., Ltd.	Other significant impact
Guangdong Nanyue Transportation Shaogan Expressway Management Center	Other significant impact
Guangdong Section Management Office of Shaogan Expressway	Other significant impact
Guangdong Jiangzhao Expressway Management Center	Other significant impact
Guangzhongjiang Expressway Project Management Office	Other significant impact
Guangdong Nanyue Transportation Chaozhang Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Qingyun Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Renbo Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Yunzhan Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Longhuai Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Hehuiguan Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Donglei Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Huaiyang Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Dafenghua Expressway Co., Ltd.	Other significant impact
Shenzhong Channel Management Center	Other significant impact

4 Related party transactions

(1) For subsidiaries that have control relationship and have been included in the scope of the Group's consolidated statements, their mutual transactions and parent subsidiary transactions have been offset.

(2) Purchasing of goods and receiving of service

Related parties	Current period	Prior period
Poly Changda Engineering Co., Ltd.	6,849,444,598.81	5,578,536,181.15
Guangdong Feida Traffic Engineering Co., Ltd.	378,354,144.65	79,594,867.68
Shell Road Solutions Xinyue(foshan) Co., Ltd.	258,161,429.13	112,582,641.28
Guangdong Province Communications Planning & Design Institute Co., Ltd.	134,925,301.57	100,839,309.92
Guangdong Changda Road Maintenance Co., Ltd.	22,114,500.99	
Guangdong Yue Huahui Business Management Limited	15,759,407.20	
Guangdong Xiangfei Road Engineering Supervision Co., Ltd.	12,701,180.97	
Guangzhou Its Communication Equipment Co., Ltd.	9,070,681.42	
Guangdong Guangye Yueyun Gas Co., Ltd.	7,451,295.21	39,527,284.49
Guangdong Nanyue Transportation Hehuiguan Expressway Management Center	2,388,767.00	
Guangdong Civil Engineering Co., Ltd.	2,318,953.00	
Shaoguan Libao Technology Co., Ltd.	1,873,919.30	
Zhaoqing Yuezhao Highway Co., Ltd.	1,334,643.04	908,169.93
Hunan Lianzhi Technology Co., Ltd.	682,093.40	
Guangdong Shantou Haiwan Bridge Co., Ltd.	909,935.34	747,095.54
Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.	134,620.00	4,320.00
Guangdong Traffic Telecom Co., Ltd.		2,201,384.52
Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.		107,017.44

(3) Sales of goods and rendering of service

Related parties	Current period	Prior period
Poly Changda Engineering Co., Ltd.	277,395,477.38	85,187,976.24
Guangdong Nanyue Transportation Longhuai Expressway Management Center	73,994,828.56	22,068,109.47
Foshan Guangsan Expressway Co., Ltd.	31,952,888.96	1,423,293.46
Shell Road Solutions Xinyue(foshan) Co., Ltd.	28,083,291.37	22,837,503.22
Guangdong Nanyue Transportation Qingyun Expressway Management Center	26,161,888.20	131,599,066.54
Guangdong Nanyue Transportation Renbo Expressway Management Center	21,322,501.27	65,716,711.12
Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	20,729,088.86	20,047,032.07
Guangdong Nanyue Transportation Investment and Construction Co., Ltd.	20,376,085.75	4,221,531.25
Guangzhou Zhentong Industrial Development Co., Ltd.	15,540,302.40	
Guangdong Nanyue Transportation Shaogan Expressway Management Center	9,815,085.67	1,386,736.27
Shenzhong Channel Management Center	9,591,857.14	
Zhaoqing Yuezhao Highway Co., Ltd.	6,496,823.16	3,403,434.55
Guangdong Province Communications Planning & Design Institute Co., Ltd.	5,610,512.26	
Guangdong Jiangzhao Expressway Management Center	5,268,879.28	6,183,011.33
Guangdong Shenshan Speedway East Section Co., Ltd.	4,703,510.64	1,061,752.83
Guangdong Nanyue Transportation Yunzhan Expressway Management Center	3,224,377.95	8,120,382.26
Guangdong Nanyue Transportation Donglei Expressway Management Center	3,136,511.59	3,893,237.49

Related parties	Current period	Prior period
Guangzhou Pearl River Huangpu Daqiao Construction Co., Ltd.	3,110,726.87	525,930.80
Guangdong Feida Traffic Engineering Co., Ltd.	2,874,657.79	11,928,617.70
Guangzhongjiang Expressway Project Management Office	2,864,663.38	4,331,046.25
Guangdong Nanyue Transportation Huaiyang Expressway Management Center	2,354,706.89	
EXPRESS CROSS-BORDER COACH MGT. CO. LIMITED	2,263,979.29	33,118,452.83
Guangdong Nanyue Transportation Hehuiguan Expressway Management Center	2,109,550.11	1,565,423.96
Guangdong Nanyue Transportation Jiehui Expressway Management Center	1,969,344.93	4,987,460.25
Guangdong Road Network Digital Media Information Technology Co., Ltd.	1,334,123.43	490,367.48
Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.	1,238,938.05	1,238,938.05
Shenzhen Yantian Port Holdings Co., Ltd.	978,901.13	2,392,534.74
Guangzhou Northern Second Ring Expressway Co., Ltd.	785,057.60	
Guangdong Nanyue Transportation Dafenghua Expressway Management Center	695,848.03	180,000.00
Guangdong Nanyue Transportation Chaozhang Expressway Management Center	695,201.24	305,086.30
Guangdong Panyu Bridge Co., Ltd.	676,618.64	923,630.66
Ganzhou Gankang Expressway Co., Ltd.	594,631.40	
Ganzhou Kangda Expressway Co., Ltd.	590,288.43	
Guangdong Shantou Haiwan Bridge Co., Ltd.	491,476.17	497,093.04
Huishen (Yantian) Expressway Huizhou Co., Ltd.	232,839.61	538,500.02
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	159,223.34	161,835.49
Jiangmen Jianghe Expressway Co., Ltd.	68,712.26	110,377.36
Guangdong Nanyue Communications Petrochemical Energy Co., Ltd.	56,603.77	
Guangdong Civil Engineering Co., Ltd.	3,018.87	

(4) Borrowings from or lending to related parties

Borrowing funds from related parties:

Related parties	Amount	Commencement date	Maturity date	Explanation
Poly Changda Engineering Co., Ltd.	50,000,000.00	2017-4-29	2019-4-30	
Guangdong Panyu Bridge Co., Ltd.	39,000,000.00	2020-12-23	2022-12-22	

Lending funds to related parties:

Related parties	Amount	Commencement date	Maturity date	Explanation
Guangzhou Zhentong Industrial Development Co., Ltd.	41,240,000.00	2019-12-4	2022-12-3	
Guangzhou Zhentong Industrial Development Co., Ltd.	61,900,000.00	2020-1-21	2023-1-20	
Guangzhou Zhentong Industrial Development Co., Ltd.	1,500,000.00	2020-2-27	2023-2-26	
Guangzhou Zhentong Industrial Development Co., Ltd.	4,500,000.00	2020-5-15	2023-5-14	
Guangzhou Zhentong Industrial Development Co., Ltd.	3,000,000.00	2020-6-30	2023-6-29	

Related parties	Amount	Commencement date	Maturity date	Explanation
Guangzhou Zhentong Industrial Development Co., Ltd.	9,000,000.00	2020-12-22	2021-12-21	Automatic renewal upon expiration
Guangzhou Zhentong Industrial Development Co., Ltd.	164,960,000.00	2019-12-4	2022-12-3	
Guangzhou Zhentong Industrial Development Co., Ltd.	247,600,000.00	2020-1-21	2023-1-20	
Guangzhou Zhentong Industrial Development Co., Ltd.	6,000,000.00	2020-2-27	2023-2-26	
Guangzhou Zhentong Industrial Development Co., Ltd.	18,000,000.00	2020-5-15	2023-5-14	
Guangzhou Zhentong Industrial Development Co., Ltd.	12,000,000.00	2020-6-30	2023-6-29	
Guangzhou Zhentong Industrial Development Co., Ltd.	36,000,000.00	2020-12-22	2021-12-21	Automatic renewal upon expiration
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	10,099,680.00	2012-10-24	2017-10-23	After the loan expires, the company will extend it every year according to the actual operation
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	5,049,840.00	2013-2-5	2014-2-4	After the loan expires, the company will extend it every year according to the actual operation
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	11,446,304.00	2017-11-1	2018-10-31	After the loan expires, the company will extend it every year according to the actual operation
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	3,625,000.00	2019-12-26		No agreed due date
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	4,875,000.00	2020-12-28		No agreed due date

(5) Interest income

Related parties	Description	Current period	Prior period
Guangdong Province Communications Planning & Design Institute Co., Ltd.	Interest income from issuing loans	1,687,395.17	2,655,070.75
Guangzhou Zhentong Industrial Development Co., Ltd.	Interest income from shareholder's borrowings	40,540,074.03	
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Interest income from shareholder's borrowings	199,288.24	1,505,382.08
Total		42,426,757.44	4,160,452.83

(6) Interest expenses

Related parties	Description	Current period	Prior period
Shenzhong Channel Management Center	Interest expense on deposits	16,942,713.74	17,207,765.55
Guangdong Province Communications Planning & Design Institute Co., Ltd.	Interest expense on deposits	256,779.48	199,113.80
Guangdong Highway Technology Consulting Co., Ltd.	Interest expense on deposits	11,880.14	4,630.70

Related parties	Description	Current period	Prior period
Zhongshan Mayor New Concrete Co., Ltd.	Interest expense on deposits	918.22	
Guangdong Changxin Asphalt Concrete Co., Ltd.	Interest expense on deposits	16,750.18	10,736.92
Guangzhou Yueyun Insurance Gonggu Co., Ltd.	Interest expense on deposits	1,444.10	1,335.44
Poly Changda Engineering Co., Ltd.	Loan interest expense	2,211,250.02	2,205,208.36
Guangdong Panyu Bridge Co., Ltd.	Loan interest expense	20,475.00	
Total		19,462,210.88	19,628,790.77

(7) Deposit transactions with Group Finance Company

Name	Closing balance	Opening balance	Benefits
Guangdong Province Communications Planning & Design Institute Co., Ltd.	35,430,125.22	154,191,864.83	Deposit interest is calculated and charged according to the bank's current deposit interest rate
Shenzhong Channel Management Center	19,572,095.83	13,712,216.31	Deposit interest is calculated and charged according to the bank's current deposit interest rate
Guangdong Highway Technology Consulting Co., Ltd.	7,270,441.60	3,662,987.26	Deposit interest is calculated and charged according to the bank's current deposit interest rate
Zhongshan Mayor New Concrete Co., Ltd.	170,251.87		Deposit interest is calculated and charged according to the bank's current deposit interest rate
Guangdong Changxin Asphalt Concrete Co., Ltd.	1,539,131.92	1,581,870.93	Deposit interest is calculated and charged according to the bank's current deposit interest rate
Guangzhou Yueyun Insurance Gonggu Co., Ltd.	684,803.78	417,437.76	Deposit interest is calculated and charged according to the bank's current deposit interest rate
Total	64,666,850.22	173,566,377.09	

(8) Loans and advances

Name	Closing balance	Opening balance
Guangdong Province Communications Planning & Design Institute Co., Ltd.		57,000,000.00
Total		57,000,000.00

(9) Guarantee with related parties

As of 31 Dec 2020, the amount of loan guarantee for related parties was RMB 75,308,698,200.00.

For details, please refer to provision of guarantee in Notes IX to financial statements.

5 Amounts due from/to related parties

(1) Amount due from related parties

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Related parties	Closing balance	Opening balance
Accounts receivable			
	Poly Changda Engineering Co., Ltd.	49,546,497.36	26,852,189.72
	Guangdong Nanyue Transportation Huaiyang Expressway Management Center	6,740,656.50	
	Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	5,980,163.99	6,168,200.00
	Guangdong Nanyue Transportation Longhuai Expressway Management Center	3,928,840.89	28,224,076.19
	Guangdong Feida Traffic Engineering Co., Ltd.	3,274,356.00	5,108,255.48
	Guangdong Nanyue Transportation Renbo Expressway Management Center	2,991,582.64	1,188,552.04
	Guangzhou Zhentong Industrial Development Co., Ltd.	2,476,430.00	
	Guangdong Nanyue Transportation Investment and Construction Co., Ltd.	2,097,535.44	1,402,978.75
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	2,026,398.22	3,616,135.42
	Guangdong Jiangzhao Expressway Management Center	1,786,035.76	70,741.00
	Guangzhongjiang Expressway Project Management Office	1,115,973.49	180,030.00
	Guangdong Changxin Asphalt Concrete Co., Ltd.	1,000,000.00	
	EXPRESS CROSS-BORDER COACH MGT. CO. LIMITED	373,939.92	1,947,431.44
	Guangdong Nanyue Transportation Yunzhan Expressway Management Center	309,033.13	
	Shenzhen Yantian Port Holdings Co., Ltd.	258,425.88	
	Guangdong Nanyue Transportation Chaozhang Expressway Management Center	208,932.64	
	Guangdong Nanyue Transportation Qingyun Expressway Management Center	185,237.13	
	Guangdong Nanyue Transportation Jiehui Expressway Management Center	179,380.93	
	Guangdong Nanyue Transportation Hehuiguan Expressway Management Center	168,238.92	
	Shaoguan Libao Technology Co., Ltd.	103,578.95	
	Shantou Chaonan Yueyuntian dao Transportation Co., Ltd.	74,876.00	
	Guangdong Nanyue Transportation Donglei Expressway Management Center	26,971.00	470,603.50
	Guangdong Nanyue Transportation Dafenghua Expressway Co., Ltd.	26,971.00	
	Jiangmen Jianghe Expressway Co., Ltd.	26,957.48	
	Guangdong Road Network Digital Media Information Technology Co., Ltd.	19,302.76	
	Shantou Automotive Passenger Transportation Center Station Co., Ltd.	2,031.00	
	Guangdong Guangjiang High Speed Passenger Transportation Co., Ltd.	1,150.00	
	Guangdong Shenshan Speedway East Section Co., Ltd.	957.85	1,325.19
	Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.	65.97	
	Guangdong Xinkuitong Intelligent Information Development Co., Ltd.		2,300.00
	Guangdong Panyu Bridge Co., Ltd.		126,239.58
	Guangdong Nanyue Transportation Shaogan Expressway Management Center		975,787.67
	Guangzhou Northern Second Ring Expressway Co., Ltd.		304,412.40
	Zhaoqing Yuezhao Highway Co., Ltd.		447,243.64
Prepayments			
	Poly Changda Engineering Co., Ltd.	28,148,826.07	383,279,403.79
	Guangdong Feida Traffic Engineering Co., Ltd.	3,419,649.40	3,911,214.00
	Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.	1,331,600.00	

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Related parties	Closing balance	Opening balance
	Guangdong Nanyue Transportation Chaozhang Expressway Management Center	1,255,723.05	
	Zhaoqing Yuezhao Highway Co., Ltd.	151,938.00	144,703.00
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	87,179.48	
Other receivables			
	Shenzhong Channel Management Center	630,220,500.00	
	Poly Changda Engineering Co., Ltd.	564,329,340.87	12,706,911.08
	深圳高速公路股份有限公司	52,500,000.00	
	Ganzhou Gankang Expressway Co., Ltd.	45,000,000.00	
	Guangdong Nanyue Transportation Longhuai Expressway Management Center	14,920,378.20	5,607,155.72
	Guangdong Shenshan Speedway East Section Co., Ltd.	14,121,843.23	12,000.00
	Guangdong Nanyue Transportation Qingyun Expressway Management Center	7,200,038.00	7,156,329.93
	Guangdong Nanyue Transportation Renbo Expressway Management Center	4,755,252.00	8,131,352.82
	Guangdong Changda Development Investment Co., Ltd.	4,430,197.53	
	Shantou Automotive Passenger Transportation Center Station Co., Ltd.	4,221,868.79	4,221,868.79
	Guangdong Nanyue Transportation Huaiyang Expressway Management Center	3,078,065.00	800,000.00
	Guangdong Nanyue Transportation Yunzhan Expressway Management Center	3,077,471.29	37,111,469.47
	Guangdong Nanyue Transportation Jiehui Expressway Management Center	2,310,241.00	4,824,975.00
	Shantou Chaonan Yueyuntiandao Transportation Co., Ltd.	1,867,229.02	1,867,229.02
	Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	994,742.11	
	Guangdong Nanyue Transportation Shaogan Expressway Management Center	973,489.26	135,694.34
	Guangdong Jiangzhao Expressway Management Center	506,320.64	
	Guangdong Guangye Yueyun Gas Co., Ltd.	504,782.53	1,450,000.00
	Zhaoqing Yuezhao Highway Co., Ltd.	360,000.00	431,442.48
	Guangzhou Yueyun Insurance Gonggu Co., Ltd.	200,000.00	
	Guangzhongjiang Expressway Project Management Office	195,460.00	82,000.00
	Shaoguan Libao Technology Co., Ltd.	178,037.07	
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	150,769.64	
	Guangdong Feida Traffic Engineering Co., Ltd.	142,423.44	139,150.75
	Shaoguan Danxia Tourist Bus Co., Ltd.	138,420.30	
	Guangdong Nanyue Transportation Chaozhang Expressway Management Center	55,811.26	
	Guangdong Changda China Overseas Engineering Group Co., Ltd.	9,159.79	
	Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.		2,001,903.69
Contract assets			
	Guangdong Feida Traffic Engineering Co., Ltd.	48,230.00	48,230.00
	Zhaoqing Yuezhao Highway Co., Ltd.	22,667.85	41,442.48
	Guangdong Shenshan Speedway East Section Co., Ltd.		12,000.00
Long-term receivables			
	Huishen (Yantian) Expressway Huizhou Co., Ltd.	113,048,085.30	113,048,085.30
	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	42,026,164.85	39,098,262.85
	Guangzhou Zhentong Industrial Development Co., Ltd.	650,017,085.81	

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2020
Notes to Consolidated Financial Statements

Items	Related parties	Closing balance	Opening balance
Other non-current assets			
	Poly Changda Engineering Co., Ltd.	507,724,521.63	185,171,663.89
	Guangdong Feida Traffic Engineering Co., Ltd.	29,964,498.42	533,335.86
Dividends receivable			
	Ganzhou Gankang Expressway Co., Ltd.	1,500,000.00	
	Guangdong Yuepu Microfinance Co., Ltd.		6,000,000.00
Interest receivables			
	Poly Changda Engineering Co., Ltd.	1,136,041.68	1,136,041.68
	Guangdong Changda Development Investment Co., Ltd.	2,740,000.00	2,740,000.00
	Guangdong Province Communications Planning & Design Institute Co., Ltd.		82,729.17

(2) Amount due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable			
	Poly Changda Engineering Co., Ltd.	741,420,418.72	463,774,113.58
	Shell Road Solutions Xinyue(foshan) Co., Ltd.	49,859,233.87	32,015,554.59
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	44,928,336.13	13,034,864.36
	Guangzhongjiang Expressway Project Management Office	28,000,000.00	28,000,000.00
	Guangzhou Its Communication Equipment Co., Ltd.	17,949,438.49	17,233,138.49
	Guangdong Feida Traffic Engineering Co., Ltd.	14,011,181.15	32,467,491.35
	Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	5,432,648.05	
	Guangdong Yue Huahui Business Management Limited	2,871,370.70	2,750,965.74
	Guangdong Civil Engineering Co., Ltd.	981,088.00	
	Guangdong Nanyue Transportation Chaozhang Expressway Management Center	975,596.86	
	Shaoguan Libao Technology Co., Ltd.	750,515.85	
	Guangdong Xiangfei Road Engineering Supervision Co., Ltd.	639,536.00	
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	401,314.00	
	Guangdong Changda Road Maintenance Co., Ltd.	327,793.40	
	Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	195,672.16	
	Guangdong Guangye Yueyun Gas Co., Ltd.	190,307.06	1,574,031.72
	Guangdong Nanyue Transportation Renbo Expressway Management Center	188,049.59	
	Guangdong Nanyue Transportation Longhuai Expressway Management Center	165,590.05	
	Zhaoqing Yuezhao Highway Co., Ltd.	71,504.00	
	Zhuhai Wanda Hong Kong Zhuhai Macao Bridge Zhuhai Port Passenger Service Co., Ltd	59,958.00	
	Shaoguan Danxia Tourist Bus Co., Ltd	59,816.32	
	Guangdong Nanyue Transportation Jiehui Expressway Management Center	50,000.00	
	Jiangmen Jianghe Expressway Co., Ltd.	12,380.48	
Other payables			
	Poly Changda Engineering Co., Ltd.	884,781,593.24	789,096,123.94
	Guangdong Feida Traffic Engineering Co., Ltd.	18,998,847.84	20,302,458.93
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	9,329,238.04	2,650,440.87

Items	Related parties	Closing balance	Opening balance
	Guangdong Nanyue Transportation Yunzhan Expressway Management Center	6,079,390.00	3,039,695.00
	Guangdong Xiangfei Road Engineering Supervision Co., Ltd.	3,096,493.00	
	Shaoguan Libao Technology Co., Ltd.	2,668,213.54	
	Guangdong Changda Road Maintenance Co., Ltd.	2,417,228.63	
	Guangdong Nanyue Transportation Investment and Construction Co., Ltd.	2,183,916.60	1,999,414.86
	Guangzhongjiang Expressway Project Management Office	1,200,000.00	200,000.00
	Guangdong Road Network Digital Media Information Technology Co., Ltd.	320,000.00	
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	318,505.00	200,355.64
	Guangzhou Its Communication Equipment Co., Ltd.	218,955.00	291,460.00
	Hunan Lianzhi Technology Co., Ltd.	200,000.00	
	Guangzhou Zhentong Industrial Development Co., Ltd.	148,060.00	
	Guangdong Civil Engineering Co., Ltd.	134,177.00	
	Guangzhou Yueyun Insurance Gonggu Co., Ltd.	65,500.00	
	Shantou Chaonan Yueyuntiandao Transportation Co., Ltd.	53,192.10	
	Guangdong Guangye Yueyun Gas Co., Ltd.	30,000.00	
	Huiketong Technology (Zhuhai) Co., Ltd.	19,303.78	2,332,986.39
	Guangdong Shenshan Speedway East Section Co., Ltd.	15,920.00	15,535.80
	Shaoguan Yuchong Bus Station Co., Ltd.		2,000,000.00
	Zhanjiang Langtao Engineering Co., Ltd.		16,673,494.15
Advances from customers			
	Guangdong Nanyue Transportation Longhui Expressway Management Center	72,656,384.33	50,024,410.09
	Guangdong Nanyue Transportation Shaogan Expressway Management Center	46,312,681.52	28,440,000.00
	Guangdong Jiangzhao Expressway Management Center	28,686,981.61	28,699,545.54
	Guangdong Nanyue Transportation Qingyun Expressway Management Center	28,605,717.00	162,096.24
	Guangdong Shenshan Speedway East Section Co., Ltd.	25,840,000.00	13,220,000.00
	Guangdong Nanyue Transportation Renbo Expressway Management Center	24,091,803.64	23,716,752.28
	Guangzhongjiang Expressway Project Management Office	19,464,169.46	19,464,169.46
	Zhaoqing Yuezhao Highway Co., Ltd.	19,210,349.21	15,320,000.00
	Guangdong Nanyue Transportation Chaozhang Expressway Management Center	15,910,000.00	16,003,483.02
	Guangzhou Zhentong Industrial Development Co., Ltd.	15,566,037.74	
	Guangdong Nanyue Transportation Jiehui Expressway Management Center	15,220,000.00	15,233,867.92
	Shenzhong Channel Management Center	8,224,744.79	5,810,737.79
	Poly Changda Engineering Co., Ltd.	8,000,000.00	
	Guangdong Nanyue Transportation Investment and Construction Co., Ltd.	274,703.00	173,966.19
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	243,045.74	4,133.00
	Guangdong Nanyue Transportation Huaiyang Expressway Management Center	58,197.68	32,533.96
	Guangdong Nanyue Transportation Yunzhan Expressway Management Center	58,133.73	244,553.06
	Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	41,814.16	
	Guangdong Nanyue Transportation Hehuiguan Expressway Management Center	20,116.00	104,543.13

Items	Related parties	Closing balance	Opening balance
	Guangdong Road Network Digital Media Information Technology Co., Ltd.	2,777.78	
Long-term payables			
	Guangdong Panyu Bridge Co., Ltd.	39,000,000.00	
Interest payable			
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	29,537.08	
	Guangdong Highway Technology Consulting Co., Ltd.	599.69	
	Zhongshan Mayor New Concrete Co., Ltd.	58.10	
	Guangdong Changxin Asphalt Concrete Co., Ltd.	535.29	
	Guangzhou Yueyun Insurance Gonggu Co., Ltd.	60.69	
	Shenzhong Channel Management Center	43,567.55	
	Poly Changda Engineering Co., Ltd.	8,216,666.71	6,005,416.69
	Guangdong Panyu Bridge Co., Ltd.	20,475.00	

XII. RELATED PARTIES AND TRANSACTIONS

1 Bonds issuance

(1) Corporate bonds

- (a) In 2005, the company issued corporate bonds (05 Yue Transportation Bond) of RMB 1.5 billion, with a coupon rate of 5.3% and a bond term of 15 years. The funds were used for the investment and construction of Yuegan expressway, Yuzhan Expressway and Guangyun Expressway, and have been paid in this year.
- (b) In 2002, according to the “Reply of the National Development and Reform Commission on the Approval of Guangdong Expressway Co., Ltd. to Issue Corporate bonds in 2010” (Fagai Caijing [2010] No. 1342), the subsidiary Guangdong Expressway Co., Ltd. publicly issued corporate bonds (10 Guangdong Expressway Bond) of RMB 2 billion, with an annual coupon rate of 4.68% and a term of 15 years. The funds will be used for the construction of Yangyang Expressway and Zhanxu Expressway projects.
- (c) In 2010, the subsidiary Guangdong Highway Construction Co., Ltd. issued RMB 2 billion of corporate bonds (10 Yue Lujian Bond), with a coupon rate of 4.65% per annum and a bond term of 15 years. The funds are used for the investment and construction of South Ring section and Boshen projects.
- (d) In 2012, according to the “Reply of the National Development and Reform Commission on the Approval of Guangdong Expressway Co., Ltd. to Issue Corporate bonds in 2012” (Fagai Caijing [2012] No. 1020), the subsidiary Guangdong Expressway Co., Ltd. publicly issued corporate bonds (12 Guangdong Expressway Bond) of RMB 1.5 billion, with an annual coupon rate of 5.36% and a term of 15 years on 26 June 2012. The funds will be used for the construction of Zhaohua Expressway project.

- (e) In 2013, the subsidiary Guangdong Highway Construction Co., Ltd. issued RMB 2 billion of corporate bonds (13 Yue Lujian Bond), with a coupon rate of 5.44% per annum and a bond term of 15 years. The funds are used for the investment and construction of Luoyang and Jiangluo projects.
- (f) In 2014, according to the "Reply of the National Development and Reform Commission on the Approval of Guangdong Expressway Co., Ltd. to Issue Corporate bonds in 2014" (Fagai Caijing [2014] No. 767), the subsidiary Guangdong Expressway Co., Ltd. publicly issued corporate bonds (14 Guangdong Expressway Bond) of RMB 2 billion, with an annual coupon rate of 5.40% and a term of 15 years in 2014. The funds will be used for the construction of Guangdong section of Baomao Expressway project.
- (g) In 2014, according to the "Reply of the National Development and Reform Commission on the Approval of Guangdong Road and Bridge Construction Development Co., Ltd. to Issue Corporate bonds in 2014" (Fagai Caijing [2014] No. 1356), the subsidiary Guangdong Road and Bridge Construction Development Co., Ltd. publicly issued corporate bonds (15 Yue Luqiao Bond) of RMB 2 billion, with an annual coupon rate of 5.18% and a term of 15 years in 2014. The funds will be used for the construction of Erguang Expressway project.
- (h) In 2015, the subsidiary Guangdong Highway Construction Co., Ltd. obtained the "Approval on the public Issuance of Bonds by Guangdong Highway Construction Co., Ltd. to Qualified Investors" of the China Securities Regulatory Commission (hereinafter referred to as "CSRC") (Zhengjian Xuke [2015] No. 1508), and issued RMB 1.5 billion of Yue Lujian Bond bond on 11 Dec, 2015, with a term of 15 years and an annual coupon rate of 4.25%. The funds will be used for the construction of Humen Erqiao Expressway project.
- (i) On 28 Sept 28, 2015, Yueyun Company publicly issued 2014 corporate bonds (phase I). The bond is referred to as "14 Yueyun 01 bond" for short. The amount of the first phase is RMB 400 million with a term of 7 years. The principal and interest repayment method is simple and annual interest, interest payment is once a year, principal repayment once at maturity, and the coupon rate is 4.20%; 2014 corporate bonds (phase II) were publicly issued on 17 Dec 2015, which is referred to as "14 Yueyun 02 bonds". The amount of the second phase is RMB 380 million, with a term of 5 years. The principal and interest are repaid by means of simple interest, annual interest, interest payment is once a year and principal repayment at maturity, with the issuer's option to increase the coupon rate at the end of the third year and the investor's option to sell back. The coupon rate for the first three years (17 Dec 2015 to 16 Dec 2018) of the bond duration is 3.58%. At the end of the third year of the duration, the issuer exercises the option to increase the coupon rate to 4.50% two years after the bond duration (17 Dec 2018 to 16 Dec 2020). The above raised funds are used to supplement working capital. On 17 Dec 2018, the Company repurchased the principal of bonds of RMB 40,000,000.00. On 31 Dec 2020, the company has repaid the principal of phase II bonds of RMB 340,000,000.00.

- (j) In 2016, the subsidiary Guangdong Expressway Co., Ltd. obtained the "Approval on the public Issuance of Bonds by Guangdong Expressway Co., Ltd. to Qualified Investors" of the CSRC (Zhengjian Xuke [2015] No. 2545), and issued RMB 2 billion of 16 Yue Gao 01 Bond on 16 June 2016, with a term of 15 years and an annual coupon rate of 4.10% as well as RMB 1 billion of 16 Yue Gao 02 Bond on 11 Aug 2016, with a term of 15 years and an annual coupon rate of 3.57%. The funds will be used for the construction of Chaohui Expressway project.
- (k) In 2016, the subsidiary Guangdong Road and Bridge Construction Development Co., Ltd. obtained the "Approval on the public Issuance of Bonds by Guangdong Road and Bridge Construction Development Co., Ltd. to Qualified Investors" of the CSRC (Zhengjian Xuke [2015] No. 2716), and issued RMB 3 billion of 2016 Yue Bridge 01 Bond on 12 July 2016, with a term of 15 years and an annual coupon rate of 4% as well as RMB 2 billion of 2016 Yue Bridge 02 Bond on 23 Sept 2016, with a term of 15 years and an annual coupon rate of 3.69%. The funds will be used for the construction of Shanzhan and Ninghua projects.
- (l) In 2016, the subsidiary Guangdong Expressway Co., Ltd. obtained the "Approval on the public Issuance of Bonds by Guangdong Expressway Co., Ltd." of the CSRC (Fagai Corporate bonds [2018] No. 120), and issued RMB 1 billion of 18 Guangdong Expressway 01 Bond (2018 Guangdong Expressway Co., Ltd. Corporate bonds Phase I) on 13 Dec 2018, with an annual coupon rate of 4.65%.
- (m) In 2018, the subsidiary Guangdong Road and Bridge Construction Development Co., Ltd. obtained the "Approval on the public Issuance of Bonds by Guangdong Road and Bridge Construction Development Co., Ltd. to Qualified Investors" of the CSRC (Zhengjian Xuke [2018] No. 140), and completed the issuance of corporate bonds with a term of 15 years and an amount of RMB 2 billion in two phases on 16 Aug 2018 and 20 Nov 2018. The amount and interest rate of the two phases of corporate bonds are RMB 500 million, fixed interest rate of 4.90%, RMB 1.5 billion and fixed interest rate of 4.70%, respectively. The bonds are abbreviated as "2018 Yue Bridge 01" and "2018 Yue Bridge 02".
- (n) In 2019, the subsidiary Guangdong Expressway Co., Ltd. obtained the "Approval on the public Issuance of Bonds by Guangdong Expressway Co., Ltd." of the National Development and Reform Commission (Fagai Corporate bonds [2018] No. 120). On 31 July 2019, the subsidiary Guangdong Expressway Co., Ltd. issued RMB 2 billion of corporate bonds (phase I) of 2019 Guangdong Expressway Co., Ltd., with a coupon rate of 4.59% and a term of 15 years. The bond is referred to as "19 Guangdong Expressway Bond 01", of which RMB 1.333 billion of Zihui project has been allocated for project construction in this phase.

- (o) In 2019, the subsidiary Guangdong Highway Construction Co., Ltd. issued corporate bonds¹ (19 Yue Lujian Bond) of RMB 2 billion on 31 July 2019, with an annual interest rate of 4.62% and a bond term of 15 years. The company shall provide full unconditional and irrevocable joint and several liability guarantee for the bond.

(2) Issuance of medium-term notes

- (a) On 29 Jan 2013, the company issued the first medium-term note of Guangdong Provincial Communication Group Co, Limited in 2013 (hereinafter referred to as "13 Yue Transportation MTN1"). The medium-term note is unsecured, with an actual issue of RMB 500 million, a coupon rate of 5.59% and a term of 15 years. The funds are used for the investment and construction of Pingxing Expressway.
- (b) On 24 April 2013, the company issued the second medium-term note of Guangdong Provincial Communication Group Co, Limited in 2013 (hereinafter referred to as "13 Yue Transportation MTN2"). The medium-term note is unsecured, with an actual issue of RMB 1.5 billion, a coupon rate of 5.39% and a term of 15 years. The funds are used for the investment and construction of Pingxing Expressway and Chaohui Expressway.
- (c) On 12 My 2014, the subsidiary Guangdong Road and Bridge Construction Development Co., Ltd. issued the first phase of 2014 medium-term note (hereinafter referred to as "14 Yue Luqiao MTN001"). The actual issuance is RMB 1 billion, the coupon rate is 6.3%, the term is 10 years (7 + 3), the interest is paid annually, and the company provides unconditional and irrevocable joint and several liability guarantee.
- (d) On 1 Mar 2019, the subsidiary Guangdong Provincial Expressway Development Co., Ltd. issued the first phase of 2019 medium-term note (hereinafter referred to as "19 Yue Expressway MTN001"). The actual issuance is RMB 680 million, the coupon rate is 4.00%, and the term is 5 years. The raised funds are used to repay loans and supplement working capital.
- (e) On 17 Mar 2020, the subsidiary Guangdong Expressway Co., Ltd. issued the first phase of 2020 medium-term note (hereinafter referred to as "20 Yue Expressway MTN001"). The actual issuance is RMB 0.75 billion, the coupon rate is 3.00%, and the term is 5 years. The raised funds are used to repay loans and supplement working capital.

2 Yuecai Company increased capital and shares by RMB 15 billion to some expressway projects of the company

In 2014, according to “The Work Plan on Accelerating the Construction of Important Infrastructure in the Province” (2013-2015) (Yuefa [2013] No. 30) issued by the People’s Government of Guangdong Province, the People’s Insurance Corporation of China (hereinafter referred to as “PICC”) and the People’s Government of Guangdong Province reviewed and approved “The Operation Plan of Provincial Expressway Construction Capital of RMB 15 Billion”, Guangdong Yuecai Investment Holding Co., Ltd. (hereinafter referred to as “Yuecai Company”) and the Company signed the agreement on capital increase and share expansion on 14 May 2014. In order to meet the capital needs of transportation infrastructure construction in Guangdong Province, each party decided to establish “The Insurance Capital Infrastructure Debt Investment Plan” initiated by PICC Capital Investment Management Co., Ltd. (hereinafter referred to as “PICC”), After being approved and registered by CIRC, PICC raised funds and lent them to Yuecai Company (raising RMB 15 billion). Yuecai Company invested the funds in relevant secondary enterprises of the company in the form of equity investment for the construction of some expressway projects, and the Company repurchased the equity invested by Yuecai Company. The Company will pay to Yuecai Company in installments after receiving the funds allocated by the provincial finance, and provide full unconditional and irrevocable joint and several liability guarantee for the insurance fund infrastructure debt investment plan. The project has been approved by the provincial SASAC with the “reply on approving Guangdong Yuecai Investment Holding Co., Ltd. to increase capital and shares by RMB 15 billion to the Company’s affiliated enterprises” (Yue Guozi Han [2014] No. 397).

In 2016, Yuecai Company made a total investment of 15 RMB billion. According to the capital increase agreement signed between Yuecai Company and the Company, the profit distribution right of Yuecai Company to the above subsidiaries is enjoyed by the Company, that is, the Company enjoys 100% of the voting rights of the above subsidiaries.

3 Hong Kong-Zhuhai-Macao Bridge CB04 Bid Project of Changda Company

According to “The Reply on Capital Increase and Share eExpansion of Guangdong Changda Highway Engineering Co., Ltd.” (Yue Guozi Han [2018] No. 615) issued by The State Owned Assets Supervision and Administration Commission of the People’s Government of Guangdong Province”, and “The Notice on Clarifying the Relevant Assets and Liabilities of Hong Kong-Zhuhai-Macao CB04 Bid Not Included in the Scope of System Reform and Innovation” (Yue Jiaoji Cai [2018] No. 57) issued by Guangdong Provincial Communication Group Co, Limited, the relevant assets and external liabilities of Bid CB04 of Guangdong Changda Highway Engineering Co., Ltd. (now renamed Poly Changda Engineering Co., Ltd., hereinafter referred to as “Changda Company”) are not included in the scope of system reform and innovation, and the equity corresponding to the difference between assets and external liabilities is enjoyed by Guangdong Provincial Communication Group Co, Limited. After the base date, the relevant interests of Bid CB04 of Hong Kong-Zhuhai-Macao Bridge are fully enjoyed by the Group.

On 18 Aug 2018, Article 13 of the “Capital Increase Agreement on Guangdong Changda Highway Engineering Co., Ltd.” signed by Changda company, the Company, Poly International Holdings Co., Ltd.

and Poly Southern Group Co., Ltd. : Assets and external debts formed by the base date of the project of CB04 contract section of Hong Kong-Zhuhai-Macao Bridge undertaken by Changda Company (i.e. liabilities of units outside the scope of consolidated financial statements) are not included in the scope of this capital increase, the rights and interests corresponding to the assets and external debts of the project and the relevant rights and interests of the project after the base date are all enjoyed and assumed by the Group, and the contractual obligations of the project are still performed and assumed by the Changda Company. In August 2018, the Changda Company completed the capital increase and share expansion, and the Hong Kong-Zhuhai-Macao Bridge project was stripped off Changda Company and was incorporated into the Group. On 15 May 2018, according to "The Special Audit Report on Assets and Capital Verification of Guangdong Changda Highway Engineering Co., Ltd." (Ruihua Zhuanshen Zi [2018] No. 44070002) issued by RuiHua Certified Public Accountants (Special General Partnership), on the base date of 31 May 2017, the total net assets of Hong Kong-Zhuhai-Macao Bridge CB04 project were RMB 856,414,663.28.

On 22 April 2020, the Company and Poly Changda Engineering Co., Ltd. signed "The Agreement on the Post Work of the Contract Section of Bid CB04 of Hong Kong-Zhuha-Macao Bridge" (hereinafter referred to as the post work agreement). According to the post work agreement: "The new cost of Bid CB04 project after the original base date (including the actual taxes payable) shall be borne by Changda Company; the part of the amount actually paid by the owner of CB04 project exceeding RMB 856,414,663.28 shall be enjoyed by Changda Company; the part of the amount actually paid by the owner of CB04 project less than RMB 856,414,663.28 shall be supplemented by Changda Company with its net assets and paid to the Company. "According to the agreement, the Company has substantially transferred the risk of CB04 project, and the originally recognized net assets of the project shall be transferred to the Company in the reporting period and are presented in "Other receivables".

4 Transfer of property and right of highway of Ying (De) Fo (Gang) class I Highway in Qingyuan

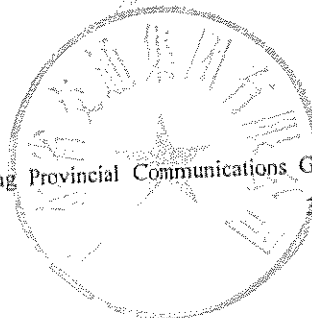
According to "The Notice on Promoting the Cancellation of Ordinary Highway Tolls" (Yue Jiaofei Han [2017] No. 2286) issued by The Department of transportation of Guangdong Province and The Development and Reform Commission of Guangdong Province, since 24:00 on 31 Dec 2017, the tolls of 10 ordinary highway projects, including the Shijiao toll station of Ying (De) Fo (Gang) Class I Highway under the name of Yueying, will be suspended and the toll stations set by them will be cancelled. The compensation scheme involved in the cancellation of toll stations is still under negotiation.

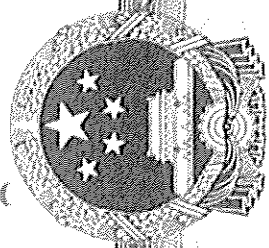
In order to ensure that the highway operation maintains a good technical condition and clarifies the management and maintenance responsibilities, after consultation with Qingyuan Transportation Bureau, the Company transfers the road property, road right and service facilities of Qingyuan Ying (De) Fo (Gang) Class I Highway to Yingde Highway Administration Bureau and Fogang Highway Administration Bureau respectively. The company's responsibilities for daily maintenance, special maintenance and management of Ying (De) Fo (Gang) Class I Highway in Qingyuan shall be terminated from 24:00 on 31 Dec 2017. Yingde Highway Administration Bureau and Fogang Highway Administration Bureau agree to take over the road property right of Qingyuan Ying (De) Fo (Gang) Class I Highway from 0:00 on 1 Jan 2018, and undertake the daily maintenance, special maintenance, management and other responsibilities of the section.

XIII. APPROVAL OF FINANCIAL STATEMENTS

The financial statement was approved by the Board of Directors of the Company.

Guangdong Provincial Communications Group Co., Ltd.
31 March 2021





营业执照

(副本)

统一社会信用代码

91310101568093764U

证照编号: 01000000202107140026

扫描二维码
即可查询
企业信息
了解更多
许可、监
管信息。



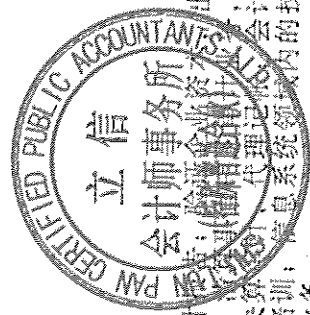
名称 立信会计师事务所(特殊普通合伙)

类型 特殊普通合伙企业

执行事务合伙人 朱建弟, 杨志国

经营范围

审查企业会计报表,出具审计报告;审核企业内部控制制度,出具审计报告;依法须经批准的项目,经相关部门批准后方可开展经营活动

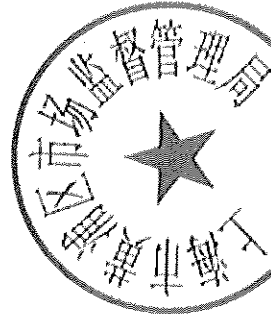


成立日期 2011年01月24日

合伙期限 2011年01月24日至不约定期限

主要经营场所 上海市黄浦区南京东路61号四楼

登记机关



2021年07月14日

证书序号: 0001247

说明

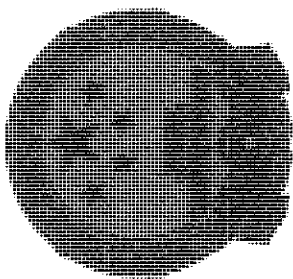
- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。



发证机关:

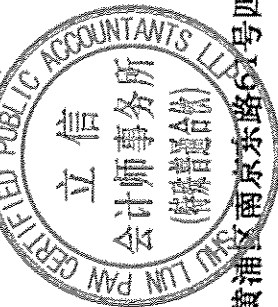
二〇一八年六月一日

中华人民共和国财政部制



会计师事务所 执业证书

名称: 立信会计师事务所(特殊普通合伙)



首席合伙人: 朱建弟

主任会计师:

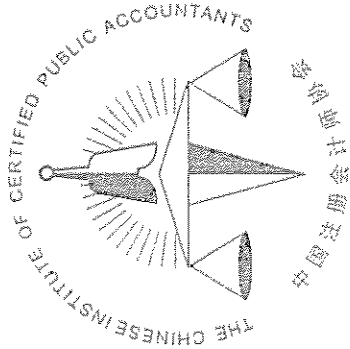
经营场所: 上海市黄浦区南京东路61号四楼

组织形式: 特殊普通合伙制

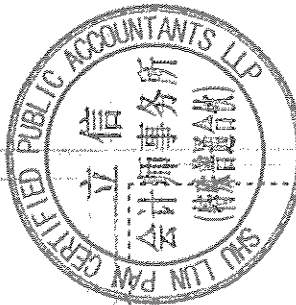
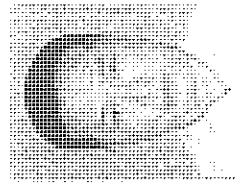
执业证书编号: 31000096

批准执业文号: 沪财会〔2000〕26号(转制批文 沪财会〔2010〕82号)

批准执业日期: 2000年6月13日(转制日期 2010年12月31日)



姓名	姜干
Full name	姜干
性别	男
Sex	男
出生日期	1977-02-01
Date of birth	1977-02-01
工作单位	立信会计师事务所
Working unit	立信会计师事务所
身份证号码	440502197702012017
Identity card No.	440502197702012017



姜干(110001540017), 已通过广东省注册会计师协会2020年任职资格检查。通过文号: 粤注协(2020)132号。



110001540017

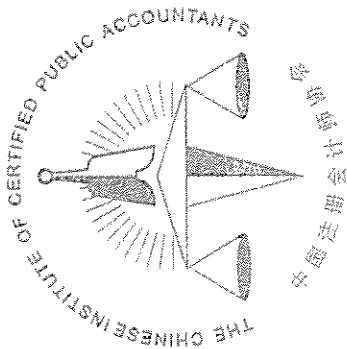
证书编号: 110001540017
No. of Certificate

批准注册协会: 广东省注册会计师协会
Authorized Institute of CPAs

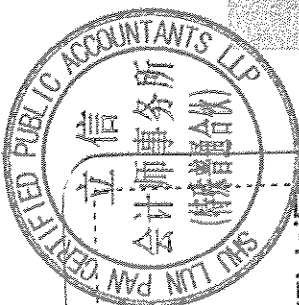
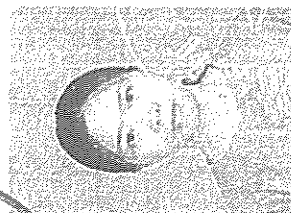
发证日期: 2021 年 12 月 11 日
Date of Issuance /y /m /d

年 月 日
/y /m /d

2020 年 9 月换发



姓名	晏宇颖
Sex	女
出生日期	1981-05-07
工作单位	立信会计师事务所(特殊普通合伙)
Working unit	广东分所
身份证号码	513624198105074886
Identity card No.	



晏宇颖(310000061516), 已通过广东省注册会计师协会2020年任职资格检查。通过文号: 粤注协(2020)132号。



310000061516

证书编号: 310000061516
No. of Certificate

批准注册协会: 广东省注册会计师协会
Authorized Institute of CPAs

发证日期: 2017 年 12 月 14 日
Date of Issuance /y /m /d

年 月 日
/y /m /d

**Guangdong Provincial Communications
Group Co., Ltd.
Auditor's Report and Consolidated
Financial Statements
For the Year Ended 31 December 2019**

Guangdong Provincial Communications Group Co., Ltd.

Auditors' Report and Consolidated Financial Statements
(For the Year Ended 31 December 2019)

	Contents	Page
I.	Auditors' Report	1-4
II.	Financial Statements	
	Consolidated Balance Sheet	1-2
	Consolidated Income Statement	3
	Consolidated Cash Flow Statement	4
	Consolidated Statement of Changes in Equity	5-6
III.	Notes to the Consolidated Financial Statements	1-163



立信会计师事务所(特殊普通合伙)
BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

Auditor's Report

Xin Kuai Shi Bao Zi [2020] No. ZC20038

TO GUANGDONG PROVINCIAL COMMUNICATIONS GROUP CO., LTD.

1. AUDIT OPINION

We have audited the financial statements of Guangdong Provincial Communications Group Co., Ltd. (the "Company" or the "GCGC") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of balance sheet as at 31 December 2019, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and the consolidated financial performance and the consolidated cash flows of the Group for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

2. BASIS FOR OPINION

We concluded our audit in accordance with China Standards on Auditing for Certified Public Accountants("CSAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the China Code of Ethics for Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management of the Group (the “management”) is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

4. AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, further events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit, we remain solely responsible for our audit opinion.

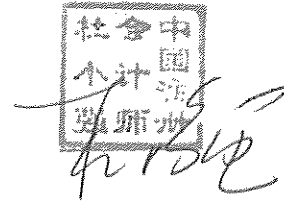
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(There is no text on this page)



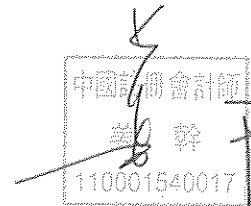
Certified Public Accountant of China

Du Xiaoqiang



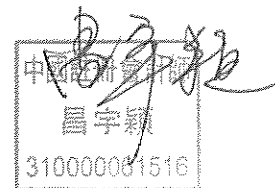
Certified Public Accountant of China

Jiang Gan



Certified Public Accountant of China

Chang Yuying



Shanghai, China

29 April 2020

Guangdong Provincial Communications Group Co., Ltd.

Consolidated Statement of Financial Position as at 31 December 2019

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note VIII	Closing balance	Opening balance
Assets			
Current Assets			
Monetary funds	1	23,689,445,074.33	28,075,281,015.31
Financial assets at fair value through profit or loss	2	300,116,541.99	50,000,000.00
Notes receivable	3	49,359,744.33	6,416,672.08
Accounts receivable	4	1,400,247,518.74	1,424,374,829.39
Prepayments	5	2,478,373,660.39	3,205,346,004.51
Other receivables	6	2,004,676,600.71	2,643,677,930.47
Including: Dividend receivables			
△Financial assets held under resale agreements	7		8,900,000.00
Inventories	8	7,699,796,036.78	2,486,956,464.53
Including: Raw materials		199,636,977.70	122,874,089.06
Merchandised inventories (Finished goods)		293,584,478.50	144,111,746.13
☆Contract assets			
Non-current assets due within one year	9	1,321,299.96	2,748,308.80
Other current assets	10	421,974,222.54	410,726,263.66
Total current assets		38,045,310,699.77	38,314,427,488.75
Non-current assets			
△Loans and advances	11	55,575,000.00	59,000,000.00
Available-for-sale financial assets	12	3,677,790,001.56	2,988,736,018.32
Long-term receivables	13	462,874,292.10	518,762,781.01
Long-term equity investments	14	6,797,140,210.75	8,994,839,537.15
☆Other equity instrument investments	15	1,091,698,351.26	921,740,881.02
Investment properties	16	1,292,508,134.85	1,349,057,097.85
Fixed assets	17	250,167,970,666.78	243,615,925,709.88
Including: Original costs of fixed assets			
Accumulated depreciation			
Provision for impairment			
Construction in progress	18	77,652,199,469.67	58,858,876,837.13
☆Right-of-use assets	19	723,954,382.18	794,169,729.81
Intangible assets	20	31,927,099,756.11	31,618,964,010.96
Research and development costs	21	26,915,965.66	9,239,790.19
Goodwill	22	418,291,644.26	412,252,064.54
Long-term deferred expenses	23	533,414,757.53	520,685,892.18
Deferred tax assets	24	1,872,732,438.11	1,893,068,363.43
Other non-current assets	25	9,830,780,492.68	7,040,574,712.09
Total non-current assets		386,530,945,563.50	359,595,893,425.56
Total assets		424,576,256,263.27	397,910,320,914.31

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative:

XP + 16

The person in charge of accounting affairs:

[Handwritten signature]

The head of the accounting department:

[Handwritten signature]

Guangdong Provincial Communications Group Co., Ltd.

Consolidated Statement of Financial Position as at 31 December 2019 (continued)

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note VIII	Closing balance	Opening balance
Current liabilities			
Short-term loans	26	314,051,323.41	89,800,000.00
Notes payable	27	713,262,399.91	294,607,350.47
Accounts payable	28	12,489,417,221.26	9,470,599,168.16
Advances from customers	29	1,313,086,179.43	789,413,758.47
☆Contract liabilities	30	32,537,054.87	40,902,609.70
△Deposits from customers and interbank	31	173,680,108.11	1,013,165,589.65
Employee benefits payable	32	610,336,216.27	527,955,032.29
Including: Accrued payroll		320,523,012.02	296,125,964.40
Welfare payables		3,899,677.52	3,411,309.04
#Including: Staff bonus and reserve funds		3,804,440.96	3,303,850.96
Taxes and surcharges payable	33	910,586,020.27	1,178,432,111.35
Including: Taxes payable		887,656,618.06	1,168,762,355.15
Other payables	34	12,427,980,318.45	12,362,407,800.38
Including: Dividend payables			
Non-current liabilities due within one year	35	8,667,694,665.67	9,592,183,891.25
Other current liabilities	36	1,925,044.09	589,148.40
Total current liabilities		37,654,556,551.74	35,360,056,460.12
Non-current liabilities			
Long-term loans	37	217,078,938,288.66	211,674,400,397.91
Bonds payable	38	32,076,286,526.30	29,236,339,628.81
☆Lease liabilities	39	677,564,824.11	704,763,093.97
Long-term payables	40	1,144,392,665.95	816,753,029.75
Long-term employee benefits payable	41	190,277,350.01	197,694,848.94
Provision	42	125,594.00	561,440.61
Deferred income	43	1,468,773,077.26	1,499,688,818.15
Deferred tax liabilities	24	1,341,927,657.74	1,121,694,664.23
Other non-current liabilities	44	7,929,871,891.96	515,228,019.19
Total non-current liabilities		261,908,157,875.99	245,767,123,941.56
Total liabilities		299,562,714,427.73	281,127,180,401.68
Equity			
Paid-in capital	45	26,800,000,000.00	26,800,000,000.00
Capital reserves	46	43,789,692,166.71	40,729,955,483.99
Other comprehensive income		1,572,565,669.83	1,097,848,687.10
Including: Foreign currency translation differences		-52,093,826.58	-58,082,127.07
Specific reserves	47	68,717,068.84	80,636,594.22
Surplus reserves	48	2,850,554,756.28	2,608,544,955.62
Including: Statutory surplus reserves		2,411,271,751.46	2,169,261,950.80
Discretionary surplus reserves		439,283,004.82	439,283,004.82
△General Risk Reserves	49	326,144,252.03	326,144,252.03
Undistributed profit	50	19,494,586,223.77	17,966,319,651.69
Total equity attributed to parent company		94,902,260,137.46	89,609,449,624.65
Total equity attributed to non-controlling interests shareholders ("NCI")		30,111,281,698.08	27,173,690,887.98
Total equity		125,013,541,835.54	116,783,140,512.63
Total liabilities and equity		424,576,256,263.27	397,910,320,914.31

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative:

XP + 16

The person in charge of accounting affairs:

刘

The head of the accounting department:

304


Guangdong Provincial Communications Group Co., Ltd.


Consolidated Statement of Comprehensive Income for the year ended at 31 December 2019


(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Note VIII	2019	2018
I. Total income		49,112,329,630.94	47,036,528,396.52
Including: Operation income	51	48,807,093,713.27	46,812,465,183.90
△ Interest income	52	305,235,917.67	224,063,212.62
II. Total cost		43,189,047,205.35	40,571,217,999.37
Including: Operation cost	51	30,791,508,255.16	29,181,898,746.00
△ Interest expense	52	17,431,173.27	99,033,594.20
Charges and commissions expense		330,771,891.12	305,819,622.09
Selling and distribution expense		188,797,817.52	151,144,550.79
General and administrative expense		2,814,458,740.13	2,646,139,860.24
Research and development expense		202,908,888.13	275,458,836.26
Financial expense	53	8,843,170,440.02	7,911,722,789.79
Including: Interest expense		8,890,928,891.49	7,840,175,865.53
Interest income		159,426,601.72	240,466,934.99
Loss on exchange ("-" for gain)		41,140,960.97	138,513,197.18
Add: Other income	54	367,884,215.54	299,383,124.09
Investment income ("-" for loss)	55	1,099,167,728.57	2,043,488,084.03
Including: Income from investments in associates and joint ventures		811,481,598.81	1,020,518,676.37
☆ Impairment loss of credit ("-" for loss)	56	-12,882,937.57	-19,856,308.29
Impairment loss of assets ("-" for loss)	57	-97,990,169.55	-80,396,189.03
Gains or losses on disposal of assets ("-" for loss)	58	235,042,043.07	460,536,453.23
III. Operating profit		7,514,503,305.65	9,168,465,561.18
Add: Non-operating income	59	176,615,778.53	270,855,273.76
Including: Government grants		36,675,646.49	19,258,677.28
Less: Non-operating expense	60	151,475,197.49	154,417,765.24
IV. Profit before tax		7,539,643,886.69	9,284,903,069.70
Less: Income tax expense	61	2,285,515,557.80	2,485,089,829.47
V. Net profit for the year		5,254,128,328.89	6,799,813,240.23
1. Classified by ownership:			
Net profit attributed to parent company		2,688,046,372.74	3,993,463,121.61
Net profit attributed to NCI		2,566,081,956.15	2,806,350,118.62
2. Classified by continuity of operation:			
Net profit from continuing operation		5,254,128,328.89	6,799,813,240.23
Net profit from discontinued operation			
VI. Other comprehensive income after tax		543,064,100.18	-226,267,710.55
Other comprehensive income after tax attributed to parent company	62	474,716,982.73	-194,199,452.70
1. Items that will not be reclassified to profit or loss:			
a. Remeasurement of defined benefit plan		63,445,952.29	1,229,195.54
☆ b. Changes in fair value of other equity instrument investments		653,328.44	1,148,137.79
☆ b. Changes in fair value of other equity instrument investments		62,792,623.85	81,057.75
2. Items that will be reclassified to profit or loss:			
a. Other comprehensive income that can be transferred into profit or loss under equity method		411,271,030.44	-195,428,648.24
b. Changes in fair value of available-for-sale financial assets		2,675,391.61	-9,771,624.48
c. Foreign currency translation differences		402,607,338.34	-259,712,660.02
e. Foreign currency translation differences		5,988,300.49	74,055,636.26
Other comprehensive income after tax attributed to NCI		68,347,117.45	-32,068,257.85
VII. Total comprehensive income for the year		5,797,192,429.07	6,573,545,529.68
Total comprehensive income attributed to parent company		3,162,763,355.47	3,799,263,668.91
Total comprehensive income attributed to NCI		2,634,429,073.60	2,774,281,860.77

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative: 

The person in charge of accounting affairs: 

The head of the accounting department: 

Guangdong Provincial Communications Group Co., Ltd.

Consolidated Statement of Cash Flow for the year ended 31 December 2019

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Note VIII	2019	2018
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		50,590,259,413.31	50,282,921,242.45
△Net increase of client deposit and bank deposit		-839,485,481.54	298,930,706.93
△Cash received from interest, charges and commission		307,019,836.06	198,930,794.24
△Net increase of repurchase business		8,900,000.00	-8,900,000.00
Cash received from tax refund		1,832,761.62	3,973,154.60
Other cash received relating to operating activities		4,838,593,137.87	2,989,059,487.77
Sub-total of cash inflows from operating activities		54,907,119,667.32	53,764,915,385.99
Cash paid for goods and services		13,692,501,240.73	15,583,811,710.52
△Net increase in loans and advances to customers		-2,000,000.00	59,000,000.00
△Net increase in deposit in central bank and other financial institutions		-219,927,871.91	523,991,736.69
△Cash paid for interest, charges and commission		18,063,911.21	194,133,320.20
Cash paid to and on behalf of employees		6,889,275,463.75	6,439,213,874.61
Cash paid for all types of taxes		4,217,315,159.41	4,697,800,067.74
Other cash paid relating to operating activities		3,089,349,972.16	1,786,962,684.26
Sub-total of cash outflows from operating activities		27,684,577,875.35	29,284,913,394.02
Net cash flows from operating activities		27,222,541,791.97	24,480,001,991.97
II. Cash flows from investing activities			
Cash received from sale of investment		1,392,971,780.80	284,097,705.71
Cash received from return on investments		1,280,977,947.39	774,127,883.95
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		292,607,294.05	698,108,489.44
Net cash received from disposal of subsidiaries and other business units		-2,546,473.47	-4,943,516,534.93
Other cash received relating to investing activities		1,441,906,905.26	8,504,916,374.70
Sub-total of cash inflows from investing activities		4,405,917,454.03	5,317,733,918.87
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		29,707,251,442.39	31,384,944,833.44
Cash paid for acquisition of investments		1,873,143,875.25	395,790,229.32
Net Cash paid for acquisitions of subsidiaries and other business units		-150,733,220.39	-2,488,617,339.40
Other cash paid relating to investing activities		450,671,205.84	6,790,630,708.51
Sub-total of cash outflows from investing activities		31,880,333,303.09	36,082,748,431.87
Net cash flows from investing activities		-27,474,415,849.06	-30,765,014,513.00
III. Cash flows from financing activities			
Cash received from capital contributions		3,465,036,285.40	5,710,308,805.02
Including: Cash received by subsidiaries from capital contributions of NCI		349,771,285.40	2,117,990,000.00
Cash received from borrowings		31,157,785,143.31	38,564,785,440.44
Other cash received relating to financing activities		385,810,003.00	79,401,498.80
Sub-total of cash inflows from financing activities		35,008,631,431.71	44,354,495,744.26
Cash repayments of borrowings		22,318,350,433.94	14,125,825,240.05
Cash paid for distribution of dividends, profits and interests		15,145,010,023.51	14,668,442,569.56
Including: Cash paid to NCI for distribution of dividends or profits by subsidiaries		2,582,893,550.12	2,758,281,238.30
Other cash paid relating to financing activities		1,453,841,065.06	1,409,882,202.00
Sub-total of cash outflows from financing activities		38,917,201,522.51	30,204,150,011.61
Net cash flows from financing activities		-3,908,570,090.80	14,150,345,732.65
IV. Effect on changes in exchange rate on cash and cash equivalents			
		12,103,194.24	60,159,303.25
V. Net increase/decrease in cash and cash equivalents			
		-4,148,340,953.65	7,925,492,514.87
Add: Cash and cash equivalents at the beginning of the year		26,454,146,981.70	18,528,654,466.83
VI. Cash and cash equivalents at the end of the year			
		22,305,806,028.05	26,454,146,981.70

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative:

XP + 16

The person in charge of accounting affairs:

[Signature]

The head of the accounting department:


[Signature]

Guangdong Provincial Communications Group Co., Ltd.

Consolidated Statement of Changes in Equity for the year ended 31 December 2019
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Equity attributable to the Group											Total equity	
	Paid-in capital	Preference shares	Other equity instruments Perpetual debt others	Capital reserves	Less: stock shares	Other comprehensive income	Specific reserves	Surplus reserves	ΔGeneral risk reserves	Undistributed profit	Subtotal		NCI
I. Closing balance for the previous year	26,800,000,000.00			40,729,955,483.99		1,092,757,666.13	80,636,594.22	2,608,544,955.62	326,144,252.03	17,971,206,574.73	89,609,225,526.72	27,173,467,890.73	116,782,693,417.45
Add: Changes in accounting policies						5,111,020.97				-4,886,923.04	224,097.93	222,997.25	447,095.18
II. Opening balance for this year	26,800,000,000.00			40,729,955,483.99		1,097,848,687.10	80,636,594.22	2,608,544,955.62	326,144,252.03	17,966,319,651.69	89,609,449,624.65	27,173,690,887.98	116,783,140,512.63
III. Changes in equity during the year ("+" for decrease)				3,059,736,682.72		474,716,982.73	-11,919,525.38	242,009,800.66		1,528,266,572.08	5,292,810,512.81	2,937,590,810.10	8,230,401,322.91
1. Total comprehensive income						474,716,982.73				2,688,046,372.74	3,162,763,355.47	-2,634,429,073.60	5,797,192,429.07
2. Capital injection and reduction by owners				3,059,736,682.72							3,059,736,682.72	2,789,140,312.46	5,848,876,995.18
a. Ordinary shares invested by owners				1,057,000,000.00							1,057,000,000.00	337,460,026.51	1,394,460,026.51
b. Capital contribution by holders of other equity instruments													
c. Share-based payment included in owners' equity													
d. Others													
3. Specific reserves				2,002,736,682.72							2,002,736,682.72	2,451,680,285.95	4,454,416,968.67
a. Withdrawal for the period							-11,919,525.38				-11,919,525.38	-5,391,309.50	-17,310,834.88
b. Utilization for the period							55,232,989.74				55,232,989.74	29,504,023.51	84,737,013.25
4. Profit distribution							67,152,515.12				67,152,515.12	34,895,333.01	102,047,848.13
a. Withdrawal of surplus reserves								242,009,800.66			-1,159,779,800.66		
Including: Statutory surplus reserves								242,009,800.66			-242,009,800.66		
Discretionary surplus reserves								242,009,800.66					
Δb. Withdrawal of general risk reserves													
c. Distribution to owners (or shareholders)													
d. Others													
4. Internal transfer of owner's equity													
IV. Closing balance for this year	26,800,000,000.00			43,789,692,166.71		1,572,565,669.83	68,717,068.84	2,850,554,756.28	326,144,252.03	19,494,586,223.77	94,902,260,137.46	30,111,281,698.08	125,013,541,835.54

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative: 

The person in charge of accounting affairs: 

The head of the accounting department: 

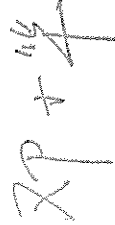
Guangdong Provincial Communications Group Co., Ltd.

Consolidated Statement of Changes in Shareholders' equity for the year ended at 31 December 2018

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Equity attributable to the Group										Subtotal	NCI	Total equity
	Share capital	Preference shares	Other equity instruments	Capital reserves	Less: stock shares	Other comprehensive income	Specific reserves	Surplus reserves	ΔGeneral risk reserves	Undistributed profit			
I. Closing balance for the previous year	26,800,000,000.00			37,057,241,100.64		875,921,277.73	190,290,619.80	2,368,917,382.81	196,509,652.03	15,042,223,349.15	82,525,105,382.16	25,998,416,602.47	108,523,521,984.63
Add: Changes in accounting policies:													
Others				8,260,743.95		-13,701.59				-17,883,059.35	-17,898,760.94	-5,564,363.81	-23,463,124.75
II. Opening balance for this year	26,800,000,000.00			37,065,501,844.59		411,029,542.69	190,290,619.80	2,368,917,382.81	190,509,652.03	49,145,336.13	468,435,622.77	25,992,852,238.66	468,435,622.77
III. Changes in equity during the year ("-" for decrease)				3,664,453,639.40		-194,199,452.70	-109,654,025.58	239,627,572.81	135,634,600.00	15,073,685,625.93	82,975,642,243.99	1,180,615,652.07	108,968,494,482.65
1. Total comprehensive income										2,897,720,948.80	6,633,583,282.73	1,180,615,652.07	7,814,198,934.80
2. Capital injection and reduction by owners				3,664,453,639.40		-194,199,452.70				3,993,463,121.61	3,799,263,668.91	2,774,281,860.77	6,373,543,529.68
a. Ordinary shares invested by owners							-88,661,385.12				3,575,792,254.28	1,204,553,241.47	4,780,345,495.75
b. Capital contribution by holders of other equity instruments				1,057,000,000.00							1,057,000,000.00	269,021,112.46	1,326,021,112.46
c. Share-based payment included in owners' equity													
d. Others				2,607,453,639.40									
3. Specific reserves													
a. Withdrawal for the period							-88,661,385.12						
b. Utilization for the period							-20,992,640.46						
4. Profit distribution							195,148,777.42						
a. Withdrawal of surplus reserves including: Statutory surplus reserves							216,141,417.88						
b. Discretionary surplus reserves													
Δb. Withdrawal of general risk reserves													
c. Distribution to owners (or shareholders)													
d. Others													
4. Internal transfer of owner's equity													
IV. Closing balance for this year	26,800,000,000.00			40,729,955,483.99		1,092,737,666.13	80,636,594.23	2,608,544,955.62	326,144,252.03	17,971,206,574.73	89,609,225,526.72	27,173,467,896.73	116,782,693,417.45

The accompanying notes to the financial statements form an integral part of the financial statements.

Company representative: 

The person in charge of accounting affairs: 

The head of the accounting department: 

Guangdong Provincial Communications Group Co., Ltd.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

(Unless otherwise stated, all amounts are denominated Renminbi Yuan)

1. BASIC INFORMATION ABOUT THE COMPANY

1 History, place of registration, form of organization and address of headquarters of the Company

Guangdong Provincial Communications Group Co., Ltd. (the "Company"), is comprised of 126 state-owned enterprises, under the approval of the Communist Party of China (the "CPC") Guangdong Provincial Committee Municipality and People's Government of Guangdong Province Municipality Yue Ban Fa [2000] No.9 "Overall Plan for Asset Restructuring of State-Owned Enterprises in Guangdong Province". It was established on 23 June 2020, and its enterprise unified social credit code is 91440000723838552J. The registered capital of the Company was RMB 26,800,000,000.00 and the registered office of the Company is Room 605, No. 83 & 85 Baiyun Road, Yuexiu District, Guangzhou, Guangdong Province. The legal representative of the Company is Mr. Deng Xiaohua.

The company sets up the Committee of the Communist Party of China Guangdong Provincial Communications Group Co., Ltd. (hereinafter referred to as the "Party committee"), which is composed of nine Party Committee members, including 1 party secretary, 3 deputy party secretaries and 1 (concurrently) secretary of the Discipline Inspection Commission. The Party committee plays the role of leadership core and political core, and pre studies and discusses major issues of the company. The board of directors is the decision-making body of the company, and the company implements the general manager responsibility system under the leadership of the board of directors. The board is composed of 5 directors, with 1 chairman. The company has 1 general manager and 4 deputy general managers.

2 Business nature and principal business activities of the Company

The principal business of the Company mainly include: the management of shares, reorganization of assets and optimal allocation, raising capital through mortgage, property right transfer, joint-stock reformation etc., investment and operation, transportation infrastructures construction, highway project operation and related industries, technology development, application, consultation and service, highway passenger and freight transportation and modern logistics business, overseas related business, value added telecommunications services.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are mainly engaged in highway construction and operation, highway transportation, material sales, engineering technology, highway service area operation and others.

3 Approval of financial statements

The financial statements were approved by the Board of Directors of the Company.

II. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis.

The financial statements of the Group have been prepared in accordance with Accounting Standard for Business Enterprises – Basic Principles and corresponding application guidance, interpretation and other related provisions issued by Ministry of Finance of the PRC (collectively, “Accounting Standard for Business Enterprises”).

III. STATEMENTS OF COMPLIANCE

The financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by Ministry of Finance ((hereinafter referred to as “MOF”) of the PRC and present truly and completely the consolidated finance position of the Group as at 31 Dec 2019, and the consolidated financial performance and the consolidated cash flows of the Group for the year then ended.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The MOF issued the revised Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standard for Business Enterprises No. 24 - Hedge Accounting and Accounting Standard for Business Enterprises No. 37 - Presentation of Financial Instruments (revised in 2017) (hereinafter referred to as “the New Financial Instrument Standard”). According to the New Financial Instrument Standard, enterprises listed at domestic and abroad and enterprises listed abroad preparing financial reports by using international financial reporting standards or Accounting Standard for Business Enterprises shall be implemented as of 1 Jan 2018. Other domestic listed enterprises shall be implemented as of 1 Jan 2019. Non listed enterprises implement the Accounting Standard for Business Enterprises shall be implemented as of 1 Jan 2021. At the same time, enterprises are encouraged to implement in advance.

In 2017, The MOF promulgated the revised Accounting Standard for Business Enterprises No. 14 - Revenue (hereinafter referred to as “the New Revenue Standard”). According to the New Revenue Standard, enterprises listed at domestic and abroad and enterprises listed abroad preparing financial statements by using international financial reporting standards or Accounting Standard for Business Enterprises shall be implemented as of 1 Jan 2018. Other domestic listed enterprises shall be implemented as of 1 Jan 2020. Non listed enterprises that implement the Accounting Standard for Business Enterprises shall go into effect as of January 1 Jan 2021. At the same time, enterprises are allowed to execute in advance.

In 2018, The MOF promulgated the revised Accounting Standard for Business Enterprises No. 21 - Lease (hereinafter referred to as “the New Lease Standard”). According to the New Lease Standard, enterprises listed at domestic and abroad and enterprises listed abroad preparing financial statements by using international financial reporting standards or Accounting Standard for Business Enterprises shall be implemented as of 1 Jan 2019. Other domestic listed enterprises shall be implemented as of 1 Jan 2021. An enterprise whose parent

company or subsidiary is listed abroad and prepares its overseas financial statements in accordance with international financial reporting standards or Accounting Standard for Business Enterprises may implement standard in advance, but shall not be earlier than the date when it implements the new financial instrument standards and the new income standards at the same time.

According to “The Notice on Revising and Issuing the Accounting Standards for Business Enterprises No. 14 – Revenue” issued by the MOF and other relevant regulations, if the parent company implements the new standard but the subsidiary has not yet implemented the new standard, the parent company shall adjust the financial statements of the subsidiary in accordance with the provisions of the new standard when preparing the consolidated financial statements. If the parent company has not implemented the new standard but the subsidiary has implemented the new standard, when preparing the consolidated financial statements, the parent company can adjust and consolidate the financial statements of the subsidiary according to the accounting policies of the parent company, or directly consolidate the financial statements prepared by the subsidiary according to the new standard. If the parent company directly consolidates the financial statements prepared by the subsidiary according to the new standard, this fact shall be disclosed in the consolidated financial statements, and the accounting policies and other relevant information of the parent company and subsidiaries shall be disclosed respectively. The implementation of the new standards by the company and its subsidiaries within the consolidation scope is as follows:

Name	The New Financial Instrument Standard	The New Revenue Standard	The New Lease Standard
Guangdong Provincial Communications Group Co., Ltd. (Parent company)	Not yet implemented	Not yet implemented	Not yet implemented
Guangdong Yueyun Transportation Company Limited	Implemented from 1 Jan 2018	Implemented from 1 Jan 2018	Implemented from 1 Jan 2019
Guangdong Provincial Expressway Development Co., Ltd.	Implemented from 1 Jan 2019	Not yet implemented	Not yet implemented
Other entities	Not yet implemented	Not yet implemented	Not yet implemented

While preparing the consolidated financial statements, the company will directly consolidate the financial statements prepared by its subsidiaries in accordance with the relevant new accounting standards.

1 Accounting period

The accounting year of the Group is from 1 Jan to 31 Dec in a calendar year.

2. Functional currency

The Company choose Renminbi (“RMB”) as their functional currency.

RMB is the currency of the primary economic environment in which the Company and its domestic subsidiaries, joint ventures and associates operate. The Company adopts RMB to present its financial statements.

3. Basis of measurement and valuation principles

The accounting is based on the accrual basis and it has been prepared under the historical cost except for certain pricing basis.

4 Business combinations

Business combinations involve entities under common control and not under common control.

Business combination under the common control is a business combination in which the enterprises participating in the combination are ultimately controlled by the same party or the same parties before and after the combination, and the control is not temporary.

The assets and liabilities acquired by the acquirer through business combination shall be measured at the carrying value of the assets and liabilities of the acquiree in the financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

The directly related expenses incurred for business combination shall be included in the current profit and loss when incurred.

Business combination not under the common control is a business in which the enterprises participating in the combination are not ultimately controlled by the same party or the same parties before and after the combination.

The cost of business combination refers to the fair value of assets paid, liabilities incurred or bore and equity instruments issued by the acquirer to obtain the control of the acquiree. The intermediary expenses such as audit, legal services, appraisal, consultation and other relevant management expenses incurred by the acquirer for business combination shall be included in the current profit or loss when incurred. If the business combination not under the common control is realized step by step through multiple transactions, the combination cost is the sum of the consideration paid on the acquisition date and the fair value of the equity of the acquiree held before the acquisition date on the acquisition date. The equity of the acquiree held before the acquisition date shall be re measured according to the fair value on the acquisition 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 acquiree held before the acquisition date involves other comprehensive income, the relevant other comprehensive income shall be transferred to the current investment income on the acquisition date.

The identifiable assets, liabilities and contingent liabilities of the acquiree obtained by the acquirer in the business combination that meet the recognition conditions shall be measured at fair value on the acquisition date. The difference between the combination cost and the fair value of the identifiable net assets of the acquiree obtained in the combination shall be recognized as an asset as goodwill and initially measured at cost. If the cost is less than the fair value of the identifiable net assets of the acquiree obtained in business

combination, the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree obtained and the measurement of the cost shall be reviewed first. If the cost is still less than the fair value of the identifiable net assets of the acquiree obtained, it shall be included in the current profit or loss.

The goodwill formed by business combination shall be separately presented in the consolidated financial statements and measured according to the cost after deducting the accumulated impairment provision.

Goodwill shall be tested for impairment at least at the end of each year.

The impairment test of goodwill shall be conducted in combination with its related asset unit or combination of asset units. That is, from the acquisition date, the book value of goodwill shall be allocated to the asset unit or combination of asset units that can benefit from the synergy of business combination in a reasonable way. If the recoverable amount of the asset unit or combination of asset units containing the allocated goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss shall first offset the book value of goodwill allocated to the asset unit or asset units' combination, and then offset the book value of other assets in proportion according to the proportion of the book value of other assets other than goodwill in the asset unit or asset units' combination.

The recoverable amount is the higher of the net amount of the fair value of the asset deducting the disposal expenses and the present value of the expected future cash flows of the asset. The fair value of the asset is determined according to the price of sales agreement in fair transaction. If there is no sales agreement but there is an active asset market, the fair value shall be determined according to the buyer's bid of the asset. If there is no sales agreement and an active asset market, the fair value of the asset is estimated based on the best available information. Disposal expenses include legal expenses related to the disposal of the asset, relevant taxes, handling expenses and direct expenses incurred to make the assets available for sale. The present value of the expected future cash flows of an asset is determined by selecting an appropriate discount rate according to the expected future cash flows generated during the continuous use and final disposal of the asset.

The impairment loss of goodwill shall be included in the current profit and loss when it occurs, and shall not be reversed in subsequent accounting periods.

5 Preparation of consolidated financial statements

The scope of consolidated financial statements is based on control. The Company controls an entity when has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. While judging whether the Company has the right to the investee, the Company only considers the substantive rights related to the investee (including the substantive rights enjoyed by the Company itself and other parties).

For subsidiaries disposed of by the Company, the operating results and cash flows before the disposal date (the date of loss of control) have been properly included in the consolidated statement of profit or loss and consolidated statement of cash flows.

For subsidiaries obtained through business combination not under the common control, their operating results and cash flows since the acquisition date (the date of obtaining control) have been properly included in the

consolidated statement of profit or loss and consolidated statement of cash flows, and the opening amount and comparison of the consolidated financial statements are not adjusted.

For subsidiaries acquired through business combination under the common control, whether the business combination occurs at any time point in the reporting period, it is deemed that subsidiaries are included in the consolidation scope of the Company from the date when they are controlled by the final controller, and their operating results and cash flows since the beginning of the earliest period of the reporting period have been properly included in the consolidated statement of profit or loss and consolidated statement of cash flows.

The main accounting policies and accounting periods adopted by subsidiaries are determined in accordance with the accounting policies and accounting periods uniformly stipulated by the Company. The accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the company. When preparing the consolidated financial statements, the Company has made necessary adjustments to the financial statements of the subsidiaries according to the accounting policies or accounting periods of the company.

All significant transaction balances, transactions and unrealized profits between the Company and subsidiaries and between subsidiaries shall be offset at the time of business combination.

The shares in the owner's equity of subsidiaries that do not belong to the parent company are listed as NCI under the item of shareholders' equity in the consolidated statement of financial position as "NCI". The shares attributed to NCI in the current net profit or loss of subsidiaries are listed as "NCI" under the net profit item in the consolidated statement of profit or loss.

The loss of a subsidiary shared by NCI exceeds the share of NCI in the owner's equity of the subsidiary at the beginning of the period, and the balance is still offset against the reduced shareholder's equity.

For the transaction of purchasing NCI of a subsidiary or disposing part of equity investment without losing control over the subsidiary, it shall be accounted as an equity transaction, and the book value of owner's equity and NCI attributable to the parent company shall be adjusted to reflect the changes of relevant rights and interests in the subsidiary. The capital reserve shall be adjusted according to the difference between the adjustment amount of NCI and the fair value of the consideration paid or received. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

If the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be remeasured according to its fair value on the date of loss of control. The difference, between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the share of the net assets of the original company continuously calculated from the purchase date calculated according to the original shareholding ratio, shall be included in the investment income of the current period when the control right is lost. Other comprehensive income related to the equity investment of the original subsidiary is transferred to the current investment income when the control right is lost.

6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, short-term and highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

7 Foreign currency transactions and translation of financial statements denominated in foreign currencies

When the Company receives the capital invested by investors in foreign currency, the foreign currency transactions shall be converted into RMB at the spot exchange rate of the current day, and other foreign currency transactions shall be converted into RMB at the spot exchange rate on the transaction date at the initial recognition.

The spot exchange rate refers to the RMB foreign exchange rate published by the People's Bank of China, the foreign exchange rate published by the State Administration of Foreign Exchange or the exchange rate calculated according to the published foreign exchange rate.

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on that date. Except for the exchange difference of the principal and interest of the special loan related to the acquisition and construction of assets eligible for capitalization, other exchange differences are included in the current profit or loss. Foreign currency non-monetary items measured at historical costs shall still be translated at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date when the fair value is determined. The resulting exchange differences, which belongs to the foreign currency non-monetary items of available for sale financial assets, are included in other comprehensive income. Other differences are included in current profit or loss.

When the financial statements of overseas operations are translated, assets and liabilities in the statement of financial position are translated at the spot exchange rate on the balance sheet date. Except for the undistributed profit item, other items of shareholders' equity are translated at the spot exchange rate at the time of occurrence. The income and expense items in the statement of profit or loss are translated at the spot exchange rate on the transaction date. The translation differences of foreign currency financial statements generated according to the above translation are listed in other comprehensive income under shareholders' equity in the statement of financial position. When disposing of overseas operations, the translation difference of relevant foreign currency financial statements shall be transferred from shareholders' equity to the current profit or loss of disposal.

8 Financial instruments

Financial instruments of the Company conclude financial assets, financial liabilities and equity instruments.

Entities that have not yet implemented the New Financial Instrument Standard

(1) Classification of financial instruments

Financial assets and financial liabilities are divided into different categories according to the purpose of obtaining assets or assuming liabilities at initial recognition: financial assets and financial

liabilities measured at fair value and whose changes are included in current profit or loss, loans and accounts receivables, available for sale financial assets and other financial liabilities

(2) Recognition and measurement of financial instruments

(a) Financial assets (financial liabilities) measured at fair value through profit or loss

At initial recognition, financial assets and financial liabilities are measured at fair value. For financial assets or financial liabilities measured at fair value and whose changes are included in the current profit or loss, the relevant transaction costs are directly included in the current profit or loss. For other types of financial assets or financial liabilities, relevant transaction costs are included in the initially recognized amount.

The subsequent measurement of financial assets and financial liabilities is as follows:

Financial assets, financial liabilities and derivatives held by the Company for sale or repurchase in the near future, belong to financial assets and financial liabilities (including trading financial assets or financial liabilities) measured at fair value and whose changes are included in the current profit or loss.

After initial recognition, financial assets and financial liabilities measured at fair value with changes included in the current profit or loss shall be measured at fair value, and gains or losses arising from changes in fair value shall be included in the current profit or loss.

(b) Accounts receivable

Receivables refer to non-derivative financial assets with no quotation in an active market and fixed or determinable recovery amount.

After initial recognition, receivables are measured at amortized cost at the effective interest rate.

(c) Available for sale financial assets

The Group classifies non-derivative financial assets designated as available for sale at initial recognition and financial assets not classified into other categories as available for sale financial assets. The available for sale equity instrument investment whose fair value cannot be reliably measured shall be measured at cost after initial recognition, other available for sale financial assets are measured at fair value after initial recognition. Gains or losses arising from changes in fair value are included in other comprehensive income, except for impairment losses and exchange differences formed by foreign currency monetary financial assets, which are included in the current profit or loss. When available for sale financial assets are derecognized, they are transferred out and included in the current profit or loss. The cash dividends of available for sale equity instrument investments shall be included in the current

profit or loss when the investee declares the distribution of dividends. The interest of available for sale financial assets calculated at the effective interest rate shall be included in the current profit or loss.

(d) Other financial liabilities

Other financial liabilities refer to financial liabilities other than those measured at fair value through profit or loss. After initial recognition, other financial liabilities are measured at amortized cost using the effective interest rate.

(3) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the statement of financial position without offsetting each other. However, if the following conditions are met at the same time, the net amount after mutual offset shall be listed in the statement of financial position:

The Company has the legal right to offset the recognized amount, and such legal right is currently enforceable;

The company plans to settle at the net amount, or realize financial assets and pay off the financial liabilities at the same time.

(4) Derecognition of financial assets and financial liabilities

When the contractual right to receive the cash flows of a financial asset is terminated or almost all the risks and rewards of ownership are transferred, the Group terminates the recognition of the financial asset.

If the overall transfer of financial assets meets the conditions for derecognition, the Group will record the difference between the following two amounts into the current profit or loss:

- The book value of the transferred financial assets;
- The sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally directly included in shareholders' equity.

If the current obligations of a financial liability have been discharged in whole or in part, the Group shall derecognize the financial liability or part thereof.

(5) Impairment of financial assets (excluding receivables)

On the balance sheet date, the Group checks the book value of financial assets other than financial assets measured at fair value and whose changes are included in the current profit or loss. If there is

objective evidence indicating that the financial assets are impaired, the impairment provision shall be accrued.

Provision for impairment of available for sale financial assets

On the balance sheet date, if the fair value of available for sale financial assets decreases significantly, or if the downward trend is expected not to be temporary after comprehensive consideration of various relevant factors, it shall be deemed to have been impaired, and the accumulated losses caused by the decline of fair value originally directly included in the owner's equity shall be transferred out to recognize the impairment loss.

For the available for sale debt instrument with impairment loss recognized, if there is objective evidence that the value of the financial asset has been recovered and is objectively related to the events occurring after the loss is recognized, the originally recognized impairment loss shall be reversed and included in the current profit or loss. The impairment loss of available for sale equity instruments with impairment loss recognized shall not be reversed through profit or loss and shall be included in the capital reserves.

Impairment provision for held to maturity investments

The measurement of impairment loss of held to maturity investment shall be handled according to the measurement method of impairment loss of receivables.

(6) Equity instruments

The consideration received from the issuance of equity instruments by the company after deducting transaction expenses shall be included in shareholders' equity. Consideration and transaction costs paid for repurchasing the Company's equity instruments to reduce shareholders' equity.

Entities that have not yet implemented the New Financial Instrument Standard

The subsidiary of the Company, Guangdong Yueyun Transportation Company Limited (hereinafter referred to as Yueyun Company) has been approved by the board of directors to implement the New Financial Instrument Standard as of 1 Jan 2018. The subsidiary of the Company, Guangdong Provincial Expressway Development Co., Ltd. (hereinafter referred to as Yue Expressway) has been approved by the board of directors to implement the New Financial Instrument Standard as of 1 Jan 2019. The accounting policies implemented by the above companies are as follows:

(1) Recognition and initial measurement of financial assets and financial liabilities

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party of the contract terms of relevant financial instruments.

Except for accounts receivable without significant financing components, financial assets and financial liabilities are measured at fair value at the initial recognition. For financial assets or financial liabilities measured at fair value and whose changes are included in the current profit or loss, the relevant transaction costs are directly included in the current profit or loss. For other types of financial assets or financial liabilities, relevant transaction costs are included in the initially recognized amount. For accounts receivable or notes receivable arising from the sale of products or the provision of labour services, which do not include or consider significant financing components, Yue Expressway shall take the amount of consideration it is expected to receive as the initial recognition amount. Yueyun Company shall be initially measured according to the transaction price of the accounting policies in Notes. IV. (22).

(2) Classification of financial assets

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company usually divides financial assets into different categories at initial recognition: financial assets measured at amortized cost, financial assets measured at fair value whose changes are included in other comprehensive income, and financial assets measured at fair value whose changes are included in the current profit or loss.

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are included in the current profit or loss as financial assets measured at amortized cost:

- The Company's business model for managing the financial assets is to collect contract cash flows;
- The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and interest based on the outstanding principal amount.

The Company classifies the financial assets that meet the following conditions and are not designated as measured at fair value and whose changes are included in the current profit or loss as financial assets measured at fair value and whose changes are included in other comprehensive income:

- The company's business model for managing the financial assets aims at both receiving the contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and interest based on the outstanding principal amount.

For non-tradable equity instrument investments, the Company can irrevocably designate them as financial assets measured at fair value and whose changes are included in other comprehensive income at initial recognition. The designation is made on the basis of individual investment, and the

relevant investment conforms to the definition of equity instruments from the perspective of the issuer.

Except for the above financial assets measured at amortized cost and at fair value with changes included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value with changes included in current profit or loss. At initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Company can irrevocably designate the financial assets that should be measured at amortized cost or at fair value and whose changes are included in other comprehensive income as financial assets measured at fair value and whose changes are included in current profit or loss.

The business model of managing financial assets refers to how the Company manages financial assets to generate cash flows. The business model determines whether the source of the cash flows of the financial assets managed by the Company is the collection of contract cash flow, the sale of financial assets or both. The company determines the business model for managing financial assets on the basis of objective facts and the specific business objectives for managing financial assets determined by key managers.

The Company evaluates the contractual cash flow characteristics of financial assets to determine whether the contractual cash flow generated by relevant financial assets on a specific date is only the payment of principal and interest based on the amount of outstanding principal. The principal refers to the fair value of financial assets at the initial recognition. Interest includes consideration for the time value of money, credit risk associated with the outstanding principal amount in a particular period, and other basic borrowing risks, costs and profits. In addition, the Company evaluates the contract terms that may lead to changes in the time distribution or amount of contractual cash flow of financial assets to determine whether they meet the requirements of the above contractual cash flow characteristics.

(3) Subsequent measurement of financial assets

- Financial assets measured at fair value through the current profit or loss

After initial recognition, such financial assets are subsequently measured at fair value, and the resulting gains or losses (including interest and dividend income) are included in the current profit or loss, unless financial assets are part of the hedging relationship.

- Financial assets measured at amortized cost

After initial recognition, such financial assets are measured at amortized cost at the effective interest rate. The gains or losses arising from financial assets measured at amortized cost and not part of any hedging relationship shall be included in the current profit or loss when they are derecognized, amortized according to the effective interest rate or recognized as impairment.

- Equity instrument investments measured at fair value with changes included in other comprehensive income

After initial recognition, such financial assets are subsequently measured at fair value. Dividend income is included in profit or loss, and other gains or losses are included in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained earnings.

(4) Classification and subsequent measurement of financial liabilities

The Company classifies financial liabilities into financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost.

- Financial liabilities measured at fair value through profit or loss

Such financial liabilities include trading financial liabilities (including derivatives belong to financial liabilities) and financial liabilities designated to be measured at fair value and whose changes are included in the current profit or loss.

After initial recognition, such financial liabilities are subsequently measured at fair value. Except for hedging accounting, the gains or losses (including interest expenses) are included in the current profit or loss.

- Financial liabilities measured at amortized cost

After initial recognition, other financial liabilities are measured at amortized cost at the effective interest rate.

(5) Offset

Financial assets and financial liabilities are presented separately in the statement of financial position without offsetting each other. However, if the following conditions are met at the same time, the net amount after mutual offset shall be listed in the statement of financial position:

- The company has the legal right to offset the recognized amount, and such legal right is currently enforceable;
- The company plans to settle at net amount, or realize the financial assets and pay off the financial liabilities at the same time.

(6) Derecognition of financial assets and financial liabilities

If one of the following conditions is met, the Company shall terminate the recognition of the financial asset:

- The contractual right to receive the cash flows of the financial asset is terminated;
- The financial asset has been transferred, and the Company transfers almost all the risks and rewards of the ownership of the financial asset to the transferee;
- The financial asset has been transferred, however the Company neither transfers nor retains almost all the risks and rewards of the ownership of the financial asset, it does not retain the control over the financial asset.

If the transfer of financial assets meets the conditions for derecognition as a whole, the Company shall record the difference between the following two amounts into the current profit or loss:

- The book value of the transferred financial assets on the date of derecognition;
- The sum of the consideration received from the transfer of financial assets and the amount of the corresponding derecognized part of the accumulative amount of changes in fair value originally directly included in other comprehensive income (the financial assets involved in the transfer are debt investments measured at fair value and whose changes are included in other comprehensive income). If the current obligation of a financial liability (or part thereof) has been discharged, the Company shall derecognize the financial liability (or part thereof).

(7) Impairment of financial assets

Impairment of financial assets of Yueyun Company

Based on the expected credit loss, the Company conducts impairment accounting for the following items and recognizes the loss of impairment:

- Financial assets measured at amortized cost; and
- Lease receivables.

The expected credit loss model is not applicable to other financial assets measured at fair value held by the Company, including bond investments or equity instrument investments measured at fair value and whose changes are included in the current profit or loss, equity instrument investments designated as measured at fair value and whose changes are included in other comprehensive income, and derivative financial assets.

Measurement of expected credit loss

Expected credit loss refers to the weighted average value of credit loss of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flow receivables under the contract by the Company discounted at the original effective interest rate and all cash flows expected to be received, that is, the present value of all cash shortages.

When measuring the expected credit loss, the longest period to be considered by the Company is the longest contract period in which the enterprise is exposed to the credit risk (including considering the option of renewal).

Expected credit loss in the whole duration refers to the expected credit loss caused by all possible events of default in the whole expected duration of a financial instrument.

The expected credit loss in the next 12 months refers to the expected credit loss caused by the possible default of financial instruments within 12 months after the balance sheet date (if the expected duration of financial instruments is less than 12 months, it is the expected duration), which is a part of the expected credit loss in the whole duration.

For accounts receivable and lease receivables, the Company always measures its loss impairment according to the amount equivalent to the expected credit loss in the whole duration. The Company calculates the expected credit loss of the above financial assets based on the historical credit loss experience and the reserve matrix. The relevant historical experience is adjusted according to the specific factors of the debtor on the balance sheet date and the evaluation of the current situation, as well as the future economic situation forecast.

Except for accounts receivable and lease receivables, the Company measures its loss impairment for financial instruments that meet the following conditions according to the amount equivalent to the expected credit loss in the next 12 months, and measures its loss impairment for other financial instruments according to the amount equivalent to the expected credit loss in the whole duration:

- The financial instrument has only low credit risk on the balance sheet date; or
- The credit risk of the financial instrument has not increased significantly since initial recognition.

Low credit risk

If the default risk of a financial instrument is low, the debtor has a strong ability to perform its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and business environment over a long period of time, it may not necessarily reduce the debtor's ability to perform its contractual cash flow obligations, such financial instrument is considered to have a low credit risk.

Credit risk increased significantly

The Company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine the relative changes of default risk within the expected duration of financial instruments, so as to evaluate whether the credit risk of financial instruments has increased significantly since initial recognition.

When determining whether the credit risk has increased significantly since initial recognition, the Company considers the reasonable and reliable information, including forward-looking information, that can be obtained without excessive cost or effort. The information considered by the Company includes:

- The debtor fails to pay the principal and interest on the due date of the contract;
- Serious deterioration of external or internal credit rating (if any) of financial instruments that have occurred or are expected;
- Serious deterioration of the debtor's operating result that has occurred or is expected; and
- The existing or expected changes in the technology, market, economic or legal environment will have a significant adverse impact on the debtor's repayment ability to the Company.

According to the nature of financial instruments, the Company assesses whether the credit risk has increased significantly on the basis of single financial instrument or combination of financial instruments. When evaluating based on the combination of financial instruments, the Company can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating.

Generally, if the overdue is more than 30 days, the Company determines that the credit risk of financial instruments has increased significantly. Unless the Company can obtain reasonable and reliable information without excessive cost or effort to prove that the credit risk has not increased significantly since initial recognition although the payment period agreed in the contract has exceeded 30 days.

The Company believes that financial assets are in default under the following circumstances:

- The debtor is unlikely to pay its debts to the Company in full, and the evaluation does not consider the recourse actions taken by the Company, such as realizing the collateral (if held); or
- Financial assets are overdue for more than 90 days.

Financial assets with credit impairment

The Company assesses whether the financial assets measured at amortized cost have been impaired on the balance sheet date. When one or more events that have an adverse impact on the expected

future cash flows of occurrence of a financial asset, the financial asset becomes a financial asset with credit impairment. The evidence of credit impairment of financial assets includes the following observable information:

- Significant financial difficulties of the issuer or the debtor;
- The debtor violates the contract, such as default or overdue payment of interest or principal;
- The creditor gives no concession in any circumstance considering the economy related with financial difficulties or contract that debtor faces;
- The debtor is likely to go bankrupt or carry out other financial restructuring; or
- The issuer or debtor's financial difficulties lead to the disappearance of the active market of financial assets.

Presentation of provision for the expected credit loss

In order to reflect the change of credit risk of financial instruments since initial recognition, the Company remeasures the expected credit loss on each balance sheet date, and the increase or reversal amount of loss provision shall be included in the current profit or loss as impairment loss or gain. For financial assets measured at amortized cost, the loss provision shall offset the book value of the financial assets listed in the statement of financial position.

Impairment of financial assets of Yue Expressway

The financial assets that the Company needs to recognize impairment losses are financial assets measured at amortized cost, debt instrument investments and lease receivables measured at fair value and whose changes are included in other comprehensive income, mainly including notes receivable, accounts receivable, other receivables, debt investments, other debt investments, long-term receivables, etc.

(a) Recognition of impairment provision

Based on the expected credit loss, the Company accrues the impairment provision and recognizes the credit impairment loss for the above items according to the applicable expected credit loss measurement method (general or simplified method).

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

The general method of measuring the expected credit loss refers to that the Company assesses whether the credit risk of financial assets has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the Company measures the loss provision according to the amount equivalent to the expected credit loss in the whole duration. If the credit risk does not increase significantly after initial recognition, the Company measures the loss provision according to the amount equivalent to the expected credit loss in the next 12 months. When evaluating the expected credit loss, the Company considers all reasonable and reliable information, including forward-looking information.

For financial instruments with a low credit risk on the balance sheet date, assuming that their credit risk has not increased significantly since initial recognition, the Company chooses to measure the loss provision according to the expected credit loss in the next 12 months.

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

If the probability of default of a financial asset within the expected duration determined on the balance sheet date is significantly higher than that within the expected duration determined at initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company uses the change of default risk in the next 12 months as a reasonable estimation in the whole duration to determine whether the credit risk has increased significantly since initial recognition.

(c) A portfolio approach to assessing expected credit risk on a portfolio basis

The Company evaluates the credit risk of financial assets with significantly different credit risks, such as receivables in dispute with the other party or involving litigation and arbitration and receivables that have obvious signs that the debtor is likely to be unable to perform its repayment obligations.

In addition to the financial asset that is individually assessed the credit risk, the Company divides financial assets into different groups based on the common risk characteristics, and evaluates the credit risk on the basis of combination.

(d) Accounting treatment of impairment of financial assets

At the end of the period, the Company calculates the expected credit loss of various financial assets. If the expected credit loss is greater than the carrying amount of its current impairment provision, the difference is recognized as impairment loss. If it is less than the carrying amount of the current impairment provision, the difference is recognized as impairment gain.

(e) Determination method of credit loss of various financial assets

① Accounts receivable

For receivables without significant financing components, the Company measures the loss provision according to the amount equivalent to the expected credit loss in the whole duration.

For accounts receivable, and lease receivables with significant financing components, the Company chooses to measure the loss provision according to the amount equivalent to the expected credit loss during the duration.

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

Items	Criteria
Aging portfolio	This portfolio takes aging as the credit risk characteristic

For aging portfolio, the measurement of provision for bad debt is aging analysis method:

Aging	Proportion of accounts receivables accrued (%)
Within 1 year (inclusive)	0
1-2 years	10
2-3years	30
3-4years	50
4-5years	90
Over 5 years	100

② Accounts receivable

According to whether the credit risk of other receivables has increased significantly since initial recognition, the Company adopts the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measure the impairment loss. In addition to other receivables individually assessed for credit risk, they are divided into different portfolios based on their credit risk characteristics:

Items	Criteria
Deposits and warranty deposits portfolio	This portfolio includes all kinds of deposits, advances, quality assurance deposit and other receivables that should be received in daily operation.
Petty cash portfolio	This portfolio includes the petty cash that employees borrowed in daily operation.
Other portfolios	Other receivables other than the above portfolios.

Deposits and warranty deposits portfolio, and petty cash portfolio generally do not withdraw provision for bad debt, except that there is objective evidence that the Company will not be able to recover the amount according to the original terms of accounts receivable. The measurement of provision for bad debt of other portfolios is aging analysis method, and the accrual proportion is the same as that of accounts receivable.

③ Debt investment

Debt investment mainly accounts for bond investment measured at amortized cost. According to whether its credit risk has increased significantly since initial recognition, the Company adopts the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measure the impairment loss. The company accrues impairment loss for debt investment based on individual assessment of credit risk.

(8) Write off

If the Company no longer reasonably expects the contractual cash flows of financial assets to be recovered in whole or in part, the carrying amount of the financial assets shall be directly written down. The written down situation constitutes the derecognition of the relevant financial assets. This usually occurs when the Company determines that the debtor has no assets or source of income to generate sufficient cash flows to repay the amount written down. However, the financial assets written down may still be affected by the execution activities related to the Company's collection of due amounts.

If the written down financial assets are recovered later, they shall be included in the current profit or loss as the reversal of impairment losses.

(9) Equity instruments

The consideration, after deducting transaction expenses, received from the issuance of equity instruments by the Company shall be included in shareholders' equity. Consideration and transaction costs paid for repurchasing the Company's equity instruments deduct shareholders' equity.

9 Recognition and withdrawal method of provision for accounts receivables

Accounts receivable conclude accounts receivable, notes receivable, other receivables and long-term receivables.

Entities that have not yet implemented the New Financial Instrument standard

(1) Individually significant items for which provision for bad debt is recognized separately

For accounts receivable with significant amount, impairment test shall be taken individually. When there is objective evidence that the Company will not be able to recover the amount according to the original terms of accounts receivable, provision for bad debt shall be withdrawn.

(a) Judgment basis or amount standard of accounts receivable with significant single amount

The standard for accounts receivable with significant amount is that the single amount is more than RMB 3 million.

(b) Approach of provision for bad debts of accounts receivable made on a significant single item basis

The provision is made according to the difference between the present value of the estimated future cash flows of the accounts receivable and its book value.

(2) Accounts receivable with provision for bad debts made on portfolio basis

Accounts receivable with provision for bad debts made on portfolio basis conclude accounts receivable and other receivables. Accounts receivables with insignificant single amount are divided into several portfolios according to credit risk characteristics together with receivables that are not impaired after independent test. The provision for bad debt should be accrued determined by the same or similar portfolios with similar credit risk characteristics which are based on the actual loss rate in previous years and in combination with the current situation.

(a) Recognition of portfolios

① Classification of portfolios

Portfolio 1: Deposits and deposits refer to receivables such as project quality assurance deposits, project performance deposits and project bid security.

Portfolio 2: Accounts receivable other than Portfolio 1 that are not individually accrued for provision for bad debt.

② The accrued approach of each portfolio of provision for bad debt are as follows:

Portfolio 1: Other methods

Portfolio 2: Aging analysis method - in the portfolio, except for Xin Yue Company Limited, the accrual proportion of other companies using aging analysis method is listed as follows:

Aging	Proportion (%)
Within 1 year (inclusive)	0
1-2 years	5

Aging	Proportion (%)
2-3 years	20
3-4 years	30
4-5 years	50
Over 5 years	80

Except for Gd Humen Bridge Co., Ltd., details of proportion of provision for bad debt of Xin Yue Company Limited and its subsidiaries Guangzhou Xin Yue Asphalt CO., Ltd. and Guangzhou Xinyue Transportation Technology Co., Ltd. are as follows:

Period	Proportion (%)
Within the credit period (inclusive)	0
The credit period-120 days	5
121-183 days	15
184-273 days	30
274-365 days	50
366-548 days	70
549-730 days	90
Over 731 days	100

- ③ In the portfolio, if the Company adopts other approach to accrue the provision for bad debt, except that there is objective evidence that the Company will not be able to recover the amount according to the original terms of accounts receivable, no provision for bad debt for deposits and deposits shall be accrued.

(3) Individually significant items for which provision for bad debt is recognized separately

The reason is that there is objective evidence that the Company will not be able to recover the amount according to the original terms of accounts receivable.

The method of provision for bad debt is that the provision is made according to the difference between the present value of the estimated future cash flows of the accounts receivable and its book value.

Entities that have implemented the New Financial Instrument standard

Details of policies please refer to Notes. IV. No 8. Financial Instruments- Accounting treatment of impairment of financial assets in entities that have implemented the New Financial Instrument standard.

10 Inventories

(1) Classification and initial recognition

The Company's inventories mainly include materials, spare parts, construction materials, low-value consumables, packaging materials, goods on hand, project construction (completed but unsettled payment) and development costs.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

The project construction account calculates the actual project construction contract cost and contract gross profit of the Company. The project construction account and project settlement account are reflected in the balance sheet as the balance after offset. If the accumulated cost and recognized gross profit of the contract project under construction are greater than the settled price of the contract project under construction, the difference reflects the amount of the contract project under construction that has been completed but has not been settled, which is listed in the inventory item as a current asset in the balance sheet. If the amount of the settled price of the contract project under construction is greater than the accumulated cost incurred and the recognized gross profit of the contract project under construction, the difference is reflected in the amount of the uncompleted part of the contract project under construction but settled, which is listed in the advance from customers item as a current liability in the balance sheet.

When the land for development is obtained, it shall be included in the development cost according to the actual cost. The land acquisition and demolition compensation fees and preliminary engineering fees incurred in the process of development and construction are directly included in the development cost.

(2) Cost of inventories transferred out

Cost of inventories transferred out is calculated using the weighted average method.

(3) Amortisation of low-value consumables and packaging materials

Low-value consumables and packing materials are amortised using one-off write-off method.

(4) Basis for determining the net realisable value and inventory impairment

At the balance sheet date, inventories are carried at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes.

When determining the net realizable value of inventory, it shall be based on the conclusive evidence obtained, and consider the purpose of holding inventory and the impact of events after the balance sheet date. According to the difference between the cost of a single inventory item and its net realizable value, allowance for diminution in value of inventory is accrued. When the provision for inventory impairment is made, where the previous factor rendering the write-down of the inventory value has been eliminated, for which the net realisable value of the inventory is higher than the book value of the same, the provision for inventory impairment shall be reversed from the amount of

provision for inventory impairment originally made, and the reversed amount shall be included in the current profit or loss.

(5) Inventory system

The Company maintains a perpetual inventory system.

11 Long-term equity investments

Long-term equity investments mainly include equity investments that have actual control, joint control or significant influence on invested entities.

(1) Determination of initial investment cost

(a) Long-term equity investments acquired through a business combination

For business combinations involving entities under common control, the initial investment cost of long-term equity investments is its share of the book value of the shareholders' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. The difference between initial investment cost of long-term equity investment and the carrying value of consideration paid is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

Long-term equity investment in subsidiaries, for which formed by business combination not under the common control, the Company shall take the fair value of the assets paid, liabilities incurred or assumed and equity securities issued for obtaining the control over the acquiree on the acquisition date as the initial investment cost; for which formed by business combination not under the common control realized step by step through multiple transactions other than a package, the initial investment cost is the sum of the book value of the equity investment of the acquiree held by the Company before the purchase date and the new investment cost on the purchase date.

(b) Long-term equity investments acquired other than through a business combination

The initial investment cost of a long-term equity investment obtained by the Company by cash payment shall be the purchase cost which is actually paid. The initial investment cost of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

(2) Subsequent measurement and recognition of profit or loss

(a) Investment in subsidiaries

Long-term equity investments of the Company in its subsidiaries are accounted for under the cost method. Under the cost method, except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognises the proportion it shall enjoy in the cash dividends or profits declared by the investee as its investment income.

Investments in subsidiaries are presented in the statement of financial position at cost less provision for impairment.

(b) Investments in associates and joint ventures

Joint venture refers to an arrangement jointly controlled by the Company and other joint venture parties and only entitled to its net assets.

Associate refers to the enterprise over which the Company can exert significant influence.

Long-term equity investments in associates and joint ventures are accounted for under equity method in subsequent measurement unless the investment meets the conditions for holding for sale.

The detailed accounting treatment under the equity method mainly conclude as follows: Where the initial investment cost of a long-term equity investment exceeds the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to current profit or loss.

The Company recognises its share of the investee's profit or loss and other comprehensive income as investment income or loss and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Company. The Company adjusts the carrying amount of the long-term equity investment for changes in shareholders' equity of the investee other than those arising from net profit or loss and other comprehensive income and distributions to shareholders ("other changes in shareholders' equity") in joint ventures or associates, and recognises the corresponding adjustment in shareholders' equity.

In calculating its share of the investee's net profit or loss, other comprehensive income and other changes in owners' equity, the Company recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Company based on the fair value of the investee's

identifiable net assets at the date of acquisition. Unrealised profit or loss resulting from transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company's interest in the associates or joint venture, except for the invested or disposed of assets constituted a business. Unrealised losses resulting from transactions between the Company and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The Company discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interests that in substance forms part of the Company's net investment in the joint ventures or associates is reduced to zero, except to the extent that the Company has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

(3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included in the current profit or loss. For the long-term equity investments accounted under the equity method, the part originally included in the shareholders' equity shall be transferred to the current profit or loss according to the corresponding proportion.

(4) Provision for impairment

When the recoverable amount of long-term equity investment is lower than its book value, the carrying amount should be deducted to the recoverable amount.

12 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Specifically exemplify as a land use right that is leased out, a land use right held for transfer upon capital appreciation and a building that is leased out

Investment properties are accounted for using the cost model. Subsequently expenditures incurred for such investment properties are included in the cost of the investment properties if they meet capitalised conditions, others are accounted in the current profit or loss.

The Company adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings or land use rights under the cost model in subsequent measurement.

If the recoverable amount is lower than its book value, the carrying amount shall be deducted to the recoverable amount.

13 Fixed assets

(1) Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of over one accounting year.

(2) Initial measurement of fixed assets

Fixed assets are initially measured at cost (and by taking the impact of expected disposal costs). The fixed assets that have been delivered for use but have not yet gone through the completion settlement shall be temporarily estimated and recorded according to the book value or estimated value of the project, and the recorded book value shall be adjusted to the actual value when the completion settlement is completed.

If the purchased fixed assets need trial production or trial operation, when the trial operation results show that the assets can normally produce qualified products or operate, the assets shall be considered to have reached the expected serviceable state. According to The Measures for Completion (handover) Acceptance of Highway Projects (Order No. 3 of the Ministry of Communications in 2004) and Implementation Rules for Completion Acceptance of Highway Projects (Jiao Highway Fa [2010] No. 65) issued by the Ministry of Transportation, the newly-built highway assets belong to the above situations requiring trial operation. According to the reply on Relevant Accounting Policies on New Highway Assets Carried Forward to Fixed Assets (Yue Caikuai Han [2013] No. 33) issued by the Provincial Department of Finance and The Reply on Accounting of New Highway Projects (Yue Guozi Han [2013] No. 1004) issued by the Provincial SASAC, and in combination with the actual situation of the Company's new highway assets. When the Company uniformly determines that the trial operation period of the new highway project is more than 2 years and no more than 3 years, and meets other necessary conditions for project completion acceptance, it is confirmed that the new highway asset has reached the expected usable state.

(3) Depreciation policy

The depreciation of fixed assets is calculated by the straight-line method according to the original value, estimated useful life and estimated residual value of fixed assets, except those highways and wharves are withdrawn by the straight-line method or workload method without residual value. The residual value rate is 3% or 5%. The annual depreciation rates of different classification of fixed assets are presented as follows:

Categories	Useful lives (years)	Annual depreciation rate (%)
Highway properties	Approved operating period	Workload method or year average method
Highway improvements	10-12	Workload method or year average method
Building and structures	10-50	1.90-9.70

Transportation equipment	5-12	7.92-19.40
Machinery equipment	2-15	6.33-47.50
Electronic equipment, office equipment and others	3-10	9.50-32.33
Wharves	44	2.27

(3) Provision for impairment

If the recoverable amount is lower than its book value, the carrying amount shall be deducted to the recoverable amount.

14 Construction in progress

Construction in progress is measured at its actual costs. The actual costs include construction costs, various installation cost, borrowing costs capitalized which fulfil the capitalization criteria and other expenditures incurred before it is ready for intended use. Construction in progress is transferred to a fixed asset when it is ready for its intended use and the relevant fixed asset is depreciated starting from the following month after the transfer.

If the constructed fixed assets have reached the expected serviceable state, but the completion settlement has not been settled, they shall be transferred into fixed assets according to the estimated value from the date of reaching the expected serviceable state, and depreciation shall be accrued according to the regulations, and adjustment shall be made after the completion settlement procedures.

When the recoverable amount of the construction in progress is lower than its book value, the book value of the construction in progress shall be written down to the recoverable amount.

15 Intangible assets

Intangible assets conclude land use rights, franchise right, line license use rights, software, passenger service license, etc.

Intangible assets are initially measured at cost, except that the franchise right of toll bridge is recorded on the basis of the value approved by the shareholders at the time of investment. For intangible assets with limited service life, from the time they are available for use, the original value minus the estimated net residual value and the accumulated amount of accrued provision for impairment shall be amortized averagely with the straight-line method within their estimated service life. Intangible assets with uncertain service life shall not be amortized.

The Company reviews the service life of intangible assets with uncertain service life in each accounting period. If there is evidence that the service life of intangible assets is limited, its service life shall be estimated and treated as the above intangible assets with limited service life.

Service life estimation of intangible assets with limited service life

Classification	Estimation of service life(year)
Land use rights	20-70/unsure
Software	3-10
Coastline use rights	48
Passenger service licenses	Unsure
Station franchise rights	38
Toll bridge franchise operating rights	30
Trade mark rights	10
Line route operation rights and license use rights	3-20
BOT project toll highway franchise operating rights	Approved operating period

At the end of the period, the service life and amortization method of intangible assets with limited service life shall be reviewed and adjusted if necessary.

The station franchise right held by the Company is the franchise right of Xintang bus passenger station obtained from government departments. During the term of the franchise right, the Company has the right to charge the service, but the amount of the charge is uncertain. The right does not constitute an unconditional right to receive cash. The Company recognizes the right as an intangible asset and amortizes it according to the straight-line method during the franchise period.

The franchise right of toll bridge held by the Company is the franchise right of Taiping interchange invested by shareholders and obtained from the government department. The Company has the right to charge from the users of the public infrastructure within the term of the franchise, but the amount of charge is uncertain. The right does not constitute an unconditional right to receive cash. The Company recognizes the right as an intangible asset and amortizes it according to the straight-line method within 30 years of the term of the franchise.

The franchise right of toll highway held by the Company is the franchise right of GuangfoZhao and Pingxing Expressway invested by shareholders and obtained from government departments. During the term of the franchise right, the Company has the right to charge the users of the public infrastructure, but the amount of the charge is uncertain. The right does not constitute an unconditional right to receive cash. The Company recognizes the right as an intangible asset and amortizes it according to the workload method within the approved operation term when it is available for use after reaching the intended purpose of the product.

The expenditure of the Company's internal research and development projects is divided into research stage expenditure and development stage expenditure.

The expenditure in the research stage shall be included in the current profit or loss when it occurs. If a product or process formed by development is technically and commercially feasible, the Company has sufficient resources and intention to complete the development work, and the expenditure in the development stage can be measured reliably, the expenditure in the development stage will be capitalized. Capitalized development expenditure shall be listed in the statement of financial position according to the

cost deducted the provision for impairment. Other development expenses are recognized as expenses during the period in which they are incurred.

16 Long-term deferred expenses

Long-term deferred expenses refer to various expenses that have occurred but should be shared in the current year and subsequent periods with a sharing period of more than one year. Long-term deferred expenses are accounted according to the actual expenditure and amortized averagely within the expected benefit period.

When the recoverable amount is lower than its book value, the book value shall be written down to the recoverable amount.

17 Asset impairment

For fixed assets, intangible assets, construction in progress, investment properties, long-term equity investment, long-term deferred expenses and goodwill, etc., if there are signs of impairment on the balance sheet date, impairment test shall be carried out. If the impairment test results show that the recoverable amount of the asset is lower than its book value, the impairment provision shall be accrued according to the difference and included in the impairment loss. The recoverable amount is the higher of the net amount of the fair value of the asset deducting the disposal expenses and the present value of the expected future cash flows of the asset. Asset impairment losses are calculated and recognized on the basis of individual asset. If it is difficult to estimate the recoverable amount of individual asset, the recoverable amount of the asset unit shall be determined based on the asset unit to which the asset belongs. Asset unit refers to the smallest asset portfolio that can independently generate cash inflows.

Once the above asset impairment losses are recognized, they shall not be reversed in subsequent accounting periods.

18 Borrowing Costs

The borrowing costs incurred that can be directly attributed to the acquisition and construction of assets that require a considerable period of time to reach the expected usable state can be capitalized and included in the cost of the asset only when the asset expenditure and borrowing costs have occurred and the acquisition and construction activities necessary to make the asset reach the expected usable state have begun. When the purchased and constructed assets reach the expected usable state, the capitalization shall be stopped, and the subsequent borrowing costs shall be included in the current profit or loss. The borrowing costs of loans for the development of real estate properties can be capitalized with interest before the completion of real estate properties. When the developed real estate property is completed, the capitalization of interest shall be stopped. If the acquisition and construction activities or development activities of assets are interrupted abnormally and the interruption time exceeds 3 months (including 3 months), the capitalization of borrowing costs shall be suspended until the acquisition and construction activities or development activities of assets restart.

Where a special loan is borrowed for the acquisition and construction or production of assets eligible for capitalization, it shall be determined by the amount of the interest expense actually incurred in the current period of the special loan less the interest income obtained by depositing the unused loan funds in the bank or the investment income obtained from temporary investment. If a general loan is occupied for the acquisition and construction or production of assets eligible for capitalization, the interest amount of the general loan to be capitalized shall be calculated and determined according to the weighted average of the asset expenditure of the part of the accumulated asset expenditure exceeding the special loan multiplied by the capitalization rate of the general loan occupied. The capitalization rate is calculated and determined according to the weighted average interest rate of general borrowings. The capitalized amount shall not exceed the actual interest expense of relevant borrowings in the current period.

19 Employee benefits

(1) Short-term employee benefits

During the accounting period when employees provide services, the Company recognizes the actual employee wages, bonuses, social insurance premiums such as medical insurance premiums, work-related injury insurance premiums and maternity insurance premiums paid for employees according to the specified benchmark and proportion, and housing provident fund as liabilities and included in current profit or loss or relevant asset costs. If the liability cannot be fully paid within 12 months after the end of the annual reporting period when employees provide relevant services, and the financial impact is significant, the liability will be measured at the discounted amount.

(2) Post-employment benefits

Post-employment benefits refer to various forms of remuneration and benefits provided after employees retire or terminate labour relations with the enterprise in order to obtain services provided by employees, except short-term remuneration and dismissal benefits. The company classifies post-employment benefit plans into defined contribution plans and defined benefit plans.

(a) Defined contribution plans

After the Company pays fixed expenses to an independent fund, the company will no longer bear the obligation of further payment, including basic endowment insurance, unemployment insurance, etc. During the accounting period when employees provide services for them, the amount payable calculated according to the defined contribution plan shall be recognized as liabilities and included in the current profit or loss or relevant asset costs.

Pursuant to the relevant laws and regulations of Hong Kong, subsidiaries of the Company in Hong Kong make contributions to the Mandatory Provident Fund Schemes for all Hong Kong employees at the lower of 5% of the monthly employee benefits or the cap (which is adjusted annually). The contributions are recognised as part of the cost of assets or charged to profit or loss when incurred.

(b) Defined benefit plans

Post-employment benefit plans other than defined contribution plans.

Some eligible retirees and internal retirees of the Company (until formal retirement) can receive a certain amount of subsidy every year.

According to the expected cumulative welfare unit method, the Company uses unbiased and consistent actuarial assumptions to estimate relevant demographic variables and financial variables, measure the obligations arising from the defined benefit plan, and then recognize the discounted present value as a liability of the defined benefit plan.

The Company attributes the welfare obligations arising from the defined benefit plan to the period when the employees provide services, the interest expenses belonging to the service cost and the liabilities of the defined benefit plan are included in the current profit or loss or relevant asset costs, and the changes arising from the remeasurement of the liabilities of the defined benefit plan are included in other comprehensive income.

(3) Termination benefits

When the Company terminates the labour relationship with employees before the expiration of the labour contract, or puts forward compensation suggestions to encourage employees to voluntarily accept layoffs, the liabilities arising from dismissal benefits shall be recognized and included in the current profit or loss at the earliest of the following two:

When the Company cannot unilaterally withdraw the dismissal benefits provided due to the termination of labour relations plan or layoff proposal;

The company has a detailed and formal restructuring plan involving the payment of dismissal benefits, and the restructuring plan has been implemented, or the main contents of the plan have been notified to the affected parties, so that all parties have formed a reasonable expectation that the company will implement the project restructuring.

If the liability cannot be fully paid within 12 months after the end of the annual report period, and the financial impact is significant, the Company adopts an appropriate discount rate to measure the employee remuneration payable at the discounted amount.

20 Bonds payable

When issuing bonds, it shall be included in the "Bonds Payable" according to the total actual issue price.

The difference between the total issue price of bonds and the total face value of bonds shall be regarded as the premium or discount of bonds, which shall be amortized when accrued interest at the effective interest rate or straight-line method during the duration of bonds, and shall be treated as borrowing costs.

21 Provisions

When the obligation related to contingencies is the current obligation undertaken by the Company, and the performance of the obligation is probably lead to the outflows of economic benefits, and the amount of the obligation can be measured reliably, it is recognized as provision

On the balance sheet date, taking into account the risks, uncertainties, time value of money and other factors related to contingencies, the provision is measured according to the best estimate of the expenses required to perform relevant current obligations. If the time value of money has a significant impact, the best estimate is determined by the discounted amount of expected future cash outflows.

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

22 Revenues

Entities that have not yet implemented the new revenue standards

(1) Revenue of commodity sales

The Company can confirm the revenue of commodity sales, when the main risks and rewards related to the ownership of the goods have been transferred to the buyer, the continuous management right usually associated with the ownership has not been retained, as well as the sold goods have not been effectively controlled, the amount of income can be measured reliably, the relevant economic benefits are likely to flow into the enterprise, and the relevant costs incurred or to be incurred can be measured reliably.

(2) Toll revenues

It is recognized when the labour services have been provided, the total revenue and total cost of labour services can be measured reliably, and the economic benefits related to the transaction can properly flow into the Company.

(3) Revenue of providing labour services

Under the condition that the result of the transaction of providing labour services can be estimated reliably, the Company recognises the relevant labour service income according to the percentage of completion method on the balance sheet date. If the result of the transaction of providing labour services cannot be reliably estimated and the labour costs incurred are expected to be compensated, the revenue shall be recognised according to the amount of labour costs incurred, and the costs shall be carried forward according to the same amount. If the labour costs incurred are not expected to be

fully compensated, the revenue shall be recognised according to the amount of labour costs that can be compensated, and the labour costs incurred shall be regarded as the current expenses. If the labour costs incurred are not expected to be compensated, the labour costs incurred shall be regarded as the current expenses, and the revenue shall not be recognised.

(4) Revenue of construction contracts

When the results of the construction contract can be reliably estimated, the contract revenue and contract expenses shall be recognized according to the percentage of completion method on the balance sheet date. The contract completion schedule shall be determined according to the proportion of the completed contract workload to the estimated total contract workload.

If the result of the construction contract cannot be estimated reliably, but the contract cost can be recovered, the contract revenue shall be recognized according to the actual contract cost that can be recovered, and the contract cost shall be recognized as contract expense in the current period in which it occurs. If the contract cost cannot be recovered, it shall be recognized as the contract expense immediately when it occurs, and the contract income shall not be recognized. When the uncertain factors that make the result of the construction contract impossible to be reliably estimated no longer exist, the revenues and expenses related to the construction contract shall be determined according to the percentage of completion method.

If the estimated total contract cost exceeds the total contract revenue, the estimated loss shall be recognized as the current expense.

The accumulated costs incurred, the accumulated recognized gross profit (loss) and the settled consideration of the construction contract are presented at the net amount after offset in the statement of financial position. The excess of the sum of the accumulated costs incurred and the accumulated recognized gross profit (loss) of the construction contract over the settled consideration shall be listed as inventories. The part of the settled consideration of the construction contract exceeding the sum of the accumulated cost incurred and the accumulated gross profit (loss) recognized shall be listed as the advance payment.

(5) Interest income

Interest income is calculated and determined by the time point of others using monetary funds and actual interest rate.

(6) Revenue of the right of use

Revenue of the use right of fixed assets and intangible assets is calculated and determined by the charging time and methods in relevant contracts and agreements

Entities that have implemented the new revenue standard

Yueyun Company, a subsidiary of the Company, has been resolved by the board of directors to implement the new income standard from 1 Jan 2018. The accounting policies implemented by the above company are as follows:

(1) Accounting policies on revenue recognition and measurement

Revenue is the gross inflows of economic benefits arising in the course of the Company's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Company satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Company determines consideration at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion. The Company recognises as revenue the amount of the transaction price that is allocated to each performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be returned to the customers. The Company recognises the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Amounts that are expected to return to customers will be regarded as return goods liability, not calculated in trade consideration.

Where the contract contains a significant financing component, the Company recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised at an effective interest method over the contract term. The Company does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Company satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

- The customer can control the asset created or enhanced during the Company's performance;
- The Company's performance does not create an asset with an alternative use to it and the Company has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the progress of the performance obligation cannot be measured reasonably, but the Company expects to recover the costs incurred in satisfying the performance obligation, the Company recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Company recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indicators:

- The Company has a present right to payment for the goods or services;
- The Company has transferred the legal title and physical possession of the goods to the customer;
- The Company has transferred the significant risks and rewards of ownership of the goods to the customer, that is the customer bears the risks and rewards of the ownership of the goods; and
- The customer has accepted the goods or services.

The Company's right to collect consideration from customers unconditionally (only depending on the passage of time) is listed as accounts receivable. The Company's obligation to transfer goods or services to customers for consideration received or receivable from customers is listed as contract liabilities.

The following is the description of accounting policies regarding revenue from the Company's principal activities:

(a) Road passenger transportation and auxiliary services

Road passenger transportation and auxiliary services include passenger transportation services and passenger and freight station services.

Passenger transportation services include urban passenger transportation services and public transportation services and those provided in cities in Guangdong Province and cross-border

transportation between Guangdong Province and Hong Kong. The Company recognises revenue when transportation services are provided to customers.

Passenger and freight station services include services provided to transportation companies for ticket sales, vehicle parking and etc. The Company recognises revenue when the transportation companies accept the services and the Company has a present right to payment.

(b) Sales of convenience store goods, petroleum and gasoline

Customers obtain control of convenience store goods, petroleum and gasoline when the goods are delivered to and have been accepted by the customers, customers have a present obligation to payment. Revenue is recognised at that point in time.

(c) Operation income of Taiping interchange asset

Operation income of Taiping interchange asset is the toll right when vehicles passing by due do the control of the operation of Taiping interchange. After vehicles passing by and have paid the fees, revenue is recognized and the Company has completed the service.

(d) Sales of construction materials

Sales of construction materials is the selling of construction materials. Customers obtain control of construction materials when the goods are delivered to designated locations and accepted. Revenue is recognised at that point in time and the credit term is three months with no cash discount.

For the transfer of construction materials with a right of return, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for the amount expected to be returned, which are estimated based on the historical data. The Group recognises a refund liability based on the amount expected to be returned. An asset is initially measured by reference to the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value to the Group of returned products).

23 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets which are classified as related to an asset or related to income. A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If fair value cannot be obtained reliably, it shall be measured at the nominal amount. Government grants are divided into asset related government grants and income related government grants according to the nature of subsidy objects clearly specified in relevant government documents.

Income related government grants, which are used to compensate the relevant expenses or losses of the enterprise in the future, are recognized as deferred income and included in the current profit or loss during the period when the relevant expenses are recognized. Those used to compensate the relevant expenses or losses incurred by the enterprise shall be directly included in the current profit or loss, and the government grants related to daily business activities shall be included in other income or offset the relevant costs and expenses. Government grants unrelated to daily business activities shall be included in non-operating income.

When the recognized government grant needs to be returned, if there is a balance of relevant deferred income, the book balance of relevant deferred income shall be offset, and the excess shall be included in the current profit or loss. If there is no relevant deferred income, it shall be directly included in the current profit or loss.

In government capital investment and government special appropriations, those treated as "Capital reserves" by the State shall be included in "Capital reserves" and shall not be recognized as government grants.

24 Special reserves

The safety production expenses withdrawn by the Company in accordance with national regulations shall be included in the current profit or loss and recorded in the special reserves account. When the Company uses the special reserve, if it belongs to expense expenditure, it shall directly offset the special reserve. If a fixed asset is formed, it shall be recognized as a fixed asset when the relevant asset reaches the expected serviceable state. At the same time, the special reserves shall be offset according to the cost of forming a fixed asset, and the accumulated depreciation of the same amount shall be recognized. The fixed assets will not be depreciated in future periods.

25 Income tax

The income tax expenses include current income tax and deferred income tax.

Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current and previous periods shall be measured at the expected amount of income tax payable (or returned) calculated in accordance with the provisions of the tax law.

Deferred tax assets and deferred tax liabilities

For the difference between the book value of some assets and liabilities and their tax base, and the temporary difference arising from the difference between the book value of the items that are not recognized as assets and liabilities but whose tax base can be determined according to the tax law, the balance sheet liability method is used to recognize the deferred tax assets and deferred tax liabilities.

Generally, all temporary differences are recognized as relevant deferred income tax. However, for deductible temporary differences, the Company recognizes relevant deferred tax assets to the extent that it is likely to obtain the taxable income used to offset the deductible temporary differences. For the temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affect accounting profits and taxable income (or deductible losses), the relevant deferred tax assets or liabilities shall not be recognized.

For the deductible losses and tax credits that can be carried forward to subsequent years, the corresponding deferred tax assets shall be recognized to the extent that it is likely to obtain the future taxable income used to offset the deductible losses and tax credits.

The Company recognizes deferred tax liabilities arising from taxable temporary differences related to investments in subsidiaries, associates and joint ventures, unless the Company can control the reversal time of temporary differences and the temporary differences are likely not to be reversed in the foreseeable future. For deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the Company recognizes deferred income tax assets only when the temporary differences are likely to be reversed in the foreseeable future and the taxable income used to offset the deductible temporary differences is likely to be obtained in the future.

On the balance sheet date, deferred tax assets and deferred tax liabilities shall be measured at the applicable tax rate during the expected recovery of relevant assets or settlement of relevant liabilities in accordance with the provisions of the tax law.

Except that the current income tax and deferred income tax related to transactions and events directly included in other comprehensive income or shareholders' equity are included in other comprehensive income or shareholders' equity, and the book value of goodwill is adjusted by deferred income tax generated from business combination, the other current income tax and deferred income tax expenses or income are included in current profit or loss.

On the balance sheet date, the book value of deferred tax assets shall be reviewed. If it is likely that sufficient taxable income cannot be obtained to offset the benefits of deferred tax assets in the future, the book value of deferred tax assets shall be written down. When it is likely to obtain sufficient taxable income, the written down amount shall be reversed.

26 Leases

Entities that have not yet implemented the New Lease Standard

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than finance lease.

(1) Operating lease

The rental income from operating leases is recognized as current profit or loss by the straight-line method in each period of the lease term. The initial direct expense with large amount shall be capitalized when incurred and included in the current profit or loss by stages on the same basis as the recognized rental income during the whole lease period. Other initial direct expenses with small amount shall be included in the current profit or loss when incurred. The contingent rent shall be included in the current profit or loss when it actually occurs.

The rental expenses of operating leases are included in the relevant asset costs or current profit or loss according to the straight-line method in each period of the lease term. Initial direct expenses are included in current profit or loss. The contingent rent shall be included in the current profit or loss when it actually occurs.

(2) Finance lease

On the beginning date of the lease term, the lower of the fair value of the leased asset and the present value of the minimum lease payment of the lease is regarded as the entry book value of the leased asset, the minimum lease payment is regarded as the entry book value of long-term accounts payable, and the difference is regarded as unrecognized financing expenses. In addition, the initial direct costs incurred in the process of lease negotiation and signing the lease contract attributed to the lease project are also included in the value of the leased assets.

The unrecognized financing expenses shall be calculated and recognized at the effective interest rate during the lease term. The contingent rent shall be included in the current profit or loss when it actually occurs. The balance of minimum lease payments after deducting unrecognized financing expenses is presented as long-term liabilities and long-term liabilities due within one year respectively.

Entities that have implemented the New Lease Standard

Upon the resolution of the board of directors, Yueyun Company, a subsidiary of the Company, will implement the New Lease Standard from 1 Jan 2019. The accounting policies implemented by above companies are as follows:

A lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- The lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of uses; and
- The lessee has the right to direct the use of the asset.

For a contract that contains multiple lease components, the lessee and lessor separate and accounts for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and lessor separate the lease and non-lease components. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. When separating the lease and non-lease components of a contract, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lessor allocates the consideration in the contract in accordance with the principles of transaction price allocation.

(1) The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is depreciated using the straight-line method. If it is reasonably certain that the lease will transfers ownership of the underlying asset to the lessee by the end of the lease term, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate.

The Group calculates interest expenses in each period during the lease term based on a constant periodic rate of interest, and recognises the interest expenses in profit or loss or part of the cost of another related assets. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss or part of the cost of another related asset as incurred.

After the commencement date, the Group remeasures the lease liability by discounting the revised lease payments, if either:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, the Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (leases that have a lease term of 12 months or less) and leases of low-value assets, and recognized the lease payments associated with these leases in profit or loss or part of the cost of another related assets on a straight-line basis over the lease term.

(2) The Group as a lessor

At the lease inception date, the Group classify each of its leases as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

Under finance leases, at the commencement date, the Group recognises finance lease receivable and derecognises the underlying assets. The Group initially measures finance lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the commencement date, discounted at the interest rate implicit in the lease.

The Group calculates and recognises finance income in each period during the lease term, based on a constant periodic rate of interest. The derecognition and impairment losses are recognised in accordance with the accounting policy described in Note III. 10 Financial instruments. Variable lease payments not included in the measurement of the net instruments in the lease are recognized in profit or loss as incurred.

Lease payments received under operating leases are recognised as lease income on a straight-line basis over the lease term. The Group capitalises the initial direct costs incurred in obtaining an operating lease and recognises those costs as expenses over the lease term on the same basis as the lease income. Variable lease payments not included in the measurement of the net investment in the lease are recognised in profit or loss as incurred.

27 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

28 Fair value measurement

Unless otherwise stated, the Group measures the fair value according to the following principles:

Fair value refers to the price that market participants can receive from selling an asset or pay for transferring a liability in an orderly transaction on the measurement date.

When estimating the fair value, the Group takes into account the characteristics considered by market participants when pricing relevant assets or liabilities on the measurement date (including asset status and location, restrictions on the sale or use of assets, etc.), and adopts valuation techniques applicable in the current situation and supported by sufficient available data and other information. The valuation techniques used mainly include market method, income method and cost method.

V. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERROR CORRECTION AND OTHER ADJUSTMENTS

1 Changes in accounting policies

The Group or its subsidiaries implemented the following accounting standards for business enterprises issued or revised by the Ministry of Finance in 2019:

- “Notice on Revising and Printing the Format of General Enterprise Financial Statements in 2019” (Caikuai [2019] No. 6) and “Notice on Revising and Printing the Format of Consolidated Financial Statements in 2019” (Caikuai [2019] No. 16);
- “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”, “Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Instruments”, “Accounting Standards for Business Enterprises No. 24 – Hedging Accounting”, “Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments” (together “the New Financial Instrument Standards”);
- “Accounting Standards for Business Enterprises No. 14 – Revenue” (revised in 2017) (hereinafter referred to as the “New Revenue Standard”);
- “Accounting Standards for Business Enterprises No. 21 – Leases” (hereinafter referred to as the “New Lease Standard”).

(1) Implementation of document Caikuai [2019] No. 6 and Caikuai [2019] No. 16

MOF issued “Notice on Revising and Printing the Format of General Enterprise Financial Statements in 2019” (Caikuai [2019] No. 6) on 30 Apr 2019 and “Notice on Revising and Printing the Format of Consolidated Financial Statements in 2019” (Caikuai [2019] No. 16) on 19 Sept 2019 and revised the formats of general enterprise financial statements and consolidated financial statements. The Group prepared the 2019 financial statements according to the financial statement format specified in Caikuai [2019] No. 6 and Caikuai [2019] No. 16, and changed the presentation of relevant financial statements by retrospective adjustment method. Consolidated balance sheet items affected as of 31 Dec 2018 are presented below:

No.	Financial statement items	31 Dec 2018		
		Before adjustment	Adjustment amount	After adjustment
1	Notes receivable and accounts receivable	1,431,165,859.58	-1,431,165,859.58	
2	Notes receivable		6,416,672.08	6,416,672.08
3	Accounts receivable		1,424,749,187.50	1,424,749,187.50
4	Notes payable and accounts payable	9,780,730,592.21	-9,780,730,592.21	
5	Notes payable		294,607,350.47	294,607,350.47
6	Accounts payable		9,486,123,241.74	9,486,123,241.74
7	Other payables	12,370,283,176.95	-7,875,376.57	12,362,407,800.38
8	Non-current liabilities due within one year	9,567,870,400.03	7,875,376.57	9,575,745,776.60

(2) Implementation of the New Financial Instruments Standards

MOF issued "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Instruments", "Accounting Standards for Business Enterprises No. 24 – Hedging Accounting", "Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments" in 2017. Enterprises within the consolidation scope of the Group involved in the first implementation of the new financial instrument standards on 1 Jan 2019 include:

No.	Name	Reason of implementation
1	Guangdong Provincial Expressway Development Co., Ltd. and its subsidiaries (Note 1)	Domestic listed company
2	Chaozhou Yueyun Automobile Transportation Co., Ltd. and its subsidiaries (Note 2)	Subsidiaries of overseas listed company
3	Zhuhai Gongyun Bus Station Co., Ltd. and its subsidiaries (Note 2)	Subsidiaries of overseas listed company

Note 1:

It was adopted at the 25th (Interim) meeting of the eighth board of directors of Guangdong Provincial Expressway Development Co., Ltd. on 26 Apr 2019, and the above mentioned New Financial Instrument Standards will be implemented from 1 Jan 2019.

Note 2:

Guangdong Yueyun Transportation Company Limited, a subsidiary of the Group, is a listed company on the main board of the Hong Kong stock exchange. According to the equity transfer agreement signed in 2019 among Yueyun Company and its subsidiaries Guangzhou Yueyun Investment Management Co., Ltd. ("Yueyun Investment") and Guangdong Gongbei Automobile Transportation General Company ("Gongbei Automobile Transportation"), Yueyun Investment and Gongbei Automobile Transportation transfer 100% equity of Chaozhou Yueyun Automobile Transportation Co., Ltd. ("Chaozhou Yueyun") and 100% equity of Zhuhai Gongyun Bus Station Co., Ltd. ("Zhuhai Gongyun") to Yueyun Company, and the equity acquisition procedures were completed this year. Chaozhou Yueyun and Zhuhai Gongyun were included in the consolidation scope of Yueyun Company this year, and the New Financial Instrument Standards will be implemented from 1 Jan 2019.

The above companies retroactively apply the New Financial Instrument Standards. However, if the classification and measurement (including impairment) involve the inconsistency between the data of the previous comparative financial statements and the New Financial Instrument Standards, Yue Expressway chooses not to restate it. In the accumulative impact on the first implementation of the standards, the Company adjusts the amount of retained earnings or other comprehensive income and other relevant items in the financial statements at the beginning of 2019.

Chaozhou Yueyun and Zhuhai Gongyun will implement the New Financial Instrument Standards as of 1 Jan 2019, and choose to adjust the data of comparative financial statements in the previous period.

Based on the amount as of 31 Dec 2018 after adjustment in accordance with documents of Caikuai [2019] No. 6 and Caikuai [2019] No. 16, the main impact of the implementation of the New Financial Instrument Standards by companies above as of 1 Jan 2019 on the consolidated financial statements is as follows:

No.	Financial statement items	Amount of financial statement items increase / decrease due to changes of accounting policies
1	Accounts receivable	-374,358.11
2	Other receivables	-4,571,099.61
3	Available-for-sale financial assets	-920,523,292.80
4	Long-term equity investments	447,095.18
5	Other equity instrument investment	920,523,292.80
6	Other comprehensive income	5,111,020.97
7	Undistributed profit	-9,801,367.46
8	Total equity attributed to NCI	191,983.95
9	Impairment loss of credit	-152,762.96
10	Impairment loss of assets	96,192.08
11	Net profit attributed to NCI	-26,256.95

Based on the amount as of 31 Dec 2018 after adjustment in accordance with documents of Caikuai [2019] No. 6 and Caikuai [2019] No. 16, on 1 Jan 2019, each financial assets and financial liabilities were classified and measured in accordance with the regulations of the recognition and measurement standards of financial instruments before and after the revision. The results are as follows:

Items	The original Financial Instruments Standards		The New Financial Instruments Standards	
	Classification	Book value	Items	Classification
Available-for-sale financial assets (including other current assets)	Fair value through other comprehensive income (debt instruments)		Debt investment (including other current assets)	Amortization cost
	Fair value through other comprehensive income (equity instruments)	870,443,292.80	Other debt investment (including other current assets)	Fair value through other comprehensive income
	Measured at cost (equity instruments)		Financial assets at fair value through profit or loss	Fair value through profit or loss
			Other non-current financial assets	
			Other equity instrument investments	Fair value through other comprehensive income
			Financial assets at fair value through profit or loss	Fair value through profit or loss
		50,080,000.00	Other non-current financial assets	
			Other equity instrument investments	Fair value through other comprehensive income
				920,523,292.80

(3) Implementation of the New Lease Standard

MOF revised "Accounting Standards for Business Enterprises No. 21 – Leases". Enterprises listed at the same time at domestic and abroad and enterprises listed abroad which prepare financial reports using international financial reporting standards or accounting standards for business enterprises shall be implemented as of 1 Jan 2019. According to the standards, for contracts existing before the first execution date, the company chooses not to re-evaluate whether they are leases or include leases on the first execution date.

Enterprises within the consolidation scope of the Company involved in the first implementation of the New Lease Standard on 1 Jan 2019 include:

No.	Name	Reason of implementation
1	Guangdong Yueyun Transportation Company Limited and its subsidiaries (Note 2)	Subsidiaries of overseas listed company

The impact on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement in 2018 by applying the New Lease Standard is presented below:

Financial statement items	Amount of financial statement items increase / decrease due to changes of accounting policies
Prepayments	-4,619,269.16
Non-current assets due within one year	-1,344,006.72
Fixed assets	-180,656,935.41
Right-of-use assets	794,169,729.81
Long-term deferred expenses	-17,137,190.59
Deferred tax assets	5,018,618.44
Other non-current assets	-76,945,752.18
Accounts payable	-15,524,073.58
Non-current liabilities due within one year	16,438,114.65
Lease liabilities	704,763,093.97
Long-term payables	-163,094,712.32
Other comprehensive income	-13,701.59
Undistributed profit	-16,830,888.17
Total equity attributed to NCI	-7,252,638.77
Operation cost	-13,744,203.34
Selling and distribution expense	-29,740.59
General and administrative expense	-196,478.50
Financial expense	20,704,750.77
Gains or losses on disposal of assets	49,983.74
Income tax expense	-1,161,353.98
Net profit attributed to NCI	-1,693,031.31
Cash received from sales of goods or rendering of services	-36,537,928.46
Other cash received relating to operating activities	-11,625,816.88
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	-66,610,135.80
Other cash paid relating to financing activities	114,773,881.14

(4) Implementation of the New Revenue Standard

Chaozhou Yueyun and Zhuhai Gongyun were included in the consolidated scope this year and shall implement the New Revenue Standard on 1 Jan 2019 and adjust related events and transactions in

accordance with accounting policies of its parent company, Yueyun Company. The impact on the consolidated balance sheet in 2018 is presented as below:

Financial statement items	Amount of financial statement items increase / decrease due to changes of accounting policies
Advances from customers	-121,025.01
Contract liabilities	121,025.01

Changes of accounting policies will have no significant impact on the items in consolidated income statement as well as the opening balance of the equity in 2018 of the Group.

2 Changes in accounting estimates

(1) Changes in important accounting estimates of the Company are as follows:

(a) Adjustment of the estimated total traffic flow of expressway

According to the Group's "Accounting Measures for Expressway Operating Enterprises" and "The Notice on Matters Related to the Provision of Depreciation by Workload Method for Expressway Operating projects Affiliated to the Group" (Yue Jiaoji Jing [2019] No. 2), the Group has adjusted the estimated total traffic flow of expressway affiliated to the Group since 1 Jan 2019, and the Company adopts the future applicable method to adjust the provision of depreciation.

(b) Provision for bad debt of accounts receivable and other receivables

In accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 28 - Changes in accounting policies, accounting estimates and error correction, Guangdong United Electronic Fee-Collecting Co., Ltd., the Group's holding subsidiary, changes its accounting estimates, in order to reasonably reflect the Company's provision for bad debt reserves, in combination with the recovery of the Company's accounts receivable, the nature of other receivables and the characteristics of credit risk. For deposits and quality assurance deposits receivable and other receivables other than those from banks and third-party settlement institutions, the bad debt provision shall be withdrawn by the aging analysis method instead of the balance percentage method at 5%.

(2) Impact on the changes of accounting estimates

(a) The impact on the adjustment of the estimated total traffic flow of expressway

The adjustment of the estimated total traffic flow of expressway has resulted in an increase amount of depreciation cost of expressway at RMB 54,282,253.61, as well as that of income tax expense at RMB 49,839,508.98; a decrease amount of net profit at RMB 104,121,762.59, as well as that of net profit attributed to the parent company at RMB 109,692,975.74.

- (b) The impact on the adjustment of the provision for bad debt of accounts receivable and other receivables

The adjustment of the provision for bad debt of accounts receivable and other receivables has resulted in a decrease amount of the impairment loss of credit at RMB 30,387,806.11; an increase amount of income tax expense at RMB 4,558,170.92, as well as that of net profit attributed to the parent company at RMB 13,173,113.95.

3 Other events adjustment

According to the audit opinion of Guangdong Provincial Audit Office in February 2019, the subsidiary of the Company, Guangdong Road and Bridge Construction Development Co., Ltd., adjusted the original according to "The Notice on Completing the Handover of Inventory Registration of Guangdong Road and Bridge Construction Development Co., Ltd." issued by the Department of Communications of Guangdong Province (Yue Jiaojian [2000] No. 157) the book value of the shares of China Merchants Bank that have been transferred out but have not been delivered is RMB 8,260,743.95. As of 31 Dec 2018, the total number of shares is 16,689,786.00, the market value is RMB 420,582,607.20, and the accumulative dividend is RMB 63,358,777.38.

The impact of retroactive adjustment on the items of the Group's consolidated balance sheet, consolidated income statement and consolidated cash flow statement in 2018 is as follows:

Financial statement items	Amount of financial statement items increase / decrease due to changes of accounting policies
Monetary fund	63,358,777.38
Available-for-sale financial assets	420,582,607.20
Deferred tax liabilities	103,080,465.81
Capital reserves	8,260,743.95
Other comprehensive income	309,241,397.44
Undistributed profit	63,358,777.38
Investment income	14,213,441.25
Cash received from sale of investment	14,213,441.25

4 Impact of the above adjustments on the amount at the beginning of the year and the amount in the previous period

Based on the comparative financial statements retroactively adjusted in accordance with documents of Caikuai [2019] No. 6 and Caikuai [2019] No. 16, the impact of the implementation of the New Financial Standards, the New Revenue Standards, new lease standards and other adjustments on the items of the consolidated balance sheet, consolidated income statement and consolidated cash flow statement in 2018 is summarized as follows:

Financial statement items	Closing balance at the end of previous year	Opening balance	Impact amount on adjustments		
			Total	Changes of accounting policies	Other correction
Monetary funds	28,011,922,237.93	28,075,281,015.31	63,358,777.38		63,358,777.38
Accounts receivable	1,424,749,187.50	1,424,374,829.39	-374,358.11	-374,358.11	
Prepayments	3,209,965,273.67	3,205,346,004.51	-4,619,269.16	-4,619,269.16	
Other receivables	2,648,249,030.08	2,643,677,930.47	-4,571,099.61	-4,571,099.61	
Non-current assets due within one year	4,092,315.52	2,748,308.80	-1,344,006.72	-1,344,006.72	
Available-for-sale financial assets	3,488,676,703.92	2,988,736,018.32	-499,940,685.60	-920,523,292.80	420,582,607.20
Long-term equity investments	8,994,392,441.97	8,994,839,337.15	447,095.18	447,095.18	
Other equity instrument investments	1,217,588.22	921,740,881.02	920,523,292.80	920,523,292.80	
Fixed assets	243,796,582,645.29	243,615,925,709.88	-180,656,935.41	-180,656,935.41	
Right-of-use assets		794,169,729.81	794,169,729.81	794,169,729.81	
Long-term deferred expenses	537,823,082.77	520,685,892.18	-17,137,190.59	-17,137,190.59	
Deferred tax assets	1,888,049,744.99	1,893,068,363.43	5,018,618.44	5,018,618.44	
Other non-current assets	7,117,520,464.27	7,040,574,712.09	-76,945,752.18	-76,945,752.18	
Total assets	396,912,392,698.08	397,910,320,914.31	997,928,216.23	513,986,831.65	483,941,384.58
Accounts payable	9,486,123,241.74	9,470,599,168.16	-15,524,073.58	-15,524,073.58	
Advances from customers	789,534,783.48	789,413,758.47	-121,025.01	-121,025.01	

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Financial statement items	Closing balance at the end of previous year	Opening balance	Impact amount on adjustments		
			Total	Changes of accounting policies	Other correction
Contract liabilities	40,781,584.69	40,902,609.70	121,025.01	121,025.01	
Non-current liabilities due within one year	9,575,745,776.60	9,592,183,891.25	16,438,114.65	16,438,114.65	
Lease liabilities		704,763,093.97	704,763,093.97	704,763,093.97	
Long-term payables	979,847,742.07	816,753,029.75	-163,094,712.32	-163,094,712.32	
Deferred tax liabilities	1,018,614,198.42	1,121,694,664.23	103,080,465.81		103,080,465.81
Total liabilities	280,481,517,513.15	281,127,180,401.68	645,662,888.53	542,582,422.72	103,080,465.81
Capital reserves	40,721,694,740.04	40,729,955,483.99	8,260,743.95		8,260,743.95
Other comprehensive income	783,509,970.28	1,097,848,687.10	314,338,716.82	5,097,319.38	309,241,397.44
Undistributed profit	17,929,593,129.94	17,966,319,651.69	36,726,521.75	-26,632,255.63	63,358,777.38
Total equity attributed to parent company	89,250,123,642.13	89,609,449,624.65	359,325,982.52	-21,534,936.25	380,860,918.77
Total equity attributed to NCI	27,180,751,542.80	27,173,690,887.98	-7,060,654.82	-7,060,654.82	
Total equity	116,430,875,184.93	116,783,140,512.63	352,265,327.70	-28,595,591.07	380,860,918.77
Operation cost	29,195,642,949.34	29,181,898,746.00	-13,744,203.34	-13,744,203.34	
Selling and distribution expense	151,174,291.38	151,144,550.79	-29,740.59	-29,740.59	
General and administrative expense	2,646,336,338.74	2,646,139,860.24	-196,478.50	-196,478.50	
Financial expense	7,891,018,039.02	7,911,722,789.79	20,704,750.77	20,704,750.77	
Investment income	2,029,274,642.78	2,043,488,084.03	14,213,441.25		14,213,441.25
Impairment loss of credit	-19,703,545.33	-19,856,308.29	-152,762.96	-152,762.96	
Impairment loss of assets	-80,492,381.11	-80,396,189.03	96,192.08	96,192.08	
Gains or losses on disposal of assets	460,486,469.49	460,536,453.23	49,983.74	49,983.74	
Income tax expense	2,486,251,183.45	2,485,089,829.47	-1,161,353.98	-1,161,353.98	
Net profit for the year	6,791,179,360.48	6,799,813,240.23	8,633,879.75	-5,579,561.51	14,213,441.25

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Financial statement items	Closing balance at the end of previous year	Opening balance	Impact amount on adjustments		
			Total	Changes of accounting policies	Other correction
Net profit attributed to parent company	3,983,109,953.60	3,993,463,121.61	10,353,168.01	-3,860,273.25	14,213,441.25
Net profit attributed to NCI	2,808,069,406.88	2,806,350,118.62	-1,719,288.26	-1,719,288.26	
Cash received from sales of goods or rendering of services	15,620,349,638.98	15,583,811,710.52	-36,537,928.46	-36,537,928.46	
Other cash received relating to operating activities	1,798,588,501.14	1,786,962,684.26	-11,625,816.88	-11,625,816.88	
Cash received from sale of investment	759,914,442.70	774,127,883.95	14,213,441.25		14,213,441.25
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	31,451,554,969.24	31,384,944,833.44	-66,610,135.80	-66,610,135.80	
Other cash paid relating to financing activities	1,295,108,320.86	1,409,882,202.00	114,773,881.14	114,773,881.14	

VI. TAXES

1 Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
VAT (Note 1)	Taxable income	Tax free, 0%, 1%, 3%, 5%, 6%, 9%, 11%, 13%
City maintenance and construction tax (Note 2)	Actually paid turnover taxes	1%, 5%, 7%
Education surcharge (Note 2)	Actually paid turnover taxes	3%
Local education surcharge (Note 2)	Actually paid turnover taxes	2%
Corporate income tax (Note 4)	Taxable profit	5%, 15%, 20%, 25%
Hong Kong Profits tax (Note 5)	Assessable profit	16.5%

2 Tax incentives

Note 1: According to “Notice on Full Launch of the Pilot Scheme on Levying Value Added Tax in Place of Business Tax” (Caishui [2016] No.36) issued by MOF and National Tax Bureau, the pilot scheme on levying VAT in place of business tax has been implemented nationwide since 1 May 2016, the Group’s subsidiaries that meet the conditions of levying VAT instead of business tax pilot shall apply the VAT rates. As to toll income, simplified tax computation method with levy rate of 3% applies. Among them, the revenue from expressway traffic business will be changed to value-added tax from May 1, 2016. According to the guidelines for the administration of replacing business tax with value-added tax on Expressway, the tax payable for the toll revenue of expressway projects started before May 1, 2016 will be calculated according to the simple tax collection method and the collection rate of 3%. For income from rendering services in highway facilities and other auxiliary facilities, simple tax computation method with a levy rate of 5% applies if service contracts were signed before 1 May 2016, while general tax computation method with a tax rate of 11% applies if service contracts were signed after 1 May 2016.

According to “Announcement of Simplification and Combination of Value Added Tax Rate Policy” (Caishui [2017] No.37) issued by MOF and National Tax Bureau and “Measures for the Implementation of the Pilot Scheme on Levying Value Added Tax in place of Business Tax”, VAT rate of 13% were cancelled since 1 July 2017. Certain subsidiaries of the Group pay VAT at 11% instead for their sales of water, gas and petrol and etc.

For income from construction contracts, general tax computation method with a tax rate of 11% generally applies, except that simplified tax computation method with a tax rate of 3% could be applied to certain construction services if they meet certain particular conditions according to “The Guidance of Levying Value Added Tax in Place of Business Tax on Construction Service”.

The Group's subsidiaries engaged in automobile transportation shall apply the VAT rate specified in "The Notice on the Pilot Tax Policy of Replacing Corporation tax with VAT in Transportation Industry and Some Modern Service Industries in China" (Caishui [2013] No. 37). Among them, part of the transportation income engaged in cross-border transportation is exempted from VAT, and part of the transportation income is subject to zero tax rate of VAT. For units engaged in domestic transportation, part of the domestic transportation income shall be subject to VAT in the simple tax calculation method, with a simple collection rate of 3%, and the rest of the domestic transportation income shall be subject to VAT in the general tax calculation method, with a VAT rate of 11%.

Some subsidiaries of the group provide wharf warehousing, supervision, testing, consulting, design, survey, technical services and technical development, and the value-added tax is calculated and paid at 6%.

According to "Announcement of Adjustment on Value Added Tax Rate Policy"(Caishui [2018] No.32) issued by MOF and National Tax Bureau, the applicable tax rates for the sales or import of goods have been changed from 17% and 11% to 16% and 10% respectively since 1 May 2018. According to "The Announcement on deepening VAT reform" (Announcement [2019] No.39 issued by MOF, National Tax Bureau and General Administration of Customs), since 1 April 2019, taxpayers shall comply with policies of other items set out in with the tax rates decreasing from 16%、9% to 13%、9% respectively. The Group has made adjustments to related transactions.

Note 2: Guangdong Hualu Traffic Technology Co., Ltd., Guangzhou Newsoft Technology Co., Ltd., Guangdong Xinyue Transportation Investment Co., Ltd., Guangdong Oriental Thought Co., Ltd., Guangdong United Electronic Fee-Collecting Co., Ltd., Guangzhou Xinyue Transportation Technology Co., Ltd. and Guangdong Xinyue Jiafu Asphalt Co., Ltd. are high tech enterprise, so enterprise income tax reduced to 15%.

According to "The Notice on Expanding the Scope of Preferential Income Tax Policies for Small-scaled Minimal Profit Enterprise" (Caishui [2017] No. 43) issued by t MOF and National Tax Bureau, from 1 Jan 2017 to 31 Dec 2019, for annual taxable income less than RMB 500,000.00 (including RMB 500,000.00) the income of Small-scaled minimal profit enterprise shall be included in the taxable income at the reduced rate of 50%, and the enterprise income tax shall be paid at the tax rate of 20%. On 11 July 2018, MOF and National Tax Bureau issued Caishui [2018] No. 77 "The Notice on Further Expanding the Scope of Preferential Income Tax Policies for Small-scaled Minimal Profit Enterprise", raising the upper limit of annual taxable income of Small-scaled minimal profit enterprise from RMB 500,000.00 to RMB 1 million from 1 Jan2018 to 31 Dec 2020, and for the annual taxable income less than RMB 1 million (including RMB 1 million), the income of Small-scaled minimal profit enterprise shall be included in the taxable income at the reduced rate of 50%, and the enterprise income tax shall be paid at the tax rate of 20%. Pursuant to Cai shui [2019] No. 13, "The Announcement of implementation on inclusive tax relief policy of Small-scaled minimal profit enterprise" issued by MOF and National Tax Bureau on 17 January 2019, the Small-scaled minimal profit enterprise with an annual taxable

income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax treatment of 25% exemption of taxable income and application of income tax rate as 20%; the Small-scaled minimal profit enterprise with an annual taxable income between RMB 1,000,000 and RMB 3,000,000 (RMB 3,000,000 included) is entitled to a preferential tax treatment of 50% exemption of taxable income and application of income tax rate as 20%, from 1 Jan 2019 to 31 Dec 2021. Part of subsidiaries of the Group meet the preferential income tax policies for Small-scaled minimal profit enterprise.

According to the notice of MOF and National Tax Bureau on the preferential policies for enterprise income tax of public infrastructure projects and environmental protection, energy conservation and water saving projects, the income from the investment and operation of public infrastructure projects that meet the provisions of the catalogue of preferential enterprise income tax of public infrastructure projects and have been approved before 31 Dec 2007, During the preferential period of "three exemptions and three reductions by half" of enterprise income tax calculated according to the provisions of the new tax law from the tax year in which the first production and operation income of the project is obtained, the enterprise income tax can be reduced or exempted for the remaining years from 1 Jan 2008. The second Humen Bridge project of Guangdong Highway Construction Co., Ltd. meets the above tax preference conditions and enjoys the tax preference of "three exemptions and three half reductions" from 2019.

According to "Notice on Full Launch of the Pilot Scheme on Levying Value Added Tax in Place of Business Tax" (Caishui [2016] No.36) issued by MOF and National Tax Bureau, the subsidiary Guangdong Gaosu Science and Technology Investment Co., Ltd. met the criteria of the contract energy management services to benefit tax free VAT.

According to "Notice on Policy Issues of VAT, Corporation Tax and Enterprise Income Tax for Promoting the Development of Energy Conservation Service Industry" (Caishui [2010] No. 110) issued by MOF and National Tax Bureau, the projects that Guangdong Gaosu Science and Technology Investment Co., Ltd. engaged in meet the relevant regulation of the enterprise income tax law, it shall be exempted from enterprise income tax from the first to the third year, since the tax year in which the first production and operation income of the project is obtained, and the enterprise income tax shall be reduced by half at the legal tax rate of 25% from the fourth to the sixth year. This year is the sixth year of benefit tax.

In addition to the above enterprises, the statutory tax rate of other subsidiaries of the company is 25%.

Note 3: Pursuant to the Financial Budget Proposal announced by Hong Kong government on 28 February 2018, enterprises registered in Hong Kong are entitled to a one-off preferential tax treatment of 75% exemption of profit tax in 2018 with the maximum of HK\$ 30,000.

Pursuant to the Financial Budget Proposal announced by Hong Kong government on 27 February 2019, enterprises registered in Hong Kong are entitled to a one-off preferential tax treatment of 75% exemption of profit tax in 2019 with the maximum of HK\$ 20,000.

Note 4: According to “The Announcement on deepening VAT reform” (Announcement [2019] No. 39) issued by MOF, National Tax Bureau and General Administration of Customs, taxpayers of production and living services are allowed to add 10% of the deductible input tax of the current period to offset the tax payable from 1 April 2019 to 31 December 2021. According to “The Announcement on further supporting self-employment and employment of retired soldiers” (Cai shui [2019] No.21) by MOF, National Tax Bureau and Department of Veterans, from 1 January 2019 to 31 December 2021, for enterprise which recruits retired soldiers for self-employment and signs a labour contract with them for more than one year and pays social insurance premiums in accordance with the law, the value-added tax, city maintenance and construction tax, education surcharge, local education surcharge and enterprise income tax shall be deducted successively according to the actual number of recruits within three years from the month when the labour contract is signed and social insurance is paid.

VI. Business Combinations and Consolidated Financial Statements

(Amount units in the following table data in this section are RMB 10,000 unless otherwise specified.)

I Subsidiaries

No	Full name of the subsidiary	Order	Types of enterprises	Business premise	Incorporation place	Business nature	Paid-in capital	Shareholding ratio (%)	Voting rights ratio (%)	Investment cost	Established or acquired
1	Guangdong Expressway Co., Ltd. (Note 1)	2	Domestic and non-financial	Guangzhou	Guangdong	Highway management and conservation	1,248,895.10	86.48	100.00	2,378,153.20	Others
2	Guangdong Expressway Co., Ltd. (Note 1)	2	Domestic and non-financial	Guangzhou	Guangdong	Highway management and conservation	1,080,000.00	93.96	100.00	1,229,784.51	Others
3	Guangdong Expressway Co., Ltd. (Note 1)	2	Domestic and non-financial	Guangzhou	Guangdong	Highway management and conservation	909,551.68	80.81	100.00	2,435,454.27	Others
4	Guangdong Expressway Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Highway management and conservation	209,080.61	50.12	50.12	262,744.04	Others
5	Guangdong Traffic Industrial Investment Company (Note 1)	2	Domestic and non-financial	Guangzhou	Guangdong	Highway management and conservation	189,530.86	72.12	100.00	1,068,230.35	Others
6	Guangdong Yueyun Transportation Company Limited	2	Domestic and non-financial	Guangzhou	Guangdong	Logistics industry	79,984.78	74.12	74.12	51,493.40	Others
7	Guangdong Yueyun Investment Management Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Highway passenger transportation	300.00	100.00	100.00	14,594.88	Others
8	Xin Yue Company Limited	2	Overseas	Hong Kong	Guangdong, Hong Kong	Investment	HKD2,400.00	100.00	100.00	78,923.80	Others
9	Weisheng Transportation & Enterprises Company Limited	2	Overseas	Hong Kong	Guangdong, Hong Kong	Highway passenger and freight transportation	HKD 30.00	100.00	100.00	50.00	Others
10	Guangdong Lentop Real Estate Investment Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Real estate development and operation	15,000.00	100.00	100.00	243,664.09	Investment establishment
11	Guangdong Huaiti Traffic Technology Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Other professional technology	1,300.00	100.00	100.00	17,207.60	Investment establishment
12	Guangdong Guanghui Expressway Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Highway management and conservation	235,167.80	67.50	67.50	158,738.27	Investment establishment

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

No	Full name of the subsidiary	Order	Types of enterprises	Business premise	Incorporation place	Business nature	Paid-in capital	Shareholding ratio (%)	Voting rights ratio (%)	Investment cost	Established or acquired
13	Qiguan Chelu Co., Ltd.	2	Domestic and non-financial	Zhuhai	Guangdong, Macao	Highway passenger transportation	8,201.05	100.00	100.00	3,100.00	Others
14	Guangdong Communications Group Finance Co., Ltd.	2	Domestic and financial	Guangzhou	Guangdong	Providing financial services to member units	200,000.00	100.00	100.00	200,000.00	Others
15	Guangzhou Newsoft Technology Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Information system integration service	10,282.79	100.00	100.00	18,648.97	Others
16	Electronic Fee-Collecting Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Other road transport auxiliary activities	39,200.00	65.00	65.00	47,334.93	Others
17	Guangdong City Traffic Investment Co., Ltd.	2	Domestic and non-financial	Guangzhou	Guangdong	Commercial complex management services	10,000.00	100.00	100.00	10,000.00	Investment establishment

Note 1:

The People's Insurance Group of China Co., LTD and the People's Government of Guangdong Province have reviewed and approved the Operation Plan of RMB 15 billion Provincial Expressway Construction Capital Financing. To solve the problem of capital demand of traffic infrastructure construction of Guangdong Province, approved by CIRC after registration, Humanistic Capital Investment Management Co., Ltd raised 15 billion and lent it to the Guangdong Yuecai Investment Holding Company Limited (hereinafter referred to as the "Yuecai Holdings"), Yuecai Holdings invested in 4 subsidiaries of the Group in the form of equity investment, and agreed not to participate in profit distribution of these subsidiaries. See "Note 12 to the Financial statements-other contents to be disclosed in accordance with relevant financial and accounting systems, and (ii) Yuecai Holdings' capital and share increase of RMB 15 billion to part of the Company's expressway projects".

Note 2:

In 2019, there are 207 subsidiaries of the Group included in the consolidated statements, including 17 second-level enterprises, 98 third-level enterprises, 90 fourth-level enterprises and 2 fifth-level enterprises. The above table shows the list of second-level enterprises.

2 The reason why the parent company can form control over the invested entity even though it owns less than half of the voting rights of the invested entity

No	Name	Shareholding ratio (%)	Voting rights ratio (%)	Registered capital	Investment amount	Order	Reasons for company included in the consolidation scope
1	Guandong Lianbang Cheung Science and Technology Co., Ltd.	43.20	43.20	55,560,000.00	24,000,000.00	4	Has the actual right of control

3 Reasons why the parent company directly or indirectly owns more than half of the voting rights of the invested units through other subsidiaries but fails to form control over them

No	Name	Shareholding ratio (%)	Voting rights ratio (%)	Registered capital	Investment amount	Order	Reasons for companies not included in the consolidation scope
1	Luoding Luomei Highway Co., Ltd.	55.07	55.07	83,000,000.00	45,708,100.00	3	Chinese foreign contractual joint ventures, the foreign party gives priority to the distribution, does not have the actual right of control
2	Fengshun Automobile Transportation Co., Ltd.	52.59	52.59	6,084,800.00	3,200,000.00	4	The Company does not have the actual right of control

4 Significant non wholly-owned subsidiaries

(1) NCI

No	Name of the subsidiary	NCI holding ratio (%)	Accumulated profits or losses attributed to NCI	Dividends paid to NCI in current period	Accumulated equity attributed to NCI at the end of year
1	Guangdong Road and Bridge Construction Development Co., Ltd.	19.19			7,042,500,000.00
2	Guangdong Provincial Expressway Development Co., Ltd.	49.88	351,110,067.36	438,727,759.42	5,985,067,586.63
3	Guangdong Expressway Co., Ltd.	13.52			4,757,500,000.00
4	Guangdong Guangzhou West Expressway Co., Ltd.	50.00	70,915,862.05	115,057,299.52	2,521,768,491.25
5	Gongdong Traffic Industrial Investment Company	27.88			1,800,000,000.00
6	Guangdong Highway Construction Co., Ltd.	6.04			1,400,000,000.00
7	Guangdong Guanghui Expressway Co., Ltd.	32.50	253,599,136.40	127,525,617.45	1,290,872,027.78
8	Dongguan Guangshenzhu Expressway Co., Ltd.	45.00	463,717,266.34	405,000,000.00	843,756,402.07
9	Guangdong Yueyun Transportation Company Limited	25.88	-58,780,128.99		536,047,880.44

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

No	Name of the subsidiary	NCI holding ratio (%)	Accumulated profits or losses attributed to NCI	Dividends paid to NCI in current period	Accumulated equity attributed to NCI at the end of year
10	Guangdong United Electronic Fee-Collecting Co., Ltd.	35.00	57,707,840.77	37,730,000.00	441,009,128.34

Note:

The table above lists the non-wholly-owned subsidiaries of the Group's secondary enterprises whose NCI accounts for more than 10% (inclusive) of the NCI in the consolidated statements or whose NCI profit and loss accounts for more than 10% (inclusive) of the NCI profit and loss in the consolidated statements in the reporting period.

(2) Key financial information

Items	Current period				
	Guangdong Road and Bridge Construction Development Co., Ltd.	Guangdong Provincial Expressway Development Co., Ltd.	Guangdong Expressway Co., Ltd.	Guangdong Guangzhou West Expressway Co., Ltd.	Gongdong Traffic Industrial Investment Company
Current assets	3,765,801,896.88	2,980,940,472.68	3,145,521,060.46	136,692,284.03	3,770,399,627.08
Non-current assets	123,050,506,981.52	14,693,604,868.10	119,086,098,565.39	10,642,005,338.17	27,697,149,529.75
Total assets	126,816,308,788.40	17,674,545,340.78	122,231,619,625.85	10,778,697,622.20	31,467,549,156.83
Current liabilities	6,259,798,644.80	1,827,575,113.80	7,395,730,064.07	312,063,555.35	2,701,010,940.17
Non-current liabilities	85,492,226,450.70	5,596,373,329.09	83,545,813,548.77	5,334,814,209.40	24,729,687,063.87
Total liabilities	91,752,025,095.50	7,423,948,442.89	90,941,543,612.84	5,646,877,764.75	27,430,698,004.04
Operating income	6,847,725,130.09	3,057,935,584.43	12,222,284,673.12	1,512,516,976.24	1,250,369,423.15
Net profit	590,605,733.24	1,449,585,131.27	132,412,996.13	310,732,776.60	-1,065,910,954.26
Total comprehensive income	862,653,609.33	1,576,472,422.88	141,510,965.69	310,732,776.60	-1,066,518,149.61
Operating activities cash flows	5,111,215,222.50	1,988,551,897.83	8,980,210,351.96	1,146,110,572.48	803,382,435.25

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

(Continued)

Items	Current period				
	Guangdong Highway Construction Co., Ltd.	Guangdong Guanghui Expressway Co., Ltd.	Dongguan Guangshenzhu Expressway Co., Ltd.	Guangdong Yueyun Transportation Company Limited	Guangdong United Electronic Fee-Collecting Co., Ltd.
Current assets	10,004,365,055.96	676,184,932.27	589,144,919.09	2,512,546,911.13	6,360,935,013.20
Non-current assets	85,513,821,157.10	3,551,837,539.85	5,687,167,245.22	8,582,458,570.33	405,622,276.83
Total assets	95,518,186,213.06	4,228,022,472.12	6,276,312,164.31	11,095,005,481.46	6,766,557,290.03
Current liabilities	9,746,442,691.00	206,052,396.61	1,258,610,825.62	3,358,085,953.80	6,094,023,570.72
Non-current liabilities	62,556,168,529.14	527,058,163.79	3,266,643,809.66	4,249,997,737.76	
Total liabilities	72,302,611,220.14	733,110,560.40	4,525,254,635.28	7,608,083,691.56	6,094,023,570.72
Operating income	9,078,829,362.58	1,943,745,753.48	3,183,440,223.95	6,657,212,873.97	1,413,902,994.95
Net profit	1,377,618,030.72	1,002,651,683.59	1,459,051,076.51	365,083,702.80	155,766,262.03
Total comprehensive income	1,405,523,896.75	1,002,651,683.59	1,459,051,076.51	374,525,590.78	155,766,262.03
Operating activities cash flows	5,899,709,762.94	1,234,129,289.22	2,188,592,273.77	1,491,857,609.61	2,114,450,182.65

(Continued)

Items	Prior period				
	Guangdong Road and Bridge Construction Development Co., Ltd.	Guangdong Provincial Expressway Development Co., Ltd.	Guangdong Expressway Co., Ltd.	Guangdong Guangzhou West Expressway Co., Ltd.	Guangdong Traffic Industrial Investment Company
Current assets	7,805,111,534.50	2,234,134,954.04	6,245,023,574.89	179,399,184.85	3,142,397,276.21
Non-current assets	114,983,028,019.84	14,062,222,915.59	119,254,349,734.63	11,176,127,042.16	25,023,540,277.69
Total assets	122,788,139,554.34	16,296,357,869.63	125,499,373,309.52	11,355,526,227.01	28,165,937,553.90
Current liabilities	6,740,270,940.66	3,022,874,546.82	8,206,029,271.14	326,052,360.54	2,699,936,270.24
Non-current liabilities	82,891,109,141.61	3,226,734,599.70	86,303,762,169.71	6,208,336,785.62	20,825,963,744.72
Total liabilities	89,631,380,082.27	6,249,609,146.52	94,509,791,440.85	6,534,389,146.16	23,525,900,014.96
Operating income	6,671,024,299.23	3,218,694,083.94	10,055,530,362.38	1,436,162,807.06	994,640,576.96
Net profit	204,822,765.98	1,903,340,402.71	88,820,428.67	369,001,456.80	-937,085,236.90
Total comprehensive income	103,034,620.73	1,821,185,693.35	125,203,913.50	369,001,456.80	-936,637,829.80
Operating activities cash flows	5,206,575,683.66	1,915,985,578.04	7,457,957,174.32	1,242,517,438.58	482,739,396.75

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

(Continued)

Items	Prior period				
	Guangdong Highway Construction Co., Ltd.	Guangdong Guanghui Expressway Co., Ltd.	Dongguan Guangshenzhen Expressway Co., Ltd.	Guangdong Yueyun Transportation Company Limited	Guangdong United Electronic Fee-Collecting Co., Ltd.
Current assets	5,116,356,329.18	880,686,329.70	513,385,262.52	2,549,759,935.51	4,329,205,013.77
Non-current assets	74,699,977,167.98	3,813,612,927.86	6,057,143,022.67	7,963,186,746.40	347,351,489.53
Total assets	79,816,333,497.16	4,694,299,257.56	6,570,528,285.19	10,512,946,681.91	4,676,556,503.30
Current liabilities	6,567,214,316.03	538,137,245.04	908,268,928.74	2,745,206,197.56	3,941,167,379.30
Non-current liabilities	52,739,441,279.51	847,757,933.94	3,940,298,028.27	4,261,252,253.65	221,666.72
Total liabilities	59,306,655,595.54	1,385,895,178.98	4,848,566,957.01	7,006,458,451.21	3,941,389,046.02
Operating income	6,520,710,774.04	1,855,658,219.29	3,285,369,206.12	6,531,847,666.69	519,470,861.02
Net profit	1,654,899,330.42	969,032,056.06	1,429,954,875.66	349,792,623.23	72,302,797.63
Total comprehensive income	1,634,773,830.23	969,032,056.06	1,429,954,875.66	366,989,438.45	72,302,797.63
Operating activities cash flows	4,751,057,219.16	1,384,989,567.16	2,245,880,095.38	695,834,686.04	1,389,858,746.83

5 Subsidiaries no longer included in the consolidation scope in the current period

As illustrated in Notes IV. Significant Accounting Policies and Accounting Estimates, Yueyun Company, a subsidiary of the Group, implemented the New Financial Instrument Standard and the New Revenue Standard from 1 Jan 2018 and the New Lease Standard from 1 Jan 2019. Yue Expressway, a subsidiary of the Group, has implemented the New Financial Instrument Standard since 1 Jan 2019. Except for the above companies, other subsidiaries of the Company have not implemented the new standards. When preparing the consolidated financial statements, the Company will directly consolidate the financial statements of the subsidiaries that implement the new standards.

6 Subsidiaries no longer included in the consolidation scope in the current period

(1) Basic information of original companies

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

No	Name	Registered address	Nature of business	Shareholding ratio (%)	Voting rights ratio (%)	Reasons for not becoming a subsidiary in the current period
1	Guangdong Baomao Expressway Co., Ltd. (Note 1)	Guangzhou	Highway management and conservation	100.00	100.00	Absorption
2	Guangdong Hehui Expressway Co., Ltd. (Note 1)	Guangzhou	Highway management and conservation	100.00	100.00	Absorption
3	Guangdong Erguang Expressway Co., Ltd. (Note 2)	Guangzhou	Highway management and conservation	100.00	100.00	Absorption
4	Qiguan Chelu Co., Ltd. Zhuhai Company	Zhuhai	Tourism passenger transport	100.00	100.00	Absorption
5	Heyuan Yuancheng Yuanshun Transportation Co., Ltd.	Heyuan	Long distance passenger transport	100.00	100.00	Disposal
6	Lianping Yueyun Transport Co., Ltd	Heyuan	Other road passenger transport	100.00	100.00	Disposal
7	Yueyun Transportation Technology Service (Guangzhou) Co., Ltd	Guangzhou	Wholesale of building materials	100.00	100.00	Cancellation
8	Zhaoqing Yueyun Logistics Co., Ltd.	Zhaoqing	Freight forwarder	100.00	100.00	Cancellation
9	Zhaoqing Yueyun Car Rental Co., Ltd.	Zhaoqing	Car Rental	100.00	100.00	Cancellation
10	Yangjiang Yueyun Langri Logistics Co., Ltd.	Yangjiang	General freight	100.00	100.00	Cancellation
11	Guangzhou Yueyun Langri Transport Co., Ltd	Guangzhou	Tourism passenger transport	100.00	100.00	Cancellation
12	Yangshan County Shuntong Transportation Service Co., Ltd.	Qingyuan	Other road passenger transport	100.00	100.00	Cancellation
13	Guangdong Guangshan Expressway Transport Co., Ltd	Guangzhou	Long distance passenger transport	51.00	51.00	Cancellation
14	Guangdong Hengjian Expressway Development Co., Ltd.	Guangzhou	Installation of other buildings	100.00	100.00	Cancellation
15	Zhuhai Xunda Commodities Warehousing and Transportation Company	Zhuhai	Estate management	100.00	100.00	Cancellation
16	Shixing Junxing Urban and Rural Public Transport Co., Ltd.	Shaoguan	Urban public transport	51.00	51.00	The court took over it and the Company has lost its control.

Note 1:

According to the Group's "Reply on Equity Restructure of Hehui, Maozhan and Baomao Companies" (Yue Jiaoji Tou [2018] No. 161), Guangdong Expressway Co., Ltd. absorbed and merged Guangdong Hehui Expressway Co., Ltd., Guangdong Maozhan Expressway Co., Ltd. into Guangdong Baomao Expressway Co., Ltd., and the base date of absorption and transfer was 31 Dec 2018.

Note 2:

According to the Group's "Reply on the Absorption and Merger of Erguang Company by Luqiao Company" (Yue Jiaoji Tou [2019] No. 3), Guangdong Road and Bridge Construction Development Co., Ltd. absorbed and merged Guangdong Erguang Expressway Co., Ltd. on 30 June 2019, and established Guangdong Road and Bridge Construction Development Co., Ltd Erguang Branch, Guangdong Erguang Expressway Co., Ltd. has obtained the notice of approval for cancellation of registration on 10 Dec 2019.

Note 3:

In 2019, the Group will dispose all the equity of Heyuan Yuancheng Yuanshun Transportation Co., Ltd. and Lianping Yueyun Transport Co., Ltd. The operating results and cash flows of the above companies before equity disposal have been included in the Group's consolidated statement of profit or loss and consolidated statement of cash flows of the current year.

Note 4:

9 subsidiaries of the Group completed cancellation in 2019, including Yueyun Transportation Technology Service (Guangzhou) Co., Ltd, Zhaoqing Yueyun Logistics Co., Ltd., Zhaoqing Yueyun Car Rental Co., Ltd., Yangjiang Yueyun Langri Logistics Co., Ltd., Guangzhou Yueyun Langri Transport Co., Ltd, Yangshan County Shuntong Transportation Service Co., Ltd., Guangdong Guangshan Expressway Transport Co., Ltd, Guangdong Hengjian Expressway Development Co., Ltd. and Zhuhai Xunda Commodities Warehousing and Transportation Company. The operating results and cash flows of the above companies before cancellation have been included in the Group's consolidated statement of profit or loss and consolidated statement of cash flows of the current year.

Note 5:

Shixing Junxing Urban and Rural Public Transport Co., Ltd., a subsidiary of the Group, entered the bankruptcy liquidation procedure on 2 July 2019 and was taken over by the court. Its operating results and cash flows before entering the bankruptcy liquidation procedure have been included in the Group's consolidated statement of profit or loss and consolidated statement of cash flows of the current year.

(2) Financial status of subsidiaries disposed of in the current period on the disposal date

Name	Heyuan Yuancheng Yuanshun Transportation Co., Ltd.		Lianping Yueyun Transport Co., Ltd	
	Disposal date	31 Dec 2018	Disposal date	31 Dec 2018
Cut-off date	29 July 2019	31 Dec 2018	28 June 2019	31 Dec 2018
Assets	7,472,857.17	6,524,452.17	7,567,085.08	7,760,248.50
Liabilities	6,565,106.53	5,725,149.66	6,470,368.59	6,448,150.21
Owners' equities	907,750.64	799,302.51	1,096,716.49	1,312,098.29

(3) Operating results of subsidiaries disposed of in the current period from the beginning of the current period to the disposal date

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Name	Heyuan Yuancheng Yuanshun Transportation Co., Ltd.		Liangping Yueyun Transport Co., Ltd	
	1 Jan 2019-29 July 2019	2018	1 Jan 2019-28 June 2019	2018
Operating revenues	1,479,818.99	3,164,183.43	793,526.33	2,339,023.32
Operating costs	1,021,648.57	2,338,434.45	887,086.15	1,798,271.55
Operating profits	95,930.94	-38,461.09	-224,972.37	176,133.77
Total profits before tax	95,920.91	-38,261.09	-224,994.48	176,433.53
Net profits	80,761.52	-46,335.22	-224,994.48	123,333.65

7 Entities newly included in the consolidation scope in the current period

No	Name	Form control mode	Net assets at the end of period	Net profits in current period
1	Guangdong City Traffic Investment Co., Ltd.	Investment establishment	97,462,227.04	-2,537,772.96
2	Guangzhou Lihu Industrial Investment Co., Ltd.	Investment establishment	1,997,144.24	-2,855.76
3	Guangzhou Zhentong Industrial Development Co., Ltd.	Investment establishment	10,000,000.00	
4	Zhuhai Gongyuan Bus Station Co., Ltd.	Investment establishment	50,749,111.21	759,907.96
5	Guangzhou Lixin Industrial Investment Co., Ltd.	Investment establishment	971,982.48	-28,017.52
6	Macao Qiguan Land Cross Border Passenger Transport Co., Ltd	Investment establishment	8,616,476.95	-79,001.44
7	Shenzhen Wenjindu Bus Terminal Co., Ltd.	Investment establishment	-4,700.33	-4,700.33
8	Shaoguan Jitongtu Automobile Transportation Co., Ltd.	Business combination not under the common control	13,575,959.39	1,675,765.58
9	Guangdong Wangfei Logistics Technology Co., Ltd.	Business combination not under the common control	2,381,852.92	-1,663,304.51
10	Guangdong Guangzhou West Expressway Co., Ltd.	Business combination not under the common control	5,131,819,857.45	310,732,776.60

8 Business combinations under the common control in the current period: Nil

9 Business combinations not under the common control in the current period

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Name	Merge date	Book value of net assets	Fair value of identifiable net assets		Transaction consideration	Goodwill		Incomes of the acquiree from the acquisition date to the end of the period	Net profits of the acquiree from the acquisition date to the end of the period
			Amount	Determination method		Amount	Determination method		
Guangdong Guangzhou West Expressway Co., Ltd. (Note 1)	2019-1-1	4,821,137,080.85	4,821,137,080.85	Book value	2,410,568,540.43		1,512,516,976.24	310,732,776.60	
Shaoguan Jitongtu Automobile Transportation Co., Ltd. (Note 2)	2019-1-1	11,900,193.81	15,418,679.78	Evaluation	15,418,679.78		17,758,786.92	1,675,765.58	
Guangdong Wangfei Logistics Technology Co., Ltd. (Note 3)	2019-12-26	2,381,852.92	3,241,523.98	Evaluation	8,434,400.00	Difference between purchase consideration and fair value of identifiable net assets			

Note 1:

Due to the change of control, the book net assets of Guangdong Guangzhou West Expressway Co., Ltd. has been included in the consolidation scope since January 1, 2019.

Note 2:

On acquisition date 1 Jan 2019, the subsidiary of the Group, Guangdong Shaoguan Automobile Transport Group Co., Ltd. purchased 100% equity shares of Shaoguan Jitongtu Automobile Transportation Co., Ltd. in cash at RMB 15,418,679.78.

The fair value of the identifiable net assets of Shaoguan Jitongtu Automobile Transportation Co., Ltd. acquired by the Group on the acquisition date is RMB 15,418,679.78.

Note 3:

On acquisition date 26 Dec 2019, the subsidiary of the Group, Guangdong Yue Yun Development Co., Ltd. (hereinafter referred to as "Yueyun Development") purchased 2% equity shares of Guangdong Wangfei Logistics Technology Co., Ltd. (hereinafter referred to as "Guangdong Wangfei") in cash at RMB 300,000.00. In addition, Yueyun Development increased its capital in different proportion with cash of RMB 934,400.00, resulting in an increase of 0.12% in its shareholding in Guangdong Wangfei.

After the shareholder completed the capital injection, the registered capital and paid-in capital of Guangdong Wangfei are RMB 16,830,000.00. The total investment amount of Yueyun Development is RMB 8,434,400.00, and the shareholding ratio of Guangdong Wangfei is 50.12%, which has been controlled and included in the scope of consolidation. According to Notes.

IV, No. 4. Accounting policies, when business combinations not under the common control are realized step by step through multiple transactions, the Group remeasures the equity of the acquiree held before the acquisition date according to the fair value of the equity on the acquisition date, and the difference between the fair value and its book value of RMB 6,935,110.60 is included in the current profit or loss.

The revenue, net profit and net cash inflows of Guangdong Wangfei from 26 Dec 2019 (acquisition date) to 31 Dec 2019 are not disclosed due to insignificant amount.

10 Reverse acquisitions in the current period: Nil

VIII. NOTES TO THE SIGNIFICANT ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

For the consolidated financial statement data disclosed below, unless otherwise stated, "Closing balance" refers to the balance as at 31 Dec 2019, and "Opening balance" refers to the balance as at 31 Dec 2018. "Current period" refers to the year from 1 Jan 2019 to 31 Dec 2019; and "Prior period" refers to the year from 1 Jan 2018 to 31 Dec 2018. The currency unit is RMB.

1 Monetary funds

Items	Closing balance	Opening balance
Cash on hand	10,091,995.44	14,839,233.47
Cash in bank	22,262,600,654.15	25,917,598,776.61
Other monetary funds	1,416,752,424.74	2,142,843,005.23
Total	23,689,445,074.33	28,075,281,015.31
Total amount deposited abroad	1,105,827,297.40	1,032,492,978.60
Deposit in the Central Bank	1,365,906,959.70	1,576,568,749.11

Restricted monetary funds are as follows:

Items	Closing balance	Opening balance
Toll clearing account	123,058,496.40	234,039,319.36
Statutory deposit reserves in the central bank	1,311,634,404.09	1,531,562,276.00
Performance bond, guarantee deposits, reclamation deposits, etc.	72,004,642.19	89,571,757.61
Total	1,506,697,542.68	1,855,173,352.97

2 Financial assets at fair value through profit or loss

Items	Closing balance	Opening balance
I. Trading financial assets	300,116,541.99	50,000,000.00
Including: Equity instrument investment		
Others	300,116,541.99	50,000,000.00
Total	300,116,541.99	50,000,000.00

3 Notes receivable

(1) Classification of notes receivables

Category	Closing balance			Opening balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Bank acceptance bill	49,359,744.33		49,359,744.33	6,416,672.08		6,416,672.08
Total	49,359,744.33		49,359,744.33	6,416,672.08		6,416,672.08

(2) Notes receivable endorsed or discounted at the end of the period and not yet due on the balance sheet date: Nil

4 Accounts receivable

(1) Disclosure of accounts receivable

Categories	Closing balance		Opening balance	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Entities that have not yet implemented the New Financial Instrument Standard	1,006,786,116.85	78,060,200.01	999,727,265.42	74,108,332.42
Entities that have implemented the New Financial Instrument Standard	526,303,858.17	54,842,256.27	544,577,164.51	45,821,268.12
Total	1,533,089,975.02	132,842,456.28	1,544,304,429.93	119,929,600.54
			Book value	Book value
			928,785,916.84	925,618,933.00
			471,461,601.90	498,755,896.39
			1,400,247,518.74	1,424,374,829.39

Entities that have not yet implemented the New Financial Instrument Standards

Categories	Closing balance			Opening balance		
	Book balance Amount	Proportion (%)	Bad debt provision Amount	Book balance Amount	Proportion (%)	Bad debt provision Amount
Individually significant items for which provision for bad debt is recognized separately	537,863,674.31	53.42		442,420,671.12	44.25	
Items for which provision for bad debt is recognized by Group with distinctive credit risk characteristics	463,165,381.69	46.01	72,502,699.05	551,708,672.96	55.19	68,764,291.83
Not individually significant items for which provision for bad debt is recognized separately	5,757,060.85	0.57	5,497,500.96	5,597,921.34	0.56	5,344,040.59
Total	1,006,786,116.85	100.00	78,000,200.01	999,727,265.42	100.00	74,108,332.42
			7.75	928,785,916.84		7.41
				537,863,674.31		442,420,671.12
			15.65	390,662,682.64		482,944,381.13
			95.49	259,559.89		253,880.75
				928,785,916.84		925,618,933.00

(a) Individually significant items for which provision for bad debt is recognized separately

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Debtors	Book balance	Bad debt provision	Aging	Accrual Proportion (%)	Reasons for accrual
Guangzhou Airport Second Expressway Co., Ltd.	54,333,739.70		Within 1 year		Judging by recovery
Hubei Jiaotou Trading Logistics Co., Ltd.	48,615,173.78		Within 1 year		Judging by recovery
China Railway Major Bridge Engineering Group Materials Co., Ltd.	41,834,107.65		Within 1 year		Judging by recovery
The Material Industrial and Thading Co., Ltd of China Tiesiju Civil Engineering Group	40,302,309.55		Within 1 year		Judging by recovery
Guangdong No.2 Hydropower Engineering Company, Ltd.	40,040,186.72		Within 1 year		Judging by recovery
China Railway Material Group (south China) Co., Ltd.	39,793,611.57		Within 1 year		Judging by recovery
Hubei Jiaotou Supply Chain Management Co., Ltd.	28,415,876.42		Within 1 year		Judging by recovery
Cccc Third Harbor Engineering Co., Ltd.	27,702,385.81		Within 1 year		Judging by recovery
Maoming Asphalt Storage & Transport Center	27,591,515.13		Within 1 year		Judging by recovery
Hubei Jiaotou Zhiyuan New Material Technology Co., Ltd.	18,066,769.92		Within 1 year		Judging by recovery
Cccc First Harbor Engineering Co., Ltd.	16,631,631.84		Within 1 year		Judging by recovery
China Railway Material Trade Group Shenzhen Co., Ltd.	13,119,522.04		Within 1 year		Judging by recovery
Guangdong Nanyue Transportation Hehuiguan Expressway Management Center	12,814,714.82		Within 1 year		Judging by recovery
China Railway No.4 Bureau Group No.5 Engineering Co., Ltd.	11,924,429.61		Within 1 year		Judging by recovery
China Railway 12th Bureau Group Co., Ltd.	11,545,438.64		Within 1 year		Judging by recovery
Poly Changda Engineering Co., Ltd. Zhuhai Hengqin Branch	11,537,058.92		Within 1 year		Judging by recovery
Guangdong Guanyue Road and Bridge Co., Ltd.	11,350,047.11		Within 1 year		Judging by recovery
Cccc Second Highway Engineering Co., Ltd.	10,011,739.68		Within 1 year		Judging by recovery
China Railway No.3 Engineering Group Co., Ltd.	9,985,583.66		Within 1 year		Judging by recovery
Guangzhou Fuli Construction Installation Engineering Co., Ltd.	6,195,140.28		Within 1 year		Judging by recovery
Guangdong Nanyue Transportation Donglei Expressway Management Center	6,138,334.86		Within 1 year		Judging by recovery
Cccc Harbour & Channel Engineering Bureau Group Co., Ltd.	5,891,674.74		Within 1 year		Judging by recovery
China Railway 11th Bureau Group Urban Rail Engineering Co., Ltd.	5,798,065.13		Within 1 year		Judging by recovery
China Railway Major Bridge Engineering Group Co., Ltd.	4,852,300.14		Within 1 year		Judging by recovery
China Tiesiju Civil Engineering Group Co., Ltd.	4,449,368.51		Within 1 year		Judging by recovery

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Debtors	Book balance	Bad debt provision	Aging	Accrual Proportion (%)	Reasons for accrual
Beijing Construction Civil Engineering Co., Ltd.	4,122,026.13		Within 1 year		Judging by recovery
Guangdong Foundation Engineering Company	3,536,813.11		Within 1 year		Judging by recovery
China Railway Construction Corporation	3,338,002.23		Within 1 year		Judging by recovery
Beijing Construction Engineering Group Co., Ltd.	3,172,456.16		Within 1 year		Judging by recovery
Guangzhou Guangming Expressway Co., Ltd.	3,079,752.54		Within 1 year		Judging by recovery
Liheng Automobile Service Co., Ltd.	4,747,131.08		Within 1 year		Judging by recovery
Guangdong-Hong Kong-Macao Cross Border Conveyance Company Limited	3,887,035.42		Within 1 year		Judging by recovery
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus (Hong Kong) Company Limited	3,041,531.41		Within 1 year		Judging by recovery
Total	537,863,674.31				

(b) Items for which provision for bad debt is recognized by Group with distinctive credit risk characteristics

① Provision for bad debts according to aging portfolio

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (inclusive)	340,858,416.01	73.59	4,808,045.15	406,054,657.11	77.08	7,679,173.25
1-2 years	24,776,543.18	5.35	3,678,613.51	22,282,069.57	4.23	5,515,902.79
2-3 years	12,260,482.08	2.65	3,777,761.16	24,980,571.74	4.74	5,703,135.21
Over 3 years	85,269,940.42	18.41	60,238,279.23	73,478,944.68	13.95	49,162,921.37
Total	463,165,381.69	100.00	72,502,699.05	526,796,243.10	100.00	68,061,132.62

② Provision for bad debts according to other portfolios

Portfolios	Closing balance			Opening balance		
	Book balance	Accrual Proportion (%)	Bad debt provision	Book balance	Accrual Proportion (%)	Bad debt provision
Portfolio 1: Deposit and warranty deposit				10,849,245.62		
Portfolio 2: Other portfolios				14,063,184.24	5.00	703,159.21
Total				24,912,429.86	2.82	703,159.21

(c) Not individually significant items for which provision for bad debt is recognized separately

Debtors	Book balance	Bad debt provision	Aging	Accrual Proportion (%)	Reasons for accrual
Li Jian	1,005,028.66	745,468.77	Over 3 years	74.17	Judging by recovery
Guangdong Yingxin Mortar Mixing Co., Ltd.	701,250.00	701,250.00	Over 3 years	100.00	Estimated unrecoverable
Shanxi Traffic Information Communications Company	675,210.00	675,210.00	Over 3 years	100.00	Estimated unrecoverable
Jincheng Management Office of Shanxi Expressway Administration Bureau	322,684.48	322,684.48	Over 3 years	100.00	Estimated unrecoverable
Shanxi Linfen Expressway Co., Ltd.	321,041.00	321,041.00	Over 3 years	100.00	Estimated unrecoverable
Guizhou Expressway Group Co., Ltd.	234,300.00	234,300.00	Over 3 years	100.00	Estimated unrecoverable
Guangzhou Huanan Road and Bridge Industry Co., Ltd.	199,336.77	199,336.77	Over 3 years	100.00	Estimated unrecoverable
Poly Changda Engineering Co., Ltd. Second Branch Beijing Bridge	136,500.00	136,500.00	Over 3 years	100.00	Estimated unrecoverable
Zhejiang Zhongkong Electronic Technology Co., Ltd.	135,000.00	135,000.00	Over 3 years	100.00	Estimated unrecoverable
Shanxi Expressway Toll Management and Settlement Center	129,000.00	129,000.00	Over 3 years	100.00	Estimated unrecoverable
Tibet Zhongke Development Co., Ltd.	118,611.28	118,611.28	Over 3 years	100.00	Estimated unrecoverable
Huizhou Senhiao Road & Bridge Facility Co., Ltd.	111,870.18	111,870.18	Over 3 years	100.00	Estimated unrecoverable
Zhejiang Jinitwen Speedway Co., Ltd. Monitoring Center	100,363.36	100,363.36	Over 3 years	100.00	Estimated unrecoverable
Shenzhen Yuezhong (Group) Stock Co., Ltd.	89,567.70	89,567.70	Over 3 years	100.00	Estimated unrecoverable
Guangzhou Jiangwan Office	83,581.20	83,581.20	Over 3 years	100.00	Estimated unrecoverable
Guangdong Shaoguan No. 2 Construction Engineering Company	80,129.92	80,129.92	Over 3 years	100.00	Estimated unrecoverable
Guangdong Suixi Yuecheng Highway Co., Ltd.	71,978.78	71,978.78	Over 3 years	100.00	Estimated unrecoverable
Shantou Chaoyang First Construction & Installation Corporation	71,820.47	71,820.47	Over 3 years	100.00	Estimated unrecoverable
China Railway First Group Construction Installation Engineering Co., Ltd.	71,178.38	71,178.38	Over 3 years	100.00	Estimated unrecoverable
Guangdong Construction Engineering Group Co., Ltd.	71,080.10	71,080.10	Over 3 years	100.00	Estimated unrecoverable
Ping Gao Asia Aluminium Co., Ltd.	68,372.71	68,372.71	Over 1 year	100.00	Estimated unrecoverable
Guizhou Zazo Nambai expressway reconstruction and expansion project office	67,550.00	67,550.00	Over 3 years	100.00	Estimated unrecoverable
Zhuihai Hansen Technology Co., Ltd.	47,325.58	47,325.58	Over 1 year	100.00	Estimated unrecoverable
China Railway Tenth Engineering Group Company The No.2 Engineering Co., Ltd.	45,000.00	45,000.00	Over 3 years	100.00	Estimated unrecoverable
China Tiesiju Civil Engineering Group Co., Ltd.	45,000.00	45,000.00	Over 3 years	100.00	Estimated unrecoverable
Foshan Xianshi Traffic Facilities Development Co., Ltd.	40,093.55	40,093.55	Over 3 years	100.00	Estimated unrecoverable
Ningxia Zhongying Expressway Construction Headquarters	39,000.00	39,000.00	Over 3 years	100.00	Estimated unrecoverable
MY BEAUTY SOURCES	36,468.42	36,468.42	Over 1 year	100.00	Estimated unrecoverable

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Debtors	Book balance		Bad debt provision	Aging		Accrual Proportion (%)	Reasons for accrual
	Amount	Proportion (%)		Over 3 years	Over 1 year		
Kunming Jundia Gardens Engineering Co., Ltd.	35,000.00	100.00	35,000.00	Over 3 years	100.00	Estimated unrecoverable	
Maoming Construction Group No.3 Co., Ltd.	35,000.00	100.00	35,000.00	Over 3 years	100.00	Estimated unrecoverable	
BYD Company Limited	32,479.17	100.00	32,479.17	Over 1 year	100.00	Estimated unrecoverable	
Lyliang Speedway Co., Ltd.	31,500.00	100.00	31,500.00	Over 3 years	100.00	Estimated unrecoverable	
Tangshan Luancoo Highway Mangement Co., Ltd.	30,000.00	100.00	30,000.00	Over 3 years	100.00	Estimated unrecoverable	
Others	474,739.14	100.00	474,739.14	Over 3 years	100.00	Estimated unrecoverable	
Total	5,757,060.85	100.00	5,497,500.96				

Entities that have not yet implemented the New Financial Instrument Standard

Categories	Closing balance			Opening balance				
	Book balance		Accrual Proportion (%)	Book balance		Accrual Proportion (%)		
	Amount	Proportion (%)		Amount	Proportion (%)			
Accounts receivable with provision for bad debts made on a portfolio basis	526,303,858.17	100.00	13.84	471,461,601.90	100.00	45,821,268.12	10.83	498,755,896.39
Provision for bad debts according to aging portfolio	103,373,152.73	19.64	1.15	102,184,805.95	16.23	858,365.78	0.97	87,509,729.95
Provision for bad debts according to other portfolios	422,930,705.44	80.36	12.69	369,276,795.95	83.77	44,962,902.34	9.86	411,246,166.44
Total	526,303,858.17	100.00	13.84	471,461,601.90	100.00	45,821,268.12	10.83	498,755,896.39

(a) Provision for bad debts according to aging portfolio

Aging	Closing balance			Opening balance		
	Book balance	Bad debt provision	Accrual Proportion (%)	Book balance	Bad debt provision	Accrual Proportion (%)
Within 1 year (inclusive)	93,924,258.59			83,466,988.77		
1-2 years	8,925,250.75	892,525.08	10.00	3,321,914.90	332,191.49	10.00
2-3 years	75,000.00	22,500.00	30.00	1,459,192.06	437,757.62	30.00
Over 3 years	448,643.39	273,321.71	60.92	120,000.00	88,416.67	73.68
Total	103,373,152.73	1,188,346.78	1.15	88,368,095.73	858,365.78	0.10

(b) Provision for bad debts reversed or recovered in the current period

Debtors	The amount of provision for bad debts reversed or recovered	Accumulated amount before provision for bad debts reversed or recovered	Reason and method for bad debts reversed or recovered
Guangzhou Garden Hotel	159,640.93	159,640.93	Recovery
Total	159,640.93	159,640.93	

(c) Accounts receivable actually written off during the reporting period

Debtors	Nature of accounts receivables	Amount written off	Reasons of amount written off	Write off procedures performed	Whether arising from related party transaction
Chongqing Highway Affairs Center	Engineering funds	13,562.80	Estimated unrecoverable	Department approval	No
Chengdu artery Construction Headquarters	Engineering funds	55,562.75	Estimated unrecoverable	Department approval	No
Zeng Bin	Rent receivable	2,808.00	Estimated unrecoverable	Internal approval	No
Guangzhou Long Distance Bus Transportation Company provincial bus station etc.	Bills settled on behalf	570,372.99	Estimated unrecoverable	Internal approval	No
Total		642,306.54			

(2) Top five entities with the largest balances of accounts receivable

Debtors	Book balance	Proportion of accounts receivable (%)	Bad debt provision
Guangzhou Airport Second Expressway Co., Ltd.	54,333,739.70	3.54	
Hubei Jiaotou Trading Logistics Co., Ltd.	48,615,173.78	3.17	
China Railway Major Bridge Engineering Group Materials Co., Ltd.	41,834,107.65	2.73	
The Material Industrial and Thading Co., Ltd of China Tiesiju Civil Engineering Group	40,302,509.55	2.63	
Guangdong No.2 Hydropower Engineering Company, Ltd.	40,040,186.72	2.61	
Total	225,125,717.40	14.68	

(3) Accounts receivable derecognized due to transfer of financial assets: Nil

(4) The amount of continuous involvement in the transferred assets and liabilities due to the transfer of accounts receivable, such as securitization, factoring, etc.: Nil

5 Prepayments

(1) Disclosure of prepayments by aging

Aging	Closing balance		Opening balance		Bad debt provision	Bad debt provision
	Book balance Amount	Proportion (%)	Book balance Amount	Proportion (%)		
Within 1 year (inclusive)	2,034,362,242.91	69.01	2,216,783,009.91	60.25		
1-2 years	329,438,197.61	11.17	625,140,523.98	16.99	907,067.50	
2-3 years	73,434,089.74	2.49	197,398,883.51	5.36		48,578.21
Over 3 years	510,895,693.31	17.33	640,141,817.77	17.40	468,849,495.68	474,069,632.45
Total	2,948,130,223.57	100.00	3,679,464,235.17	100.00	469,756,563.18	474,118,230.66

(2) Significant prepayments aged over 1 year

Creditors	Debtors	Closing balance	Aging	Reasons for non-settlement
Guangdong Yueyun Transportation Company Limited	Tangshan Xingye Industrial and Trade Group Co., Ltd.	176,052,126.35	Over 3 years	Unrecoverable
Guangdong Yueyun Transportation Company Limited	Tangshan Kaiping Xingye Rolling Plant	95,666,462.20	Over 3 years	Unrecoverable
Guangdong Expressway Co., Ltd.	China Railway 12th Bureau Group Co., Ltd.	38,139,227.59	1-2 years	Unmeasured chargeback
Guangdong Traffic Industrial Investment Company	China Railway 12th Bureau Group Co., Ltd.	38,163,328.00	2-3 years	Unmeasured chargeback
Guangdong Expressway Co., Ltd.	China Railway Tunnel Group Co., Ltd.	24,785,825.49	1-2 years	Unmeasured chargeback
Guangdong Expressway Co., Ltd.	Guangdong Guanyue Road and Bridge Co., Ltd.	21,568,873.81	1-2 years	Unmeasured chargeback
Guangdong Expressway Co., Ltd.	China Railway 17th Bureau Group Co., Ltd.	18,258,641.80	1-2 years	Unmeasured chargeback
Guangdong Expressway Co., Ltd.	Cccc Second Highway Engineering Co., Ltd.	17,830,630.00	1-2 years	Unmeasured chargeback
Guangdong Expressway Co., Ltd.	China Railway 24th Bureau Group Co., Ltd.	13,514,798.28	1-2 years	Unmeasured chargeback
Guangdong Traffic Industrial Investment Company	Cccc Second Highway Engineering Co., Ltd.	12,369,811.00	2-3 years	Unmeasured chargeback
Guangdong Expressway Co., Ltd.	Poly Changda Engineering Co., Ltd.	11,974,809.42	1-2 years	Unmeasured chargeback
Guangzhou Newsoft Technology Co., Ltd.	Beijing RHY Technology Development Co., Ltd.	11,788,295.23	1-2 years	Unmeasured chargeback
Guangdong Expressway Co., Ltd.	China Railway 23rd Bureau Group Co., Ltd.	11,536,805.83	1-2 years	Unmeasured chargeback
Guangdong Traffic Industrial Investment Company	Shandong Highway Construction (Group) Co., Ltd.	9,640,214.00	2-3 years	Unmeasured chargeback
Guangdong Expressway Co., Ltd.	Cccc Harbour & Channel Engineering Bureau Group	7,261,342.64	1-2 years	Unmeasured chargeback

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Creditors	Debtors	Closing balance	Aging	Reasons for non-settlement
Guangdong Expressway Co., Ltd.	Co., Ltd.			
Guangdong Expressway Co., Ltd.	Xi'an China No.1 Bureau Group Co., Ltd.	7,193,496.38	1-2 years	Unmeasured chargeback
	China Tiesiju Civil Engineering Group Co., Ltd.	6,209,197.00	1-2 years	Unmeasured chargeback
Guangzhou Newsoft Technology Co., Ltd.	Guangzhou Jiaotou Electromechanical Engineering Co., Ltd.	5,762,562.96	Over 3 years	Unmeasured chargeback
Guangzhou Newsoft Technology Co., Ltd.	Chuanxiao Fire Fighting Engineering Co., Ltd.	4,597,278.27	Over 3 years	Unmeasured chargeback
Guangdong Expressway Co., Ltd.	Guangdong Xiangfei Road Engineering Supervision Co., Ltd.	4,037,523.62	1-2 years	Unmeasured chargeback
Total		738,698,145.57		

(3) Top five prepayments with ending balance collected by debtors

Debtor	Book balance	Proportion of prepayments (%)	Bad debt provision
Poly Changda Engineering Co., Ltd.	383,279,403.79	13.00	
Guangdong Guanyue Road and Bridge Co., Ltd.	314,707,925.44	10.67	
China Railway 12th Bureau Group Co., Ltd.	307,412,490.21	10.43	
Tangshan No. 1 Steel Rolling Plant	202,346,895.70	6.86	202,346,895.70
Tangshan Xingye Industrial and Trade Group Co., Ltd.	176,052,126.35	5.97	176,052,126.35
Total	1,383,798,841.49	46.93	378,399,022.05

6 Other receivables

Items	Closing balance	Opening balance
Interest receivables	24,392,662.55	45,738,037.78
Dividend receivables	20,707,233.55	296,190,172.94
Other receivables	1,959,576,704.61	2,301,749,719.75
Total	2,004,676,600.71	2,643,677,930.47

(1) Interest receivables

Items	Closing balance	Opening balance
Term deposit	12,822,547.80	32,758,778.44
Entrusted loans		
Bond investment		
Others	11,570,114.75	12,979,259.34
Total	24,392,662.55	45,738,037.78

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

(2) Dividend receivables

Items	Closing balance		Opening balance	
	Book balance	Bad debt provision	Book value	Book balance
Dividend receivable within 1 year	18,500,000.00		18,500,000.00	293,896,253.17
Including: (1) Guangdong Yuepu Microfinance Co., Ltd.	6,000,000.00		6,000,000.00	
(2) Southern United Assets & Equity Exchange	12,500,000.00		12,500,000.00	7,500,000.00
(3) Poly Changda Engineering Co., Ltd.				286,396,253.17
Dividend receivable over 1 year	2,207,233.55		2,207,233.55	2,293,919.77
Including: (1) Guangdong Radio and Television Network Investment No. 1 Limited Partnership (Limited Partnership)	1,205,472.90		1,205,472.90	1,205,472.90
(2) Guangdong Traffic Telecom Co., Ltd.	1,760.65		1,760.65	1,760.65
(3) Shaoguan Libao Technology Co., Ltd.	1,000,000.00		1,000,000.00	1,086,686.22
Total	20,707,233.55		20,707,233.55	296,190,172.94

(3) Other receivables

Categories	Closing balance		Opening balance	
	Book balance	Bad debt provision	Book value	Book balance
Entities that have not yet implemented the New Financial Instrument Standard	1,550,925,430.90	84,035,251.49	1,466,890,179.41	1,941,046,879.63
Entities that have implemented the New Financial Instrument Standard	656,801,456.14	164,114,930.94	492,686,525.20	629,127,498.19
Total	2,207,726,887.04	248,150,182.43	1,959,576,704.61	2,570,174,377.82
				268,424,658.07
				2,301,749,719.75

Entities that have not yet implemented the New Financial Instrument Standard

Categories	Closing balance		Opening balance	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Amount		Amount	Amount	Amount
Proportion (%)		Proportion (%)	Proportion (%)	Proportion (%)
Accrual Proportion (%)		Accrual Proportion (%)	Accrual Proportion (%)	Accrual Proportion (%)
Individually significant items for which provision for bad debt is recognized separately	347,464,448.46	43,101,405.88	478,743,712.67	42,799,278.54
	22.40	12.40	24.67	8.94

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Categories	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)	Amount	Amount	Proportion (%)	Amount
Items for which provision for bad debt is recognized by Group with distinctive credit risk characteristics	1,183,299,230.07	76.30	20,773,193.19	1,423,249,601.87	73.32	36,879,626.60
Not individually significant items for which provision for bad debt is recognized separately	20,161,752.37	1.30	20,160,652.42	39,053,565.09	2.01	24,132,797.48
Total	1,550,925,430.90	100.00	84,035,251.49	1,941,046,879.63	100.00	103,811,702.62
						5.35
						2.59
						61.79

(a) significant items for which provision for bad debt is recognized separately

Debtors	Book balance	Bad debt provision	Aging	Accrual Proportion (%)	Reasons for accrual
Guangdong Gaintop Highway Engineering Construction Group Co., Ltd.	27,222,059.79		1-2 years: 23,632,667.05; Over 3 years: 3,589,392.74		Judging by recovery
Trade union committee of Guangdong highway affairs center	4,000,000.00	3,200,000.00	Over 3 years	80.00	Judging by recovery
Shenzhen Expressway Company Limited	138,204,800.00		1-3 years: 72,500,000.00; Over 3 years: 65,704,800.00		Judging by recovery
Guangdong Foqingguang Expressway Development Co., Ltd.	39,582,686.00		1-2 years		Judging by recovery
Guangdong Nanyue Transportation Yunzhan Expressway Management Center	25,075,553.00		Over 3 years		Judging by recovery
Guangdong Shenshan Speedway East Section Co., Ltd.	21,182,764.84		Over 3 years		Judging by recovery
Huizhou Zhongkai High Tech Industrial Development Zone Management Committee	7,390,055.88	7,390,055.88	Over 3 years	100.00	Estimated unrecoverable
Huizhou MCF	5,011,986.00	5,011,986.00	Over 3 years	100.00	Estimated unrecoverable
Economic Development Zone Trust and Investment Company	19,636,126.07	19,636,126.07	Over 3 years	100.00	Estimated unrecoverable
China Railway Material Group(south China) Co., Ltd.	26,902,318.29		Within 1 year		Judging by recovery
Guangdong No.2 Hydropower Engineering Company, Ltd.	4,637,107.77		Within 1 year		Judging by recovery

Debtors	Book balance	Bad debt provision	Aging	Accrual Proportion (%)	Reasons for accrual
Hubei Jiaotou Trading Logistics Co., Ltd.	4,000,000.00				Judging by recovery
Fengshun Automobile Transportation Co., Ltd.	6,399,679.89	6,399,679.89	Over 3 years	100.00	Estimated unrecoverable
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	11,008,962.27		2-3 years		Judging by recovery
Guangdong Provincial Department of Finance - index fee	7,210,348.66	1,463,558.04	Within 1 year & 4-5 years	20.30	Judging by recovery
Total	347,464,448.46	43,101,405.88		12.40	

(b) Items for which provision for bad debt is recognized by Group with distinctive credit risk characteristics

① Provision for bad debts according to aging portfolio

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (inclusive)	708,460,598.20	95.50	15,495.75	252,227,873.51	71.91	4,998,371.48
1-2 years	2,635,057.97	0.35	131,711.39	52,382,494.44	14.94	1,538,030.19
2-3 years	872,951.32	0.12	170,027.79	24,798,066.39	7.07	1,598,538.45
Over 3 years	29,878,967.43	4.03	20,455,958.26	21,325,613.05	6.08	13,306,983.22
Total	741,847,574.92	100.00	20,773,193.19	350,734,047.39	100.00	21,441,923.35

② Provision for bad debts according to other portfolios

Portfolios	Closing balance		Opening balance		
	Book balance	Accrual Proportion (%)	Book balance	Accrual Proportion (%)	
Portfolio 1: Deposit and warranty deposit	441,451,655.15		453,880,560.89		
Portfolio 2: Other portfolios			308,754,964.98	5.00	
Portfolio 3: Banks and third-party settlement institutions			309,880,928.61		
Total	441,451,655.15		1,072,515,554.48	1.44	
					15,437,703.25
					15,437,703.25

(c) Not individually significant items for which provision for bad debt is recognized separately

Debtors	Book balance	Bad debt provision	Aging	Accrual Proportion (%)	Reasons for accrual
Meizhou Ship Company	2,309,237.48	2,309,237.48	Over 3 years	100.00	Estimated unrecoverable
Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.	2,001,903.69	2,001,903.69	Over 3 years	100.00	Estimated unrecoverable
Guangdong Deqing Highway Development Company	1,340,000.00	1,340,000.00	Over 3 years	100.00	Estimated unrecoverable
Gd Xinguan International Sand & Stone Resources Development Co., Ltd.	1,280,000.00	1,280,000.00	Over 3 years	100.00	Estimated unrecoverable
China Coal Construction Group Co., Ltd.	1,174,261.91	1,174,261.91	Over 3 years	100.00	Estimated unrecoverable
Henghe Town People's Government of Boluo County	1,667,511.61	1,667,511.61	Over 3 years	100.00	Estimated unrecoverable
Guangdong Licheng Construction Co., Ltd.	1,028,000.00	1,028,000.00	Over 3 years	100.00	Estimated unrecoverable
Guangdong Traffic Development Company	1,107,362.02	1,107,362.02	Over 3 years	100.00	Estimated unrecoverable
Guangzhou Huanan Road and Bridge Industry Co., Ltd.	1,000,000.00	1,000,000.00	Over 3 years	100.00	Estimated unrecoverable
Shaoguan Changshan Cement Plant	772,646.00	772,646.00	Over 3 years	100.00	Estimated unrecoverable
Shantou Highway Bridge Engineering General Company	753,634.00	753,634.00	Over 3 years	100.00	Estimated unrecoverable
Jinhui Industrial Co., Ltd.	700,000.00	700,000.00	Over 3 years	100.00	Estimated unrecoverable
Shuche Hong Kong Co., Ltd.	584,707.63	584,707.63	Over 3 years	100.00	Estimated unrecoverable
Guangdong Suixi Gangqiang Cement Enterprise Company	500,000.00	500,000.00	Over 3 years	100.00	Estimated unrecoverable
Funds raised by employees of accessories stores	339,544.10	339,544.10	Over 3 years	100.00	Estimated unrecoverable
Guangdong Constructive Materials Main Company	324,761.74	324,761.74	Over 3 years	100.00	Estimated unrecoverable
Qiguan Hotel Trade Union	320,000.00	320,000.00	1-2 years	100.00	Estimated unrecoverable
Shenzhen Pengde Traffic Facility Co., Ltd.	310,051.88	310,051.88	Over 3 years	100.00	Estimated unrecoverable
Huizhou expressway construction project headquarters	201,738.78	201,738.78	Over 3 years	100.00	Estimated unrecoverable
Jincheng Management Office of Shanxi Expressway Administration Bureau	200,000.00	200,000.00	Over 3 years	100.00	Estimated unrecoverable
Guangzhou Astronautics Haite System Engineering Co., Ltd.	134,700.00	134,700.00	Over 3 years	100.00	Estimated unrecoverable
Yunnan Yunqiao Construction Co., Ltd.	130,000.00	130,000.00	Over 3 years	100.00	Estimated unrecoverable
Yixing Huatong Metal Coating Co., Ltd.	119,282.44	119,282.44	Over 3 years	100.00	Estimated unrecoverable
Guangzhou Zhongxinhe Industrial Co., Ltd.	107,796.27	107,796.27	Over 3 years	100.00	Estimated unrecoverable
Shenzhen Tianmi Transportation Facilities Co., Ltd.	79,925.00	79,925.00	Over 3 years	100.00	Estimated unrecoverable
Longhao Communication Company	67,152.15	67,152.15	Over 3 years	100.00	Estimated unrecoverable
Danshui Real Estate Development Company	67,144.68	67,144.68	Over 3 years	100.00	Estimated unrecoverable
Xinfeng Cement Plant	60,070.00	60,070.00	Over 3 years	100.00	Estimated unrecoverable
Jiefeng Yihua Road and Bridge Construction Co., Ltd.	56,405.00	56,405.00	Over 3 years	100.00	Estimated unrecoverable
Shenzhen Tianmi Transportation Facilities Co., Ltd.	48,179.81	48,179.81	Over 3 years	100.00	Estimated unrecoverable
Shenzhen Pengde Traffic Facility Co., Ltd.	45,433.95	45,433.95	Over 3 years	100.00	Estimated unrecoverable
Guangzhou Kingsum Development Company Co., Ltd	41,777.05	41,777.05	Over 3 years	100.00	Estimated unrecoverable
Beijing Hanweida Traffic Transportation Equipment Co., Ltd.	34,152.20	34,152.20	Over 3 years	100.00	Estimated unrecoverable

Debtors	Book balance	Bad debt provision	Aging	Accrual Proportion (%)	Reasons for accrual
Shenzhen Branch of PICC	30,800.00	30,800.00	Over 1 year	100.00	Estimated unrecoverable
Ruichang Tuoan Traffic Engineering Co., Ltd.	45,116.63	45,116.63	Over 3 years	100.00	Estimated unrecoverable
Xuzhou Guanghuan Transportation Facilities Co., Ltd.	21,920.67	21,920.67	Over 3 years	100.00	Estimated unrecoverable
Fujian Newland Computer Co., Ltd.	20,500.00	20,500.00	Over 3 years	100.00	Estimated unrecoverable
Hongyun Furniture (Dongguan) Co., Ltd.	13,324.00	13,324.00	Over 1 year	100.00	Estimated unrecoverable
Guangdong Zhanjiang Bay Bridge Co., Ltd	12,408.56	12,408.56	Over 3 years	100.00	Estimated unrecoverable
Shenzhen Huahuan Industry Development Co., Ltd.	20,245.90	20,245.90	Over 3 years	100.00	Estimated unrecoverable
Others	1,090,057.22	1,088,957.27	Over 3 years	99.90	Judging by recovery
Total	20,161,752.37	20,160,652.42			

Entities that have not yet implemented the New Financial Instrument Standard

(a) Disclosure according to aging portfolio

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	339,666,025.47	293,808,128.75
1-2 years	41,096,124.71	65,385,559.79
2-3 years	31,504,930.14	24,626,154.21
Over 3 years	244,534,375.82	245,307,655.44
Subtotal	656,801,456.14	629,127,498.19
Less: provision for bad debt	164,114,930.94	164,612,955.45
Total	492,686,525.20	464,514,542.74

(b) Classification by nature

Aging	Closing balance	Opening balance
Securities settlement trading funds	47,528,056.18	47,528,056.18
Deposit and warranty deposit	104,148,480.91	140,397,190.02
Government grants receivable	255,660,517.54	182,853,252.59

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

	Aging	Closing balance	Opening balance
Accounts receivable from prepaid accident settlement	12,899,578.43		17,488,001.78
Receivables from transfer of long-term assets	935,820.00		
Others	235,629,003.08		240,860,997.62
Subtotal	656,801,456.14		629,127,498.19
Less: provision for bad debt	164,114,930.94		164,612,955.45
Total	492,686,525.20		464,514,542.74

(c) Changes in provision for bad debt

Items	Amount
Opening balance	164,612,955.45
Amount concluded in the current profit or loss	3,967,554.54
Amount written off	4,393,090.87
Amount decreased due to the change of combination scope	72,488.18
Closing balance	164,114,930.94

Provision for bad debts reversed or recovered in the current period

Debtors	Amount provisions for bad debts reversed or recovered	Accumulated amount before provisions for bad debts reversed or recovered	Reason and method for bad debts reversed or recovered
Fenggang Town People's Government of Dongguan City	1,241,839.08	1,241,839.08	Recovery
Guangdong Yue Gang Water Supply Company Limited	2,400,000.00	2,400,000.00	Recovery
Guangdong Constructive Materials Main Company	356,258.66	681,070.40	Part recovery
Total	3,998,097.74	4,322,859.48	

Other receivable actually written off during the reporting period

Debtors	Nature of accounts receivables	Amount written off	Reasons of amount written off	Write off procedures performed	Whether arising from related party transaction
Complaint refund	Complaint refund	6,321.31	Unrecoverable	Internal approval	No
Lei Dongshi, Li Qingfeng etc.	Annuity	5,024.91	Unrecoverable	Leadership meeting	No
Peng Jianguo, Wei Lian etc.	Social insurance	1,255.24	Unrecoverable	Leadership meeting	No
Gongjian Property Investment Management Co., Ltd.	Current account	6,948,205.05	Unrecoverable	Board approval	No
Lin Zhixia	Car rental fees	17,200.00	Unrecoverable	Internal approval	No
Guangdong Shunde Automobile Transportation Group Co., Ltd. etc.	Deposits	37,550.00	Unrecoverable	Internal approval	No
Guangzhou Juzheng Human Resources Co., Ltd., Chen Hongyue etc.	Others	1,135,586.46	Unrecoverable	Internal approval	No
Guangdong Yuexiu Weilong Economics Development Co., Ltd.	Other current account	1,776,273.85	Unrecoverable	Internal approval	No
Lufeng Family Planning Bureau etc.	Deposits	10,250.00	Unrecoverable	Internal approval	No
Li Xixiong, Feng Techang etc.	Accounts receivable from prepaid accident settlement	155,850.65	Unrecoverable	Internal approval	No
Lin Yifan, Zeng Baochai etc.	Petty cash for employees	1,197,075.94	Unrecoverable	Internal approval	No
Deposits	Deposits	11,838.20	Unrecoverable	Board approval	No
Total		11,302,431.61			

Top five entities with the largest balances of other receivables

Debtors	Nature	Book balance	Aging	Proportion of total other receivables (%)	Bad debt provision
Shenzhen Expressway Company Limited	Pre-distribution profit	138,204,800.00	1-3 years:72,500,000.00, Over 3 years:65,704,800.00	6.26	
China Construction Bank Corporation	Financial lease deposit and deposits	113,958,627.53	Within 1 year:38,958,627.53, Over 3 years:75,000,000.00	5.16	
Sinopec Sales Co., Ltd. Guangdong Petroleum Branch	Deposits	107,441,126.00	Within 1 year	4.87	
Kunlun Securities Co., Ltd.	Securities trading settlement funds	47,528,056.18	Over 3 years	2.15	47,528,056.18
Guangdong Fojingguang Expressway Development Co., Ltd.	Project progress payment	39,582,686.00	1-2 years	1.79	
Total		446,715,295.71		20.23	47,528,056.18

7 Financial assets held under resale agreements

Items	Closing balance	Opening balance
Treasury bonds held under resale agreements		8,900,000.00
Total		8,900,000.00

8 Inventories

(1) Categories of inventories

Items	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Net carrying amount	Gross carrying amount	Provision for impairment	Net carrying amount
Raw materials	200,114,508.55	477,530.85	199,636,977.70	126,402,710.08	3,528,621.02	122,874,089.06
Self-made semi-finished goods and work in process	2,699,701,062.13		2,699,701,062.13	1,110,996,556.04		1,110,996,556.04
Including: Completed but unsettled works	1,386,971,862.73		1,386,971,862.73	1,110,996,556.04		1,110,996,556.04
Development costs	1,308,127,095.69		1,308,127,095.69			
Goods in stock (finished goods)	295,678,681.11	2,094,202.61	293,584,478.50	146,204,276.39	2,092,530.26	144,111,746.13
Including: Development goods						
Turnover material (packages, low value consumables, etc.)	543,899.01		543,899.01	1,044,249.54		1,044,249.54
Expendable biological assets						
Contract performance costs						
Others	4,506,329,619.44		4,506,329,619.44	1,107,929,823.76		1,107,929,823.76
Including: Undeveloped land reserves (Note 1)	4,147,095,626.62		4,147,095,626.62	1,086,630,975.49		1,086,630,975.49
Total	7,702,367,770.24	2,571,733.46	7,699,796,036.78	2,492,577,615.81	5,621,151.28	2,486,956,464.53

Note 1:

The undeveloped land reserve at the end of the year is the land with the parcel No. 83101203A19206 newly added by the Group's subsidiary, 广州臻通实业发展有限公司 in the current period, with the parcel area of 199781.98 square meters, including the planned construction land area of 199781.98 square meters. The land is located in Xindun village and Nan'an village, Xintang Town, Zengcheng District, Guangzhou, and the land use is class II residential land (R2). The land transfer price is RMB 4,124,000,000, including 2600000 square meters of land transfer fee for underground garage and equipment room. According to the land transfer contract, it shall be delivered as it is within 180 days after the contract is signed (that is before 22 June 2020).

(2) Completed but unsettled assets formed by construction contracts at the end of the period

Items	Closing balance
Accumulated costs incurred	7,714,956,738.06
Accumulated gross profit recognized	583,869,853.36
Less: Settled amount	6,911,854,728.69
Completed but unsettled assets formed by construction contracts	1,386,971,862.73

(3) Capitalized borrowing costs among the closing balance of the inventories

Items	Closing balance	Opening balance
Properties under development	25,812,289.05	
Undeveloped land reserve	1,924,533.33	12,475,115.38
Total	27,736,822.38	12,475,115.38

(4) Pledge and mortgage of inventories

Please refers to Notes, VIII, No. 67. Assets with restricted ownership or use rights

9 Non-current assets due within one year

Items	Closing balance	Opening balance
Long-term receivables due within 1 year	1,269,554.64	2,140,743.97
Long-term deferred expenses due within 1 year		555,819.51
Others	51,745.32	51,745.32
Total	1,321,299.96	2,748,308.80

10 Other current assets

Items	Closing balance	Opening balance
Entrusted loans of Guangdong Zhujiang Highway Bridge Investment Co., Ltd.	181,115,775.00	151,027,687.50
Entrusted loans of Huizhou Jiaotou Dongjiang Investment Co., Ltd.	15,460,828.21	12,873,828.15
Input VAT to be deducted	159,937,101.32	184,651,648.39
Prepaid taxes	57,160,151.06	55,564,325.06
Others	8,300,366.95	6,608,774.56
Total	421,974,222.54	410,726,263.66

11 Loans and advances

Items	Closing balance	Opening balance
Loans and advances	57,000,000.00	59,000,000.00
Less: Provision for impairment of loans	1,425,000.00	
Net amount of loans and advances	55,575,000.00	59,000,000.00
Total	55,575,000.00	59,000,000.00

(1) Loans and advances issued are listed as follows according to the guaranty style:

Items	Closing balance	Opening balance
Credit loans	57,000,000.00	59,000,000.00
Guaranteed loans		
Total	57,000,000.00	59,000,000.00

(2) Overdue company loans and advances due within one year: Nil

12 Available-for-sale financial assets

(1) Available-for-sale financial assets

Items	Closing balance		Opening balance	
	Book balance	Provision for impairment	Book value	Book balance
Available-for-sale debt instruments				
Available-for-sale equity instruments	3,885,092,189.19	207,302,187.63	3,677,790,001.56	3,245,069,595.42
Including: Measured at fair value	3,340,263,073.71		3,340,263,073.71	2,652,312,508.79
Measured at cost	544,829,115.48	207,302,187.63	337,526,927.85	592,757,086.63
Others				
Total	3,885,092,189.19	207,302,187.63	3,677,790,001.56	3,245,069,595.42
				256,333,577.10
				2,988,736,018.32
				2,652,312,508.79
				336,423,509.53
				256,333,577.10
				2,988,736,018.32

(2) Available-for-sale financial assets measured at fair value at the end of period

Items	Available-for-sale equity instruments		Available-for-sale debt instruments		Total
	Cost of equity instruments /amortized cost of debt instruments	Fair value	Others	Total	
Cost of equity instruments /amortized cost of debt instruments		1,566,856,863.88			1,566,856,863.88
Fair value		3,340,263,073.71			3,340,263,073.71
Accumulated fair value changes through other comprehensive income					
Impairment amount accrued					1,773,406,209.83

(3) Details of trading financial assets measured at fair value

Available-for-sale financial assets	Investment cost	No. of shares	Closing price at the end of the year	Fair value
Shen Expressway A share 600548	64,640,000.00	61,948,790.00	11.50	712,411,085.00
Meida A shares 000782	800,000.00	500,000.00	3.49	1,745,000.00
Bank of Communications A shares 601328	1,984,117.10	1,147,041.00	5.63	6,457,840.83
Agricultural bank A shares 601288	796,466,520.00	297,189,000.00	3.69	1,096,627,410.00
Everbright Bank A shares 601818	499,999,000.00	161,290,000.00	4.41	711,288,900.00
China Merchants Bank A shares 600036	8,260,743.95	16,689,786.00	37.58	627,202,157.88
Chengdu Expressway H shares HK1785	194,706,482.83	100,000,000.00	1.85	184,530,680.00
Total	1,566,856,863.88	638,764,617.00		3,340,263,073.71

(3) Details of trading financial assets measured at historical cost

Investees	Book balance			Provision for impairment			Shareholding proportion in investees (%)	Cash dividends
	Opening balance	Increase	Decrease	Closing balance	Opening balance	Increase		
Ubs Securities Co. Limited	278,827,353.58			278,827,353.58			14.01	1,203,108.00
Yangjiang Yuexi Highway Construction Co., Ltd.	93,000,000.00			93,000,000.00	93,000,000.00		30.00	
Guangdong Highway Construction Materials Supply Station (Note 1)	44,500,649.47		44,500,649.47		44,500,649.47			
Guangdong State-owned Enterprise Restructuring Development Fund (L.P.)	30,000,000.00			30,000,000.00			3.33	
Lianyi Traffic Construction Development Co., Ltd.	28,744,798.00			28,744,798.00	28,744,798.00		20.70	
Jiangmen Yan Road and Bridge Development Co., Ltd.	25,900,000.00			25,900,000.00	25,900,000.00		10.00	
Luoding Luochong First Class Highway Co., Ltd.	24,200,000.00			24,200,000.00	312,746,756		25.00	
Shaoguan west exit toll road	14,242,963.76			14,242,963.76	142,429,637.76		34.00	
Wwushan Yuba Road Co., Ltd.	13,500,000.00			13,500,000.00	13,500,000.00		18.61	
Foshan 325 National Highway Fojiu Section of Co., Ltd.	11,200,000.00			11,200,000.00	11,200,000.00		35.00	
Zhaoqing Dinghu Huilian Forth Road Development Co., Ltd.	8,440,000.00			8,440,000.00	844,000		50.00	
Fengshun Automobile Transportation Co., Ltd.	7,070,488.41			7,070,488.41	7,070,488.41		52.59	
Zhuhai Yuntongtai Restaurant Co., Ltd. (Note 1)	4,530,740.00		4,530,740.00		4,530,740.00	4,530,740.00		
Nanao Yangyu Highway	3,200,350.51			3,200,350.51			50.00	
Huizhou Jingang Cement Co., Ltd.	2,000,000.00			2,000,000.00	2,000,000.00		5.45	
Bank of Guangzhou Co., Ltd.	1,748,273.00			1,748,273.00			0.01	203,198.38

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Investees	Book balance			Provision for impairment			Shareholding proportion in investees (%)	Cash dividends		
	Opening balance	Increase	Decrease	Closing balance	Operating balance	Increase			Decrease	Closing balance
Shenzhen Tongyun Shunda Union Guangdong-Hong Kong-Macao International Logistics Limited	1,000,000.00			1,000,000.00					11.17	
Meixian Dongxing Electric Appliance Plant	76,469.90			76,469.90	76,469.90				2.00	
Zhuhai Gree REAL Estate Co., Ltd.	75,000.00			75,000.00					0.32	
Guangdong Yuejie Technology Co., Ltd.	500,000			500,000.00					1.85	
Hong Kong & Macao International Airport Transportation Service (HK) Co. Limited		559,862.50		559,862.50					15.00	
Hong Kong Airport Passenger Service (Macao) Co., Ltd		543,555.82		543,555.82					15.00	
Total	592,757,686.63	1,103,418.32	49,031,389.47	544,829,115.48	256,333,577.10		49,031,389.47	207,302,187.63		1,406,306.38

Note 1:

Guangdong Highway Construction Materials Supply Station and Zhuhai Yuntongtai Restaurant Co., Ltd. have been cancelled and closed this year.

Note 2:

Although the Group's investment proportion in the above invested entities exceeds 20%, since the Group has not had a significant impact on the actual operation of these companies, the investment in these companies is accounted for under the cost method.

13 Long-term receivables

(1) Long-term receivables

Items	Closing balance		Opening balance	
	Book balance	Provision for impairment	Book balance	Provision for impairment
Annual ticket system regional creditor's rights	310,156,567.22		366,441,274.59	
Shareholder loans	375,560,540.10	223,414,191.95	369,789,460.15	223,414,191.95
Finance lease amount	571,376.73		5,946,238.22	
Including: Unrealized financing income	73,645.27		1,727,872.79	
Total	686,288,484.05	223,414,191.95	742,176,972.96	223,414,191.95
				518,762,781.01

(2) Long-term receivables with significant single amount

Debtor	Nature of amount	Closing balance	
		Book balance	Provision for impairment
Huishen (Yantian) Expressway Huizhou Co., Ltd. (Note 1)	Shareholder loans	113,048,085.30	
Shantou Road and Bridge Toll Management Office (Note 2)	District annual ticket creditor's rights	160,520,788.53	
Zhaoging District Annual Ticket System (Provincial Road and Bridge Center) (Note 3)	District annual ticket creditor's rights	149,635,778.69	
Foshan 325 National Highway Fojiu Section of Co., Ltd	Shareholder loans	13,269,791.95	13,269,791.95
Yangjiang Yuexi Highway Construction Co., Ltd.	Shareholder loans	138,068,400.00	138,068,400.00
Luoding Luomei Highway Co., Ltd.	Shareholder loans	72,076,000.00	72,076,000.00
Guangxi Xijiang Lingang Chishui Port Co., Ltd. (Note 3)	Shareholder loans	39,098,262.85	
Finance lease receivables	Finance lease receivables	571,376.73	
Including: Unrealized financing income	Finance lease receivables	73,645.27	
Total		686,288,484.05	223,414,191.95

Note 1:

Reconstruction and Expansion of Huizhou Section of Huizhou Shenzhen Expressway" signed by Huishen (Yantian) Expressway Huizhou Co., Ltd. and Huizhou government, the Company's investment in the reconstruction and expansion of Huizhou section of Huishen Expressway of RMB 113,048,085.30 is the priority compensation, which is included in the accounting of "long-term receivables".

Note 2:

The subsidiary Shantou Jinhong Highway Co., Ltd. (hereinafter referred to as the "Jinhong Highway") of Guangdong Road and Bridge Construction Development Co., Ltd. signed the "Contract for Investment Repayment and Profit Distribution after the Implementation of Annual Ticket System for Jinhong Highway Project" on 29 Nov 2005 with Shantou Road and Bridge Toll Management Office. It is agreed that after the completion and acceptance of Jinhong Highway project is qualified, Jinhong Highway will be included in the scope of Shantou road and bridge toll reform according to the reply of the provincial government, and the annual ticket system will be implemented; Shantou Road and Bridge Toll Management Office shall pay off the principal and interest of the funds included in the repayment scope (i.e. the repayment base) in the total investment of Jinhong Highway project to Jinhong Company, and the repayment base shall be finally subject to the approval of the provincial audit office in conjunction with relevant provincial departments according to relevant policies. Since the opinions on "The Audit of the Final Accounts of Shantou Chenghai Jinhong Highway Project" (YJC [2011] No.1225) issued by the Provincial Department of Transportation has been obtained in 2012, but Jinhong Company and Shantou Road and Bridge Toll Management Office have not reached an agreement on the principal and interest of the investment to be recovered, the long-term receivables are temporarily recognised according to the net value of highway assets, and the repayment principal received in each period is offset against the long-term receivables.

Note 3:

Xin Yue Company Limited provided a one-year loan of HKD 12 million to Guangxi Xijiang Lingang Chishui Port Co., Ltd. (hereinafter referred to as the "Wuzhou Port") on October 2012. In 2013, the resolution of the shareholders' meeting agreed to extend the loan to 5 years from the original loan date. In February 2013, it provided a one-year loan of HKD 6 million to Wuzhou Port, which was extended to 5 years from the original loan date by resolution of the board of directors in 2014. As of December 31, 2019, the loan balance of Xin Yue Company Limited to Wuzhou Port was RMB 39,098,262.85.

14 Long-term equity investments

(1) Classification of long-term equity investment

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Investment in subsidiaries				
Investment in joint ventures	2,859,937,156.43	53,590,296.16	2,456,464,473.14	457,062,979.45
Investment in associates	6,193,625,600.75	1,033,135,272.78	827,030,422.20	6,399,730,451.33
Sub-total	9,053,562,757.18	1,086,725,568.94	3,283,494,895.34	6,856,793,430.78
Less: provision of long-term equity investment impairment	58,723,220.03	930,000.00		59,653,220.03
Total	8,994,839,537.15	1,085,795,568.94	3,283,494,895.34	6,797,140,210.75

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

(2) Details of long-term equity investment

Investees	Investment cost	Opening balance	Changes in the current period						Closing balance	Closing balance of provision for impairment		
			Increase	Decrease	Investment income (loss) under the equity method	Adjustment in other comprehensive income ("OCI")	Other changes in equity	Declaration of cash dividends or profits			Provision for impairment losses	Others
Total	7,535,763,685.41	9,053,563,757.18	4,256,937.10	137,734,054.60	1,055,258,498.31	3,689,256.36	23,520,877.17	735,361,738.83	930,000.00	-2,410,199,101.91	6,856,793,430.78	59,653,220.03
1. Joint ventures	2,789,270,713.22	2,859,937,156.43	4,000,000.00	516,596.75	49,590,296.16			45,379,335.96		-2,410,568,540.43	457,062,979.45	
Guangdong Shantou Haiyao Bridge Co., Ltd.	176,175,409.13	241,871,328.08			20,536,584.82			41,879,335.95			220,328,576.94	
Guangdong Guangzhou West Expressway Co., Ltd. (Note 1)	2,449,500,000.00	2,410,568,540.43								-2,410,568,540.43		
Guangdong Zhongyuetong Oil operate Co., Ltd. (Note 1)	15,000,000.00	35,051,930.17			16,994,345.13			3,500,000.00			48,546,275.30	
Guangdong Yue Hushui Business Management Limited	9,000,000.00	7,386,439.50			-831,305.89						6,555,133.61	
Guangdong Zhongyue Tongyi Energy Sale Co., Ltd.	30,000,000.00	29,930,914.98			1,460,852.47						31,391,767.45	
Guangdong Road Network Digital Media Information Technology Co., Ltd.	5,906,850.00	5,459,403.80			-1,105,680.48						4,273,723.32	
Zhuhai Yuegong Xinhai Transportation Co., Ltd.	64,451,675.67	66,662,373.04			11,925,736.58						78,588,109.62	
Guangdong Automobile Terminal Co., Ltd.	500,000.00	512,713.58		516,596.75	3,883.17							
Guangzhou Yueyun Insurance Gonggu Co., Ltd.	1,000,000.00	580,994.01			-512,778.49						68,315.52	
Shangnan Yuchong Passenger Transportation Bus Station Co., Ltd.	4,000,000.00		4,000,000.00		-422,686.30						3,577,313.70	
Shell Road Solutions Xinyue (Foshan) Co., Ltd.	24,996,778.42	61,932,518.84			1,801,345.15						63,733,863.99	
Guangdong United Electronic Service Data Technology Co., Ltd.	8,740,000.00											
2. Associates	4,746,492,972.19	6,193,625,600.75	256,937.10	137,217,457.85	1,005,668,202.15	3,689,256.36	23,520,877.17	690,182,403.87	930,000.00	369,438.52	6,399,730,451.53	59,653,220.03

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Investees	Investment cost	Opening balance	Increase	Decrease	Investment income (loss) under the equity method	Changes in the current period						Closing balance	Closing balance of provision for impairment
						Adjustment in other comprehensive income ("OCI")	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses	Others			
Guangdong Keying Development Co., Ltd.	623,491.24	526,160.71			-13,101.76		112,325.55					398,733.40	
Guangdong Panyu Bridge Co., Ltd.	209,010,000.00	256,380,333.95			46,904,487.21		36,105,661.15					267,179,160.01	
Guangzhou Its Communication Equipment Co., Ltd.	4,235,000.00	45,714,809.45			39,267,106.71		38,115,000.00					46,867,016.16	
Xinbeitong Intelligent Information Development Co., Ltd.	4,800,000.00												
Guangdong Feida Traffic Engineering Co., Ltd.	16,937,485.78	35,760,527.25			18,045,686.49		18,000,000.00					35,806,213.74	
Guangdong Traffic Telecom Co., Ltd.	3,195,357.29	3,944,938.74			161,753.08							4,106,691.82	1,158,452.80
Shenzhen Yantian Port Holdings Co., Ltd.	55,231,299.69	230,553,756.87			32,138,670.57							262,682,427.44	
Ganzhou Kangda Expressway Co., Ltd.	216,251,100.00	219,985,018.52			35,748,508.34		21,000,000.00					234,733,526.86	
Ganzhou Gankang Expressway Co., Ltd.	226,379,000.00	209,995,910.71			6,376,740.19		2,700,000.00					213,672,650.90	
Guangdong Yuepu Microfinance Co., Ltd.	200,000,000.00	219,693,588.27			943,777.18		6,000,000.00					214,637,335.45	
Guoyuan Securities Company Limited	799,999,959.30	790,845,615.44			21,367,654.65	1,614,033.93	19,900,496.50					793,926,807.52	
Zhaoqing Yuezhao Highway Co., Ltd.	501,991,292.65	607,994,748.95			106,763,388.79		106,415,730.82					608,342,406.92	
Jiangmen Jiangtie Expressway Co., Ltd.	57,150,000.00	56,388,816.50			14,577,011.45		11,732,392.20					59,233,433.75	
Huizhen (Vanian) Expressway Huizhou Co., Ltd.	28,462,600.00	61,172,488.64			15,451,883.54							76,624,372.18	
Foshan Guangnan Expressway Co., Ltd.	70,989,858.35	325,531,967.67		135,545,677.04	97,297,145.36		170,338,002.49					116,945,433.50	
Guangdong Shenzhen Speedway East Section Co., Ltd.	142,450,000.00	271,590,361.54			60,122,899.43		77,770,000.00					253,943,260.97	
Guangdong Jingzhu Expressway Guangzhou North Section Co., Ltd.	290,640,000.00	121,466,817.06			38,764,409.91							160,231,226.97	

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Investees	Investment cost	Opening balance	Changes in the current period							Closing balance	Closing balance of provision for impairment		
			Increase	Decrease	Investment income (loss) under the equity method	Adjustment in other comprehensive income ("OCI")	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses			Others	
Guangzhou Northern Second Ring Expressway Co., Ltd	90,000,000.00	130,372,978.19			97,398,219.35				85,793,019.71			141,978,177.83	
Guangzhou Peaf River Huangpu Daqiao Construction Co., Ltd	129,590,000.00	176,017,438.59			78,680,148.34				61,277,438.58			193,420,148.35	
Guangdong Province Communications Planning & Design Institute Co., Ltd	36,000,000.00	199,925,207.45			70,938,844.42				18,124,739.47			252,759,312.40	
Poly Changde Engineering Co., Ltd	1,383,182,235.76	1,935,863,972.44			207,914,710.36		1,866,364.79	23,520,877.17				2,169,165,924.76	
Maoqing Lingna Road Co., Ltd	68,400,000.00												
Lueding Luomei Highway Co., Ltd	45,708,100.00	45,708,100.00										45,708,100.00	45,708,100.00
Guangdong Mingyue Industrial Development Co., Ltd	400,000.00												
Zhanjiang Langtao Engineering Co., Ltd	27,578,316.98	27,578,316.98										27,578,316.98	10,904,822.83
Southern United Assets & Equity Exchange	20,000,000.00	68,767,625.53			11,537,100.19				12,500,000.00			67,804,725.72	
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	20,329,088.00	21,985,869.03			4,668,442.32						542,892.43	27,197,203.78	
Guangzhou Tianhe Passenger Transportation Station Co., Ltd	2,000,000.00	24,394,937.62			3,303,811.98							27,698,749.60	
Shantou Automotive Passenger Transportation Center Station Co., Ltd	25,206,244.00	23,815,336.47			-174,702.72							23,640,633.75	
Guangdong Zhongyue Yueyun Natural Gas Co., Ltd	12,000,000.00	17,611,298.67			-968,239.07				1,200,000.00			15,643,059.60	
Luofeng Shenshan Expressway Service Co., Ltd	450,000.00	2,589,358.19			634,136.91							3,213,495.10	
Express Cross-Border Coach Mgt. Co. Limited	41,351.00	884,069.18			-35,271.95				407,555.40		14,862.21	456,104.04	

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Investees	Investment cost	Opening balance	Changes in the current period							Closing balance	Closing balance of provision for impairment		
			Increase	Decrease	Investment income (loss) under the equity method	Adjustment in other comprehensive income ("OCI")	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses			Others	
Guangdong Guangxi High Speed Passenger Transportation Co., Ltd.	420,000.00	2,358,926.94		1,671,780.81	-687,146.13								
Guangdong Guangye Yuexun Gas Co., Ltd.	6,000,000.00	10,415,062.03			1,571,794.56			750,000.00					11,242,856.59
Shaoguan Danxia Tourist Bus Co., Ltd.	9,721,622.64	11,672,667.14			586,049.32								12,258,716.46
Jiangmen Guangxiang High Speed Passenger Transport Co., Ltd.	420,000.00	1,327,426.25			-518,958.90								808,467.35
Shantou Chaoyang Yucunliandao Transportation Co., Ltd.	200,000.00												
Shantou Chaoyan Yucunliandao Transportation Co., Ltd.	800,000.00	1,683,323.09			-71,781.34								1,611,541.75
Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	5,600,000.00	6,718,346.88			-715,602.67								6,002,744.21
Heyuan Yueyan New Energy Co., Ltd.	1,000,000.00	364,783.82			-90,454.96								274,328.86
Guangdong Wangfei Logistics Technology Co., Ltd. (Note 2)	7,200,000.00	2,179,120.79			-1,989,031.14								-190,089.65
Qingyuan Zhongguan Development Co., Ltd.	100,000.00	327,866.64			18,086.65								345,893.29
Qingyuan Kuitong Car Lease Co., Ltd.	800,000.00	800,000.00											800,000.00
Shaoguan Libao Technology Co., Ltd.	1,418,462.00	905,533.02			571,321.71			147,000.00					1,329,854.73
Huiketong Technology (Zhuhai) Co., Ltd.	2,030,000.00	2,198,098.40			51,332.21								2,249,340.61
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	3,400,000.00	2,566,289.67			-1,107,305.26								930,000.00
G.D., H.K. and Macao System Technology Company Limited	259,776.20		256,937.10		-96,433.27							1,773.53	162,277.36

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Investees	Investment cost	Opening balance	Changes in the current period					Closing balance	Closing balance of provision for impairment			
			Increase	Decrease	Investment income (loss) under the equity method	Adjustment in other comprehensive income ("OCI")	Other changes in equity			Declaration of cash dividends or profits	Provision for impairment losses	Others
Zhuhai Wanda Hong Kong Zhuhai Macao Bridge Zhuhai Port Passenger Service Co., Ltd.	9,000,000.00	8,370,536.03			-2,492,658.19						5,877,877.84	
Zhuhai Nangsi Special Cargo Transportation Co., Ltd.	2,450,000.00	4,565,296.01			1,702,724.30	103,553.18		1,617,037.00			4,754,537.49	
Hong Kong-Zhuhai-Macao Road Transportation (Macao) Co., Ltd.	3,530,299.51	3,938,191.03			1,117,042.99	105,304.46		176,004.00			5,004,534.48	
Hong Kong Qigang Travel Transportation Co., Ltd.	161,011.80	151,844.40									151,844.40	151,844.40
Guangxi Xihang Lingang Chishui Port Co., Ltd.	42,750,000.00											

Note 1:

Due to the change of control, the Company has incorporated Guangzhou West Expressway Co., Ltd. into the scope of consolidation since 1 Jan 2019, and reduced the book value of long-term equity investment.

Note 2:

The Group's subsidiary, Guangdong Yue Yun Development Co., Ltd. increased its shareholding in Guangdong Wangfei Logistics Technology Co., Ltd. to 50.12% by acquiring its NCI as well as increasing its capital, and obtained the right of control and included it in the scope of combination, adjusted and reduced the book value of long-term equity investment.

(3) Key financial information of significant joint ventures

Items	Amount in the current period				
	Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.	Guangdong Shantou Haiwan Bridges Co., Ltd.	Shell Road Solutions Xinyue (Foshan) Co., Ltd.	Guangdong Zhongyuetong Oil operate Co., Ltd.	Zhuhai Yuegong Xinhai Transportation Co., Ltd.
Current assets	55,269,236.70	34,211,503.85	176,693,655.28	83,410,771.29	4,316,975.38
Non-current assets	16,142,345.69	134,973,873.31	22,500,816.50	22,504,290.02	156,183,921.81

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Items	Amount in the current period				
	Guangdong Zhongyong Tongyi Energy Sale Co., Ltd.	Guangdong Shantou Haiwan Bridge Co., Ltd.	Shell Road Solutions Xinyue (foshan) Co., Ltd.	Guangdong Zhongyuetong Oil operate Co., Ltd.	Zhuhai Yuegong Xinhai Transportation Co., Ltd.
Total assets	71,411,582.39	169,185,377.16	199,194,471.78	105,915,061.31	160,500,897.19
Current liabilities	8,628,047.49	29,843,851.89	39,859,811.79	8,822,510.71	117,000.01
Non-current liabilities					
Total liabilities	8,628,047.49	29,843,851.89	39,859,811.79	8,822,510.71	117,000.01
Net assets	62,783,534.90	139,341,525.27	159,334,659.99	97,092,550.60	160,383,897.18
Net assets share based on shareholding proportion	31,391,767.45	41,802,457.58	63,733,863.99	48,546,275.30	78,588,109.62
Adjustments		178,526,119.36			
Book value of equity investment to joint ventures	31,391,767.45	220,328,576.94	63,733,864.00	48,546,275.30	78,588,109.62
The fair value of a publicly quotation equity investment					
Operating income	127,540,545.09	204,750,306.77	224,416,994.80	267,127,019.03	
Finance expenses	-987,878.03	-455,250.53	1,527,423.00	-64,309.62	-7,970.41
Income tax expenses	1,026,708.39	40,616,902.22	506,082.89	11,481,490.76	110.83
Net profit	2,921,704.94	121,734,556.54	4,549,261.32	33,988,690.26	23,430,053.53
Other comprehensive income				33,988,690.26	23,430,053.53
Total comprehensive income	2,921,704.94	121,734,556.54	4,549,261.32	67,977,380.52	46,860,107.06
Dividends received from joint ventures in the current period		41,879,335.96		3,500,000.00	

Continued

Items	Amount in the prior period				
	Guangdong Zhongyong Tongyi Energy Sale Co., Ltd.	Guangdong Shantou Haiwan Bridge Co., Ltd.	Shell Road Solutions Xinyue (foshan) Co., Ltd.	Guangdong Zhongyuetong Oil operate Co., Ltd.	Zhuhai Yuegong Xinhai Transportation Co., Ltd.
Current assets	46,860,801.57	33,947,856.94	224,231,446.03	61,710,002.83	4,634,821.06
Non-current assets	18,594,904.00	145,418,272.45	22,031,347.60	9,277,478.73	132,689,135.58
Total assets	65,455,705.57	179,366,129.39	246,262,793.63	70,987,481.56	137,323,956.64
Current liabilities	5,593,875.61	37,856,073.36	91,431,496.49	883,621.22	370,113.00
Non-current liabilities					
Total liabilities	5,593,875.61	37,856,073.36	91,431,496.49	883,621.22	370,113.00
Net assets	59,861,829.96	141,510,056.03	154,831,297.14	70,103,860.34	136,953,843.64
Net assets share based on shareholding proportion	29,930,914.98	42,317,935.81	61,932,518.86	35,051,930.17	67,107,383.39
Adjustments (Note 1)		199,553,392.27			
Book value of equity investment to joint ventures	29,930,914.98	241,871,328.08	61,932,518.84	35,051,930.17	67,107,383.39
The fair value of a publicly quotation equity					

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Items	Amount in the prior period				
	Guangdong Zhongyou Tongyi Energy Sate Co., Ltd.	Guangdong Shantou Haiwan Bridge Co., Ltd.	Shell Road Solutions Xinyue (foshan) Co., Ltd.	Guangdong Zhongyuetong Oil operate Co., Ltd.	Zhuhai Yuegong Xinhai Transportation Co., Ltd
investment					
Operating income	93,715,486.36	213,090,301.95	259,188,438.14	206,472,871.91	
Finance expenses	-450,452.23	120,106.61	224,134.41	92,892.88	-349,970.17
Income tax expenses		41,951,884.30	3,990,933.88	7,521,353.32	29,061.51
Net profit	2,850,327.05	125,855,652.84	11,972,801.65	22,344,718.58	4,711,657.28
Other comprehensive income				22,344,718.58	4,711,657.28
Total comprehensive income	2,850,327.05	125,855,652.84	11,972,801.65	44,689,437.16	9,423,314.56
Dividends received from joint ventures in the current period		36,225,521.64		14,085,000.00	

Note 1:

The difference between the book value of the investment of Guangdong Shantou Haiwan Bridge Co., Ltd. and the share of net assets calculated according to the shareholding ratio is the unamortized premium residual value in the cost of long-term equity investment.

(4) Key financial information of significant associates

Items	Amount in the current period				
	Guoyuan Securities Company Limited	Guangdong Yuepu Microfinance Co., Ltd.	Ganzhou Gankang Expressway Co., Ltd.	Ganzhou Kangda Expressway Co., Ltd.	Guangzhou Pearl River Huangpu Daqiao Construction Co., Ltd.
Current assets	57,918,624,287.41	1,361,568,837.83	332,805,593.66	51,220,910.08	626,007,193.31
Non-current assets	26,015,472,537.63	29,480,303.62	1,282,668,160.31	1,421,468,958.16	3,074,819,997.98
Total assets	83,934,096,825.04	1,391,049,141.45	1,615,473,753.97	1,472,689,868.24	3,700,827,191.29
Current liabilities	46,206,352,399.19	93,651,010.16	96,316,661.38	85,725,138.63	86,605,707.88
Non-current liabilities	12,890,023,021.47	475,532.74	806,914,922.91	604,519,640.08	1,680,000,000.00
Total liabilities	59,096,375,420.66	94,126,542.90	903,231,584.29	690,244,778.71	1,766,605,707.88
Net assets	24,837,721,404.38	1,296,922,598.55	712,242,169.68	782,445,089.53	1,934,221,483.41
Net assets calculated by shareholding ratio	587,200,989.50	214,637,335.45	213,672,650.90	234,733,526.86	193,420,148.35
Adjustment events	206,725,818.02				
Book value of equity investment in associates	793,926,807.52	214,637,335.45	213,672,650.90	234,733,526.86	193,420,148.35
Fair value of equity investment with public quotation	737,910,410.22				

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Items	Amount in the current period				
	Guoyuan Securities Company Limited	Guangdong Yuepu Microfinance Co., Ltd.	Ganzhou Gankang Expressway Co., Ltd.	Ganzhou Kangda Expressway Co., Ltd.	Guangzhou Pearl River Huangpu Daqiao Construction Co., Ltd.
Operating income	3,302,720,958.61	131,857,238.51	187,468,413.15	261,253,295.40	1,271,073,293.52
Net profit	917,476,547.45	20,084,911.58	21,255,800.66	124,414,900.02	786,801,483.41
Other comprehensive income	95,017,342.59				
Total comprehensive income	1,012,493,890.04	20,084,911.58	21,255,800.66	124,414,900.02	786,801,483.41
Dividends received from associates in the current period	19,900,496.50		2,700,000.00		61,277,438.58

Continued

Items	Amount in the prior period				
	Guoyuan Securities Company Limited	Guangdong Yuepu Microfinance Co., Ltd.	Ganzhou Gankang Expressway Co., Ltd.	Ganzhou Kangda Expressway Co., Ltd.	Guangzhou Pearl River Huangpu Daqiao Construction Co., Ltd.
Current assets	42,721,180,653.50	1,394,967,072.45	270,093,954.27	35,495,996.32	484,205,784.72
Non-current assets	35,374,232,070.51	8,047,674.82	1,372,121,014.40	1,463,543,288.08	3,236,116,075.52
Total assets	78,095,412,724.01	1,403,014,747.27	1,642,214,968.67	1,499,039,284.40	3,720,321,860.24
Current liabilities	46,417,460,063.63	40,797,858.70	109,921,418.26	72,629,731.89	90,127,474.45
Non-current liabilities	6,989,817,868.77	630,518.58	832,307,181.59	693,126,157.44	1,870,000,000.00
Total liabilities	53,407,277,932.40	41,434,377.28	942,228,599.65	765,755,889.33	1,960,127,474.45
Net assets	24,688,134,791.61	1,361,580,369.99	699,986,369.02	733,283,395.07	1,760,194,385.79
Net assets calculated by shareholding ratio	583,672,702.24	219,693,558.27	209,995,910.71	219,985,018.52	176,017,438.59
Adjustment events	206,725,818.02				
Book value of equity investment in associates	790,398,520.26	219,693,558.27	209,995,910.71	219,985,018.52	176,017,438.59
Fair value of equity investment with public quotation	555,621,862.28				
Operating income	2,569,814,200.00	181,963,049.20	169,762,652.79	244,708,403.60	1,326,675,275.09
Net profit	663,937,167.17	75,671,754.19	18,637,357.87	107,386,985.55	839,274,385.79
Other comprehensive income	-862,492,101.21				
Total comprehensive income	-198,554,934.04	75,671,754.19	18,637,357.87	107,386,985.55	839,274,385.79
Dividends received from associates in the current period	11,940,297.90	10,989,125.47		21,000,000.00	78,179,058.48

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Continued

Items	Amount in the current period				
	Zhaoqing Yuezhao Highway Co., Ltd.	Huishen (Yantian) Expressway Huizhou Co., Ltd.	Guangdong Province Communications Planning & Design Institute Co., Ltd.	Poly Changda Engineering Co., Ltd.	Guangzhou Northern Second Ring Expressway Co., Ltd.
Current assets	214,674,038.72	312,785,401.82	1,422,805,997.69	15,315,578,069.24	639,579,332.58
Non-current assets	1,432,275,154.42	2,014,178,456.67	417,664,985.16	7,370,618,909.18	1,155,688,980.91
Total assets	1,637,949,193.14	2,326,963,858.49	1,840,470,982.85	22,686,196,978.42	1,795,268,313.49
Current liabilities	55,514,632.05	13,148,493.81	1,104,250,400.67	13,196,024,530.68	159,918,326.49
Non-current liabilities	381,553,172.18	1,381,000,000.00	90,748,110.86	5,452,703,383.07	215,568,208.80
Total liabilities	437,067,804.23	1,394,148,493.81	1,194,998,511.53	18,648,727,913.75	375,486,535.29
Net assets	1,200,881,388.91	932,815,364.68	645,472,471.32	4,037,469,064.67	1,419,781,778.20
Net assets calculated by shareholding ratio	608,342,406.92	189,672,457.48	252,759,312.40	1,604,574,049.04	141,978,177.83
Adjustment events		-113,048,085.30		564,591,875.72	
Book value of equity investment in associates	608,342,406.92	76,624,372.18	252,759,312.40	2,169,165,924.76	141,978,177.83
Fair value of equity investment with public quotation					
Operating income	560,630,583.95	356,035,297.79	1,438,696,940.32	18,010,004,492.24	1,224,992,406.37
Net profit	210,423,207.15	76,095,004.34	179,529,673.66	428,507,235.80	968,465,956.25
Other comprehensive income				3,846,533.10	
Total comprehensive income	210,423,207.15	76,095,004.34	179,529,673.66	432,353,768.90	968,465,956.25
Dividends received from associates in the current period	52,605,801.79		18,124,739.47	286,396,253.17	85,793,019.71

Continued

Items	Amount in the prior period				
	Zhaoqing Yuezhao Highway Co., Ltd.	Huishen (Yantian) Expressway Huizhou Co., Ltd.	Guangdong Province Communications Planning & Design Institute Co., Ltd.	Poly Changda Engineering Co., Ltd.	Guangzhou Northern Second Ring Expressway Co., Ltd.
Current assets	195,782,633.44	197,549,417.21	1,328,073,118.79	12,574,256,205.83	484,573,191.74
Non-current assets	1,543,667,969.96	2,149,572,796.75	147,879,825.46	2,134,474,397.94	1,160,695,776.30
Total assets	1,739,450,603.40	2,347,122,213.96	1,475,952,944.25	14,708,730,603.77	1,645,268,968.04
Current liabilities	63,704,126.40	15,299,719.16	870,728,487.00	11,042,280,494.61	154,538,081.72
Non-current liabilities	472,456,833.60	1,475,000,000.00	93,598,191.72	840,291,177.60	187,001,104.40
Total liabilities	536,160,960.00	1,490,299,719.16	964,326,678.72	11,882,571,672.21	341,539,186.12
Net assets	1,203,289,643.40	856,822,494.80	511,626,265.53	2,826,158,931.56	1,303,729,781.92
Net assets calculated by shareholding ratio	607,994,748.95	174,220,573.94	199,925,207.45	1,371,272,096.72	130,372,978.19

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Items	Amount in the prior period				
	Zhaoqing Yuezhao Highway Co., Ltd.	Huishen (Yantian) Expressway Huizhou Co., Ltd.	Guangdong Province Communications Planning & Design Institute Co., Ltd.	Poly Changda Engineering Co., Ltd.	Guangzhou Northern Second Ring Expressway Co., Ltd.
Adjustment events				564,591,875.72	
Book value of equity investment in associates	607,894,748.95	-113,048,085.30	199,925,207.45	1,935,863,972.44	130,372,978.19
Fair value of equity investment with public quotation		61,172,488.64			
Operating income	555,636,181.75	363,948,878.20	1,211,026,930.74	13,311,892,163.24	1,166,828,260.20
Net profit	224,435,979.62	78,967,328.59	152,874,652.07	263,187,904.73	696,513,175.98
Other comprehensive income				1,696,922.08	
Total comprehensive income	224,435,979.62	78,967,328.59	152,874,652.07	264,884,826.81	696,513,175.98
Dividends received from associates in the current period	43,088,859.48	16,470,000.00	39,245,258.65	625,914,112.55	71,804,743.98

15 Investment on other equity instruments

(1) Investment on other equity instruments

Items	Closing balance	Opening balance
Beijing Hua Xia Securities Co., Ltd. (Note 1)		
Huazheng Asset Management Co., Ltd. (Note 2)		
Guangdong Radio and Television Network Investment No. 1 Limited Partnership (Limited Partnership)	50,000,000.00	50,000,000.00
China Everbright Bank Company Limited Co., Ltd	1,037,474,303.04	870,443,292.80
Kunlun Securities Co., Ltd. (Note 3)		
Guangdong Southward Container Transportation United Company (Note 4)		
Yangjiang Haoxing Automobile Comprehensive Performance Testing Co., Ltd.	308,228.22	308,228.22
Puning Yueyun Huazhan Co., Ltd.	309,360.00	309,360.00
Guangzhou Huadi Jindaoda Expressway Economic Development Co., Ltd. (Note 5)		
Zhongdao Tourism Industry Development Co., Ltd.	600,000.00	600,000.00
Zhuhai Gongyun Car Transport Co., Ltd.	2,880,000.00	50,000.00
Chaozhou Lianhe Motor Vehicle Business Consulting Service Co., Ltd	30,000.00	30,000.00
Chaozhou HengAn Transportation Co., Ltd.	96,460.00	
Total	1,091,698,351.26	921,740,881.02

Note 1:

Beijing Hua Xia Securities Co., Ltd. entered the liquidation procedure in December 2005, and the fair value of this other equity instrument investment is RMB 0.00.

Note 2:

According to evaluation report issued by Beijing Dewei Evaluation Co., Ltd. (Dewei Evaluation Zi 2005 Year No.88) in September 2005, as of June 30, 2005, the book value of net assets of Huazheng Asset Management Co., Ltd. were RMB 279,132,000.00, and the appraisal value of the net assets of Huazheng Asset Management Co., Ltd was RMB -2,299,548,600.00. The fair value of this investment on other equity instruments is RMB 0.00.

Note 3:

Due to Kunlun Securities Co., Ltd. entered into the liquidation procedure in December 2005, the fair value of this investment on other equity instruments is RMB 0.00.

Note 4:

Due to Guangdong Southward Container Transportation United Company has ceased operation, the fair value of this investment on other equity instruments is RMB 0.00.

Note 5:

Due to perennial loss of Guangzhou Huadu Jindaoda Expressway Economic Development Co., Ltd., the fair value of this investment on other equity instruments is RMB 0.00.

(2) Other investment on equity instruments at the end of period

Items	Dividend income recognized in the current period	Cumulated gains or losses included in OCI	Amount transferred from OCI to retained earnings	Reasons for those designated as at fair value through OCI ("FVTOCI")
Equity investment of Guangdong Radio and Television Network Investment No. 1 Limited Partnership (Limited Partnership)	1,036,353.17	7,362,129.13		Non-tradable purpose
China Everbright Bank Company Limited Co., Ltd	37,876,045.98	519,913,426.24		Non-tradable purpose
Equity investment of Beijing Hua Xia Securities Co., Ltd.				Non-tradable purpose

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Items	Dividend income recognized in the current period	Cumulated gains or losses included in OCI	Amount transferred from OCI to retained earnings	Reasons for those designated as at fair value through OCI ("FVTOCI")
Equity investment of Huazheng Asset Management Co., Ltd.				Non-tradable purpose
Equity investment of Kunlun Securities Co., Ltd. (Note 3)				Non-tradable purpose
Yangjiang Haoxing Automobile Comprehensive Performance Testing Co., Ltd.				Long-term holding for strategic purposes
Guangdong Southward Container Transportation United Company				Long-term holding for strategic purposes
Guangzhou Huadu Jindaoda Expressway Economic Development Co., Ltd.				Long-term holding for strategic purposes
Zhuhai Gongyun Car Transport Co., Ltd.				Long-term holding for strategic purposes
Others				Long-term holding for strategic purposes
Total	38,912,399.15	521,275,555.37		

16 Investment properties

(1) Measured at cost model

Items	Buildings and structures	Land use rights	Total
I. Original carrying amount:			
1. Opening balance	1,802,392,763.02	139,037,884.81	1,941,430,647.83
2. Increase	4,276,751.96	8,725,291.61	13,002,043.57
(1) Purchases		4,732,043.51	4,732,043.51
(2) Transferred from self-use real estate and land use rights	4,205,495.69	3,675,360.00	7,880,855.69
(3) Changes in exchange rate	71,256.27	317,888.10	389,144.37
3. Decrease			
(1) Disposal or obsolescence	23,753,489.21		23,753,489.21
(2) Transferred to self-use real estate and land use rights	5,377,194.58		5,377,194.58
4. Closing balance	1,782,916,025.77	147,763,176.42	1,930,679,202.19

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Items	Buildings and structures	Land use rights	Total
II. Accumulated depreciation:			
1. Opening balance	523,862,158.27	25,083,536.87	548,945,695.14
2. Increase	46,848,571.60	5,461,396.19	52,309,967.79
(1) Accrued this year	45,887,113.86	3,764,910.75	49,652,024.61
(2) Transferred from self-use real estate and land use rights	897,766.23	1,562,028.00	2,459,794.23
(3) Reclassification		60,554.75	60,554.75
(4) Changes in exchange rate	63,691.51	73,902.69	137,594.20
3. Decrease	6,512,450.43		6,512,450.43
(1) Disposal or obsolescence	1,981,897.97		1,981,897.97
(2) Transferred to self-use real estate and land use rights	4,469,997.71		4,469,997.71
(3) Reclassification	60,554.75		60,554.75
4. Closing balance	564,198,279.44	30,544,933.06	594,743,212.50
III. Provision for impairment:			
1. Opening balance	43,427,854.84		43,427,854.84
2. Increase			
3. Decrease			
4. Closing balance	43,427,854.84		43,427,854.84
IV. Book value:			
1. Book value at the end of the period	1,175,289,891.49	117,218,243.36	1,292,508,134.85
2. Book value at the beginning of the period	1,235,102,749.91	113,954,347.94	1,349,057,097.85

Note 1:

As at 31 Dec 2019, the long-term bank loans with investment properties as collateral have been fully repaid, and the corresponding collateral has been released.

(2) Investment properties of which certificates of title have not been obtained

Items	Book value	Reasons not obtained certificates
Building and structures	2,155,223.16	Have not yet obtained the certificates of title due to historical reasons
Traffic ancillary facilities etc.	1,440,295.86	Incorporated into communication facilities and cannot obtain certification at present
Buildings and structures	106,642,470.96	The procedures of transfer of property right have not yet been completed
Total	110,237,989.98	

17 Fixed assets

Items	Book value at the end of period	Book value at the beginning of period
Fixed assets	249,799,995,279.14	243,249,039,977.45
Fixed assets in liquidation	367,975,387.64	366,885,732.43
Total	250,167,970,666.78	243,615,925,709.88

(1) Fixed assets

Items	Highway properties	Building and structures	Machinery equipment	Transportation equipment	Electronic equipment	Office equipment	Others	Total
I. Original cost:								
1. Opening balance	298,060,247,738.90	11,109,345,946.76	16,544,513,483.21	4,649,131,362.72	795,983,587.00	1,000,190,672.07	750,660,320.31	332,910,073,110.97
2. Increase	21,509,652,654.92	1,313,189,373.67	1,382,560,334.40	1,304,625,140.83	109,180,091.49	102,135,004.55	94,969,736.76	25,816,312,336.62
(1) Purchases		65,895,813.23	100,869,968.88	288,520,477.81	50,213,176.00	83,361,098.76	34,885,797.71	625,746,332.39
(2) Increase resulting from business combination	13,817,349,530.97	326,985,581.25	561,446,108.52	26,285,715.41		865,162.48	45,478,434.33	14,778,410,532.96
(3) Transferred from construction in progress	7,692,298,203.95	885,360,093.30	714,700,221.56	977,183,973.54	54,186,249.51	14,829,841.43	9,740,185.21	10,348,298,768.50
(4) Adjustments upon final account for completed project	4,920.00	337,845.00			169,531.00			512,296.00
(5) Transferred from investment properties		18,376,294.63						18,376,294.63
(6) Reclassification		12,273,454.56	5,424,860.43	15,461.54	4,608,425.75	637,150.84	4,734,436.00	27,693,789.12
(7) Foreign currency translation differences		3,960,291.70	119,175.01	12,619,512.53	2,709.23	441,751.04	130,883.51	17,274,323.02
3. Decrease	641,384,119.59	69,944,248.15	123,960,783.77	680,526,229.65	81,301,173.23	57,945,839.91	11,356,567.71	1,666,418,962.01
(1) Disposal or obsolescence	35,223,889.43	50,067,304.83	116,427,239.61	509,901,638.91	66,477,997.53	53,058,384.48	10,622,596.01	841,779,050.80
(2) Decrease resulting from business combination				21,019,390.74	5,011.87	346,083.00		21,370,485.61
(3) Adjustments upon final account for completed project	606,160,230.16	5,799,761.46	7,533,544.16		2,271,405.00			621,764,940.78
(4) Transferred to investment properties		4,205,495.70						4,205,495.70
(5) Reclassification		9,871,686.16			12,546,758.83	4,541,372.43	733,971.70	27,693,789.12
(6) Transferred to right-use assets				149,605,200.00				149,605,200.00
4. Closing balance	318,928,516,274.23	12,332,591,072.28	17,803,113,033.84	5,273,230,273.90	823,862,505.26	1,044,379,836.71	834,273,489.36	557,059,966,485.58
II. Accumulated depreciation:								
1. Opening balance	72,430,337,050.85	3,582,898,336.51	9,052,998,656.74	2,736,213,351.04	551,780,997.91	714,973,026.76	571,702,644.07	89,640,904,063.88
2. Increase	14,975,750,698.99	606,292,849.45	1,812,634,925.27	601,920,106.52	50,792,664.65	113,247,982.86	76,461,479.44	18,237,106,707.18
(1) Accrued for this year	11,920,739,281.53	492,130,659.42	1,403,807,723.07	580,480,868.54	46,729,627.99	112,312,047.54	32,366,271.18	14,588,566,479.27
(2) Increase resulting from business combination	3,055,011,417.46	99,186,868.85	408,056,889.44	12,155,174.44		173,550.00	42,957,314.58	3,617,541,214.77
(3) Transferred from investment properties		4,469,997.71						4,469,997.71
(4) Reclassification		8,485,613.40	702,030.24	407,455.53	4,060,545.00	406,079.73	919,483.44	14,981,207.34

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Items	Highway properties	Building and structures	Machinery equipment	Transportation equipment	Electronic equipment	Office equipment	Others	Total
(5) Foreign currency translation differences		2,019,710.07	68,282.52	8,876,608.01	2,491.66	356,305.59	218,410.24	11,541,808.09
3. Decrease	17,589,779.82	27,410,034.24	94,854,370.12	462,251,718.29	64,567,213.12	55,145,913.14	10,662,604.82	732,481,633.55
(1) Disposal or obsolescence	17,589,779.82	24,983,705.70	94,854,370.12	455,578,631.59	56,000,850.17	50,854,775.05	9,776,454.54	689,638,566.79
(2) Decrease resulting from business combination				11,245,046.30	3,073.78	287,932.50		11,536,052.58
(3) Transferred to investment properties		896,796.63					969.61	897,766.24
(4) Reclassification		1,529,531.91			8,563,289.17	4,003,205.59	885,180.67	14,981,207.34
(5) Transferred to right-use assets				15,428,040.60				15,428,040.60
4. Closing balance	87,388,497,970.02	4,161,781,151.72	10,770,779,211.89	2,875,881,739.27	538,006,449.44	773,075,096.48	637,501,518.69	107,145,523,137.51
III. Provision for impairment:								
1. Opening balance		13,193,541.64	868,096.30	6,067,431.70				20,129,069.64
2. Increase		1,043,525.66	90,659,450.99	993,002.59	7,238,195.84	229,340.23		100,163,515.31
(1) Acquired for this year		957,275.69	90,659,450.99	993,002.59	7,238,195.84			99,847,925.11
(2) Reclassification						229,340.23		229,340.23
(3) Foreign currency translation differences		86,249.97						86,249.97
3. Decrease			229,340.23	5,615,175.79				5,844,516.02
(1) Disposal or obsolescence				5,615,175.79				5,615,175.79
(2) Reclassification			229,340.23					229,340.23
4. Closing balance		14,237,067.30	91,298,207.06	1,445,258.50	7,238,195.84	229,340.23		114,448,068.93
IV. Book value:								
1. Book value at the end of the period	231,540,018,304.21	8,176,572,853.26	6,941,035,614.89	2,395,903,276.13	278,617,859.98	271,075,400.00	196,771,970.67	249,799,995,279.14
2. Book value at the beginning of the period	225,629,910,688.05	7,513,254,068.61	7,490,646,730.17	1,996,850,579.98	244,202,589.09	285,217,645.31	178,957,676.24	243,249,039,977.45

Note 1:

As of 31 Dec 2019, the Group's fixed assets with book value of RMB 405,266,736.54 have been used as collateral for bank loans. Please refer to Notes VIII.67 Assets with restricted ownership or right of use for details of pledge and mortgage of charging right in the open stage.

(2) Temporarily idle fixed assets

Items	Original cost	Accumulated depreciation	Provision for impairment	Book value	Reference
Office equipment	2,202,630.52	2,046,125.01		156,505.51	Temporarily closed
Machinery equipment	122,463,877.03	103,901,282.79	10,093,039.42	8,469,554.82	Temporarily closed
Transportation equipment	11,618.00	10,142.55		1,475.45	Temporarily closed
Others	2,909,310.20	2,746,678.76		162,631.44	Temporarily closed
Total	127,587,435.75	108,704,229.11	10,093,039.42	8,790,167.22	

(3) Real estate investment without property right certificate

Items	Book value	Reasons without property right certificate
Highway properties	195,901,755,155.83	According to the actual characteristics of toll highway operation, the highway properties will be handed over to the government free of charge after the expiration of the toll approved by the government, so the company has no plan to obtain the relevant property right certificate.
Building and structures	4,813,731,013.03	According to the actual characteristics of toll highway operation, the affiliated houses will be handed over to the government free of charge after the expiration of the toll approved by the government, so the company has no plan to obtain the relevant property right certificate.
Building and structures	357,917,133.08	Have not yet obtained the certificates of title due to historical reasons
Building and structures	90,576,844.65	Incorporated into communication facilities and cannot obtain certification at present
Building and structures	111,433,995.17	The procedures of the transfer of property right have not yet been completed
Building and structures	161,933,984.88	The procedures of transfer of property right have not yet been completed

(4) Disposal of fixed assets

Items	Book value at the end of the period	Book value at the beginning of the period	Reasons for transfer to disposal
Shenzhen landscape improvement project and Guanfan relocation project	61,390.00	61,390.00	To be scrapped
Yueying project assets (Note)	366,824,342.43	366,824,342.43	To be settled and disposal
Machinery equipment, transportation equipment etc.	1,089,655.21		To be scrapped
Total	367,975,387.64	366,885,732.43	

Note:

The balance of assets to be liquidated and disposed of Yueying project at the end of this report is RMB 366,824,342.43. For details, please refer to Note XII.4.

18 Construction in progress

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Construction in progress	77,536,774,314.47	44,609,030.70	77,492,165,283.77	58,891,338,164.62	44,609,030.70	58,846,729,133.92
Engineer materials	160,034,185.90		160,034,185.90	12,147,703.21		12,147,703.21
Total	77,696,808,500.37	44,609,030.70	77,652,199,469.67	58,903,485,867.83	44,609,030.70	58,858,876,837.13

(1) Construction in progress

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Expressway and ancillary facilities project	76,670,858,351.14	1,298,450.00	76,669,559,901.14	56,860,662,562.30	1,298,450.00	56,859,364,112.30
Transportation project	415,059,832.33	451,957.10	414,607,875.23	829,950,323.43	451,957.10	829,498,366.33
Logistics service engineering	256,155,332.86		256,155,332.86	1,105,072,118.15		1,105,072,118.15
Data maintenance center	45,098,788.98		45,098,788.98	38,022,596.14		38,022,596.14
Other fundamental infrastructure project	149,602,009.16	42,858,623.60	106,743,385.56	57,630,564.60	42,858,623.60	14,771,941.00
Total	77,536,774,314.47	44,609,030.70	77,492,165,283.77	58,891,338,164.62	44,609,030.70	58,846,729,133.92

(2) Changes in significant construction in progress in the current period

Items	Budget	Opening balance	Increase	Transferred to fixed assets	Decrease	Closing balance
Huizhou Qingyuan section of Shanzhan Expressway	20,791,668,700.00	10,652,954,906.70	3,815,971,470.87			14,468,926,377.57
Humen second bridge project	10,100,000,000.00	8,181,130,352.07	-33,579,432.99			8,147,550,919.08
Chaoshan Ring Expressway (including Chaoshan connecting line) project	15,221,408,800.00	7,389,843,363.66	3,751,485,415.50			11,141,328,779.16

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Items	Budget	Opening balance	Increase	Transferred to fixed assets	Decrease	Closing balance
Xingning Wuhua section of Xingning Shanwei Expressway (including Shejiang branch line)	7,498,962,100.00	6,592,676,760.28	257,756,440.15	6,850,433,200.43		
Dapu Chaozhou Expressway (including Dupu Zhangzhou Branch Line)	14,278,533,400.00	5,831,493,841.77	2,604,880,116.08			8,436,373,957.85
Luoxin Expressway Project	15,567,033,900.00	4,666,551,352.23	4,040,413,875.52			8,706,965,227.75
Gaoren Expressway Project	3,650,000,000.00	2,878,768,136.86	460,115,945.25			3,338,884,082.11
Zihui Expressway Project	9,287,000,000.00	2,289,629,662.86	2,105,223,703.59			4,394,853,366.45
Meizhou Pingyuan Expressway in Guangdong Province	3,447,522,000.00	2,066,911,815.79	622,947,659.21			2,689,859,475.00
Wuhua Luhe section project of Xingning Shanwei Expressway (including Shejiang branch line)	5,147,318,600.00	1,881,560,113.69	1,444,867,039.12			3,326,427,152.81
Haitang Honghaiwan development section of Xingshan Expressway	2,735,965,000.00	1,304,889,789.77	635,609,753.56			1,940,499,543.33
Sanbao Shuikou reconstruction and expansion project	3,426,210,000.00	1,052,834,193.16	1,083,790,476.36	2,120,681,654.14		15,943,015.38
Reconstruction and expansion project of Shuikou Baisha section of Shenyang Haikou National Expressway	11,863,537,372.00	981,897,396.42	2,728,407,438.16			3,710,304,834.58
Meizhou east ring branch line project of Meida Expressway of Jiaying Ring City Company	1,996,935,900.00	844,192,502.79	531,703,312.33			1,375,895,815.12
Zhanxu Xuwengang branch line project	956,406,500.00	829,421,892.46	98,559,489.85			927,981,382.31
Haiting bridge of Huaiji Yangjiang Expressway	975,000,000.00	568,857,065.47	226,834,371.89			795,691,437.36
Vehicle purchase	1,200,000,000.00	486,250,775.57	693,360,179.41	923,376,289.99		256,234,664.99
Reconstruction and expansion of Yangjiang Maoming section	8,038,124,732.00	279,079,440.12	813,900,805.23			1,092,980,245.35
Shenshanxi Expressway Expansion Project	25,162,000,000.00	178,365,402.77	463,196,752.81			641,562,155.58
Lianzhou connecting line of Erguang branch	410,000,000.00	143,324,101.76	97,192,480.51			240,516,582.27
Total	161,753,627,004.00	59,100,632,866.20	26,442,637,292.41	9,894,491,144.56		75,648,779,014.05

Continued

Items	Proportion of accumulated project investment in budget (%)	Project progress	Accumulated amount of interest capitalization	Including: current interest capitalization amount	Current interest capitalization rate (%)	Resources of funds
Huizhou Qingyuan section of Shanzhan Expressway	69.59	78.02	562,227,149.68	308,116,445.90	4.54	Self-raised, loans and financial appropriations
Humen second bridge project	94.32	100.00	682,243,671.77	220,267,611.51	4.10	Self-raised, loans and financial appropriations

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Items	Proportion of accumulated project investment in budget (%)	Project progress	Accumulated amount of interest capitalization	Including: current interest capitalization amount	Current interest capitalization rate (%)	Resources of funds
Chaoshan Ring Expressway (including Chaoshan connecting line) project	73.20	73.88	350,703,064.44	227,108,317.64	4.40	Self-raised, loans and financial appropriations
Xingning Wuhua section of Xingning Shanwei Expressway (including Shejiang branch line)	91.67	100.00	480,538,170.92	140,505,037.37	4.49	Self-raised, loans and financial appropriations
Dapu Chaozhou Expressway (including Dapu Zhangzhou Branch Line)	73.71	73.71	360,467,432.31	237,838,204.88	4.57	Self-raised, loans and financial appropriations
Luoxin Expressway Project	55.93	55.93	302,975,017.63	202,201,706.96	4.45	Self-raised, loans and financial appropriations
Gaoren Expressway Project	91.48	100.00	201,288,999.57	93,228,707.02	4.41	Self-raised, loans and financial appropriations
Zihui Expressway Project	47.32	47.32	130,469,420.56	66,866,930.58	4.56	Self-raised, loans and financial appropriations
Meizhou Pingyuan Expressway in Guangdong Province	78.03	100.00	131,295,543.10	70,335,526.52	4.41	Self-raised, loans and financial appropriations
Wuhua Lute section project of Xingning Shanwei Expressway (including Shejiang branch line)	64.66	73.87	111,751,619.25	65,079,643.62	4.28	Self-raised, loans and financial appropriations
Hai Feng Honghaiwan development section of Xingshan Expressway	70.93	71.00	60,925,332.79	34,729,566.66	4.41	Self-raised, loans and financial appropriations
Sanbao Shuikou reconstruction and expansion project	75.37	75.37	72,779,504.82	28,555,152.81	4.49	Self-raised, loans and financial appropriations
Reconstruction and expansion project of Shuikou Baisha section of Shenyang Haikou National Expressway	23.00	23.00	95,024,753.99	70,292,412.41	4.41	Self-raised, loans and financial appropriations
Meizhou east ring branch line project of Meida expressway of Jiaying Ring City Company	68.90	76.43	43,758,295.36	24,970,569.98	4.27	Self-raised, loans and financial appropriations
Zhanxu Xuwengang branch line project	97.03	97.03	37,206,448.52	19,001,995.80	4.54	Self-raised, loans and financial appropriations
Haiting bridge of Huaiji Yangjiang Expressway	81.61	81.61	30,289,472.50	18,265,280.78	4.52	Self-raised, loans and financial appropriations
Vehicle purchase	98.00	98.00				Self-raised and loans
Reconstruction and expansion of Yangjiang Maoming section	13.60	13.60	18,898,782.80	18,655,143.90	4.41	Self-raised and loans
Shenshanxi Expressway Expansion Project	2.52	2.52				Self-raised
Lianzhou connecting line of Erguang branch	58.66	28.89	17,596,455.63	6,020,114.16	4.54	Self-raised and loans
Total			3,690,439,135.64	1,852,038,368.50		

Note 1:

For the details of the pledge of toll right of road sections of projects under construction during construction or trial operation, please referred to Notes VIII. No. 67, Assets with restricted ownership or right of use.

Note 2:

As at 31 Dec 2019, the Group's construction in progress (the plot of Guangdong scientific research base project of Guangzhou Lihan Traffic Technology Co., Ltd.) with a book value of RMB 22,987,567.76 has been used as collateral for bank loans.

Note 3:

Humen second bridge (Nansha bridge) project entered into trial operation on 2 April 2019. Gaomen Expressway (Gaoming Enping Expressway) project completed and entered into trial operation on 3 April 2019. Meizhou Pingyuan Expressway will enter into trial operation on 31 Aug 2019.

Note 4:

Xingning Wuhua section of Xingning Shanwei Expressway (including Shejiang branch line) was officially put into operation in September 2019, and the construction in progress was carried forward to fixed assets.

(3) Engineer materials

Items	Closing balance	Opening balance
Engineer materials	160,034,185.90	12,147,703.21
Total	160,034,185.90	12,147,703.21

19 Right-of-use assets

Items	Opening balance	Increase	Decrease	Closing balance
I. Total original cost:	1,010,023,883.52	164,101,362.31	189,047,606.64	985,077,639.19
Including: Building and structures	646,851,596.69	12,578,897.37	176,277,823.07	483,152,670.99
Transportation equipment	256,532,976.87	150,009,267.34	369,011.41	406,173,232.80

Items	Opening balance	Increase	Decrease	Closing balance
Land	96,677,947.60	252,274.95	2,194,733.32	94,735,489.23
Others	9,961,362.36	1,260,922.65	10,206,038.84	1,016,246.17
II. Total accumulated depreciation:	215,854,153.71	71,717,125.62	26,448,022.32	261,123,257.01
Including: Building and structures	112,083,301.30	5,833,529.76	15,290,343.82	102,626,487.24
Transportation equipment	74,124,987.57	58,486,682.56	148,273.47	132,463,396.66
Land	21,196,664.73	6,522,978.65	2,111,775.08	25,607,868.30
Others	8,449,200.11	873,934.65	8,897,629.95	425,504.81
III. Total book value of right-of-use assets	794,169,729.81			723,954,382.18
Including: Building and structures	534,768,295.39			380,526,183.75
Transportation equipment	182,407,989.30			273,709,836.14
Land	75,481,282.87			69,127,620.93
Others	1,512,162.25			590,741.36
IV. Total provision for impairment				
Including: Building and structures				
Transportation equipment				
Land				
Others				
V. Book value of right-of-use assets	794,169,729.81			723,954,382.18
Including: Building and structures	534,768,295.39			380,526,183.75
Transportation equipment	182,407,989.30			273,709,836.14
Land	75,481,282.87			69,127,620.93
Others	1,512,162.25			590,741.36

20 Intangible assets

Items	Land use rights	Joint operation earning rights	Patent rights	Trade mark rights	Line route operation rights and license use rights	Toll highway franchise operating rights	Passenger service licenses	BOI construction project franchise operating rights	Software	Others	Total
I. Original cost:											
1. Opening balance	1,140,905,001.32	42,747,190.60	8,727,720.73	4,246,379.48	211,240,494.78	387,478,456.26	38,397,151.83	30,412,704,959.34	469,625,679.32	4,942,551.34	32,721,015,588.00
2. Increase	21,172,618.55			188,679.24	58,891,350.70		838,041.81	488,466,608.15	98,796,551.08	110,448.77	668,484,298.30
(1) Purchase	20,302,515.07			188,679.24	47,872,864.72			488,073,251.15	80,016,263.04		636,433,573.22
(2) Transfer from construction in progress								393,357.00			393,357.00
(3) Increase resulting from business combination					3,518,485.98				8,258,171.57		11,776,657.55
(4) Re-classification					7,500,000.00						7,500,000.00
(5) Foreign currency translation	870,103.48						838,041.81		4,183.92	110,448.77	1,842,777.98

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Items	Land use rights	Joint operation earning rights	Patent rights	Trade mark rights	Line route operation rights and license use rights	Toll highway franchise operating rights	Passenger service licenses	BOT construction project franchise operating rights	Software	Others	Total
(6) Others									10,517,932.55		10,517,932.55
3. Decrease	5,963,405.18				98,500.00				27,808,064.89		41,369,970.07
(1) Disposals or obsolescence	2,288,045.18				98,500.00			7,500,000.00			30,194,610.07
(2) Transfer to investment properties	3,675,360.00										3,675,360.00
(3) Reclassification											
4. Closing balance	1,156,114,214.69	42,747,190.60	8,722,720.73	4,435,058.72	270,033,345.48	387,478,436.26	39,255,193.64	30,893,671,567.49	540,614,165.51	5,053,003.11	33,348,129,916.23
II. Accumulated amortization:											
1. Opening balance	185,596,196.42	14,631,675.64	2,940,033.66	1,292,320.02	113,155,742.39	248,895,230.09		168,645,610.65	342,426,525.46		1,077,491,534.33
2. Increase	22,974,579.40	2,926,335.13	4,334,765.16	250,920.43	21,961,503.49	18,127,980.38		199,167,194.57	67,980,340.97		337,733,619.53
(1). Accrued for the year	22,659,415.29	1,950,890.09	4,334,765.16	250,920.43	21,961,503.49	18,127,980.38		199,167,194.57	63,575,809.38		332,028,478.79
(2). Increase resulting from business combination									4,401,714.00		4,401,714.00
(3). Reclassification											
(4). Foreign currency translation difference	315,164.11								2,817.59		975,445.04
3. Decrease	1,562,028.00				813,075.48				24,034,188.41		26,670,161.45
(1). Disposals or obsolescence	1,562,028.00				98,500.00			260,869.56	24,034,188.41		24,132,688.41
(2). Transfer to investment properties	1,562,028.00										1,562,028.00
(3). Reclassification											
4. Closing balance	207,008,747.82	17,558,010.77	7,274,798.82	1,543,440.45	134,304,170.40	266,933,210.47		367,549,935.66	386,372,678.02		1,388,544,992.41
III. Provision for impairment:											
1. Opening balance	24,560,042.71										24,560,042.71
2. Increase									7,925,125.00		7,925,125.00
(1). Accrued for the year									7,925,125.00		7,925,125.00
3. Decrease											
4. Closing balance	24,560,042.71								7,925,125.00		32,485,167.71
IV. Book value:											
1. Book value at the end of the period	924,545,424.16	25,189,179.83	1,452,921.91	2,891,618.27	135,729,175.08	120,545,245.79	39,255,193.64	30,526,121,631.83	146,316,362.49	5,053,003.11	31,927,099,736.11
2. Book value at the beginning of the period	930,748,762.19	28,115,514.96	5,787,687.07	2,953,859.46	98,084,752.39	138,673,226.17	38,397,151.83	30,244,061,348.09	127,199,153.86	4,942,554.34	31,618,964,010.96

Note 1:

The General Office of Guangdong Provincial People's Government agreed to the Construction of Guangzhou-Buddha-Zhao Expressway from Zhaoqing Dawang to Fengkaijiangkou section as an operational toll collection project, adopting build-operate-transfer ("BOT") and Engineering Procurement Construction ("EPC") (integration of investment, design, construction and operation) mode with the Reply letter on Charging Issues of Guangzhou-Buddha-Zhao Expressway from Zhaoqing Dawang to Fengkaijiangkou Section (Yuejianhan [2012] No.781). Poly Changda Engineering Co., Ltd completed the project construction in the way of EPC, and Zhaoqing City would be responsible for the land use procedures and completed the whole line of

land requisition demolition work. The project started in June 2013, and the collection period will be 25 years since the opening of the project. On December 31, 2019, the Guangzhou-Buddhian-Zhao Expressway construction project was officially put into operation.

Note 2:

According to the concession agreement signed by Guangdong Provincial Department of Communications and Guangdong Pingxing Expressway Co., LTD., the toll collection period of Pingxing highway construction project will be 25 years. Upon the expiration of the concession operation, Guangdong Pingxing Expressway Co., Ltd. shall hand over the road products and ancillary facilities to the government without charge.

(2) Intangible assets of which certificates of title have not been obtained

Items	Book balance	Reasons for not obtained certificates
Land use rights	24,399,203.67	The procedures of transfer of property right have not yet been completed
Total	24,399,203.67	

(3) Pledge and mortgage of intangible assets

On 31 Dec 2019, the Group's land use right with a carrying amount of RMB 242,768,866.37 was used as collateral for bank loans, and on 31 Dec 2019, the Group's land use right with a carrying amount of RMB 931,902.00 was used as collateral for long-term payables. As of 31 Dec 2019, the Group's house land use right with a book value of RMB 6,659,742.49 has been mortgaged by the bank.

Details of BOT construction project pledge of charging right referred to Notes VIII No.67 Assets with restricted ownership or right of use.

21 Development costs

Items	Opening balance	Increase		Decrease		Closing balance
		Internal development cost	Others	Recognized as intangible assets	Transferred to profit or loss in the current period	
Expensed expenditure		202,908,808.13			202,908,808.13	

Items	Opening balance	Increase			Decrease			Closing balance
		Internal development cost	Others	Recognized as intangible assets	Transferred to profit or loss in the current period	Others		
Capitalized expenditure	9,239,790.19		28,194,108.02	10,517,932.53			26,915,965.66	
Total	9,239,790.19		231,102,916.15	10,517,932.55	202,908,808.13		26,915,965.66	

22 Goodwill

Name of investees	Formation	Initial amount	Opening balance	Provision for impairment at the beginning of the period	Increase	Decrease	Closing balance	Provision for impairment at the end of the period
Guangdong Yangjiang Automobile Transportation Co., Ltd. (Note 1)	Business combination	7,558,101.69	7,558,101.69				7,558,101.69	
Zhongshan Yueyun Tongxing Transportation Co., Ltd. (Note 1)	Business combination	528,466.69	528,466.69				528,466.69	
Zhongshan Yueyun Airport Kuaixian Passenger Transportation Co., Ltd. (Note 1)	Business combination	2,100,000.00	2,100,000.00				2,100,000.00	
Zhaoqing Yueyun Automobile Transportation Co., Ltd. (Note 1)	Business combination	1,402,500.00	1,402,500.00				1,402,500.00	
Qingyuan Automobile Transportation Group Co., Ltd. (Note 1)	Business combination	35,402,088.43	35,402,088.43				35,402,088.43	
Guangdong Yueyun Langri Co., Ltd. (Note 1)	Business combination	23,198,978.67	23,198,978.67				23,198,978.67	
Yangjiang Yangzha New Imagine Bus Co., Ltd. (Note 1)	Business combination	5,416,461.97	5,416,461.97				5,416,461.97	
Heyuan Yueyun Automobile Transportation Co., Ltd. (Note 1)	Business combination	28,559,728.57	28,559,728.57				28,559,728.57	
Guangdong Xingwang International Logistics Co., Ltd.	Business combination	417,531.78	417,531.78	417,531.78			417,531.78	417,531.78
Gaozhou Hengyuan Hotel Co., Ltd.	Business combination	266,600.00	266,600.00				266,600.00	
Guangzhou Luhutong Co., Ltd.	Business combination	131,200.00	131,200.00				131,200.00	
Guangdong Provincial Expressway Development Co., Ltd. (Note 2)	Formation of shareholding increase and split share structure reform	284,136,656.57	284,136,656.57				284,136,656.57	

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Name of Investees	Formation	Initial amount	Opening balance	Provision for impairment at the beginning of the period	Increase	Decrease	Closing balance	Provision for impairment at the end of the period
Guangdong Guangyu E-commerce Co., Ltd. (Note 3)	Business combination	22,780,960.18	22,780,960.18				22,780,960.18	
Guangdong Yuetongbao Electronic Payment Co., Ltd. (Note 4)	Business combination	770,321.77	770,321.77				770,321.77	770,321.77
Guangdong Wangfai Logistics Technology Co., Ltd. (Note 1)	Business combination	6,809,901.49			6,809,901.49		6,809,901.49	
Total		419,479,497.81	412,669,596.32	417,531.78	6,809,901.49		419,479,497.81	1,187,853.55

Note 1:

Guangdong Yueyun Transportation Company Limited ("Yueyun Shares") divides the asset groups of the above companies and apportion goodwill to relevant asset groups for impairment tests. According to the basic assumption of going concern and combined with the operation characteristics of each asset group, the recoverable amount of asset group is determined by the method of predicting the present value of future cash flows. The present value of the future cash flows of the asset group is estimated by Yueyun Shares according to the financial budget for the latest 5 years and the discount rate ranges from 10.50% to 12.60% approved by the management. Other key assumptions used in predicting future cash flows include: Based on the past performance of each asset group and the management's expectation of market development, the management believes that any reasonable change in the above assumptions will not cause the book value of the above asset groups to exceed their respective recoverable amount, and no impairment of the above goodwill is found.

Note 2:

The Group conducted an impairment test on the goodwill generated by the non-shareholding reform and shareholding increase of Guangdong High Speed in 2006. Based on the current operating conditions of Guangdong High Speed and the management's future profit forecast and financial budget of Guangdong High Speed, there is no impairment of goodwill.

Note 3:

The production and operation of Guangdong Yuetongbao E-commerce Co., Ltd. is normal this year. The national economic policies, market environment, interest rate, exchange rate and other factors assumed in the annual assessment report of 2016 have no significant adverse effects in this year, and the management determines that there is no impairment of goodwill.

Note 4:

On 20 Dec 2019, Xinke Company held the third meeting of the first board of directors in 2019. It deliberated and adopted the proposal on cancelling Guangdong Yuetongbao Electronic Payment Co., Ltd. respectively, and decided to liquidate and cancel Guangdong Yuetongbao Electronic Payment Co., Ltd. in 2020. The goodwill of RMB 770,321.77 confirmed by Xinke Company's acquisition of Guangdong Yuetongbao Electronic Payment Co., Ltd. is based on the premise of sustainable operation of Guangdong Yuetongbao Electronic Payment Co., Ltd. which plans to liquidate and cancel in 2020 and fully accrete the provision for impairment of goodwill with RMB 770,321.77.

23 Long-term deferred expenses

Items	Opening balance	Increase	Amortization	Other decrease	Closing balance	Reasons for other decrease
Compensation for Guangshen Expressway Project (foreign shareholders)	306,270,311.05		36,031,801.20		270,238,509.85	
Design and improvement expenses of building and structures	54,224,160.26	15,728,795.11	15,305,524.55		54,647,430.82	
Long term asset lease expenses	46,331,525.82	8,169,382.73	7,265,085.38		47,235,823.17	
Reconstruction of station auxiliary facilities	53,849,453.26	44,075,202.08	19,719,272.03		78,205,383.31	
Vehicle recovery self-operated line compensation	35,257,981.85	33,309,991.55	13,873,378.12		54,694,595.28	
Insurance expenses	1,304,834.66	2,173,715.82	2,170,184.38		1,308,366.10	
Maintenance and upgrading expenses of electromechanical facilities and others	15,476,417.78	14,956,179.02	6,152,947.80		24,279,649.00	
Gas station rental income, business tax and surcharges	2,805,000.00				2,805,000.00	
Vehicle index paid use fee	5,166,207.50			5,166,207.50		Note
Total	520,685,892.18	118,413,266.31	100,518,193.46	5,166,207.50	533,414,757.53	

Note:

According to the documents of Guangdong Provincial Department of Finance, the vehicle index paid use fees has been ceased since 2019. As of the reporting date, all the received vehicle index paid use fees have been refunded by Guangdong Provincial Department of Finance.

24 Deferred tax assets and deferred tax liabilities

(1) Deferred income tax assets and deferred income tax liabilities are not presented as net amount after offset

Items	Closing balance		Opening balance	
	Deferred income tax assets /liabilities	Deductible/taxable temporary difference	Deferred tax assets /liabilities	Deductible/taxable temporary difference
I. Deferred tax assets	1,872,732,438.11	7,649,558,275.66	1,893,068,363.43	7,703,851,394.19
Provision for impairment of assets	175,569,648.16	728,805,340.05	162,408,581.74	670,284,091.17
Deductible losses	449,185,181.57	1,796,740,726.29	530,194,991.20	2,200,779,964.80
Asset valuation appreciation	95,004,673.10	380,018,692.41	110,424,382.10	441,697,528.41
Depreciation of fixed assets, amortization of intangible assets and long-term deferred expenses	223,059,533.39	892,238,133.54	79,547,087.17	318,207,013.14
Deferred income	51,649,058.73	214,452,158.71	35,664,129.27	151,149,378.15
Accrued expenses	29,337,945.37	128,288,787.25	45,501,505.29	184,277,524.59
Employee benefits payable	17,247,721.68	69,338,971.79	17,013,590.40	68,122,555.53
Long-term employee benefits payable	7,972,426.64	31,889,706.56	7,522,353.47	30,089,413.88
Unrealized profits from internal transactions	765,024,333.66	3,060,097,334.64	858,290,858.61	3,433,163,434.44
Lease expenses	15,493,139.49	61,972,557.96	5,018,618.44	20,074,473.76
Others	43,188,776.32	285,715,866.46	21,482,265.74	186,006,016.32
II. Deferred tax liabilities	1,341,927,657.74	5,705,020,384.22	1,121,694,664.23	4,786,475,467.82
Changes in fair value of available-for-sale financial assets FVTOCI	317,796,555.68	1,271,186,222.73	227,159,811.93	908,639,247.69
Changes in fair value of other financial assets FVTOCI	129,978,356.56	519,913,426.24	88,220,604.00	352,882,416.00
Impact on accumulated depreciation of fixed assets	670,359,687.25	2,715,989,782.40	597,474,406.87	2,390,597,210.82
Investment income tax difference	4,949,489.54	19,797,958.16	4,335,825.43	17,343,301.72
Withholding and remitting tax on investment dividends	18,922,419.97	378,448,399.73	18,687,326.71	373,746,534.48
Differences in exchange gains or losses	46,373.97	185,495.88	72,245.86	288,983.42
Tax preference deduction of fixed assets with unit price less than RMB 5000.00	702,068.79	2,808,275.14	1,237,816.32	4,951,265.28
Equity investment cost difference	4,364,123.17	17,456,492.68	4,478,968.52	17,915,874.08
Asset valuation appreciation of assets arising from business combination	24,220,898.72	96,883,594.88	7,615,929.89	30,463,719.56
Net profit and loss of trial operation	150,669,411.85	602,677,647.42	157,170,392.70	628,681,570.77
Government grants	19,918,272.24	79,673,088.96	15,241,336.00	60,965,344.00

25 Other non-current assets

Items	Closing balance	Opening balance
Prepayments for equity repurchase	5,159,050,638.89	4,102,071,472.22
VAT input tax to be deducted	3,762,899,376.25	2,493,699,363.17
Prepayments for land use rights	92,613,079.14	97,207,296.14
Advance payment for project and equipment	621,699,341.87	94,468,322.24
Entrusted loans due more than one year	60,100,000.00	60,000,000.00
Prepaid taxes	13,398,274.80	17,367,918.26
Evaluation appreciation of assets of Kaiyang expressway (Note)	80,184,196.40	89,032,716.95
Evaluation appreciation of assets of Yueyun Langri (Note)	17,456,492.72	17,915,874.11
Evaluation and appreciation of assets of Yuedong expressway (Note)	8,598,005.98	9,979,305.71
Others	14,781,086.63	58,832,443.29
Total	9,830,780,492.68	7,040,574,712.09

Note:

These other non-current assets are the identifiable net assets evaluation appreciation formed when the Group purchased the equity of Guangdong Kaiyang Expressway Co., Ltd, Guangdong Yueyun Langri Co., Ltd. and Guangdong Yuedong Expressway Industrial Development Co., Ltd. The Group adopted the average annual amortization method for this part of the assets evaluation appreciation from the date of equity purchase to the expiration of the operation period.

26 Short-term loans

(1) Classification of short-term loans

Items	Closing balance	Opening balance
Pledged loans	18,000,000.00	
Mortgaged loans	74,000,000.00	29,800,000.00
Guaranteed loans	19,174,050.00	
Credit loans	202,877,273.41	60,000,000.00
Total	314,051,323.41	89,800,000.00

(2) There is no overdue short-term loan at the end of the period.

27 Notes payable

Category	Closing balance	Opening balance
Bank acceptance bill	713,262,399.91	294,607,350.47
Commercial acceptance bill		
Total	713,262,399.91	294,607,350.47

28 Accounts payable

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	8,462,335,050.01	4,177,993,056.45
1-2years (inclusive)	560,075,105.55	1,793,244,269.56
2-3years (inclusive)	934,849,072.49	2,164,143,787.25
Over 3 years	2,532,157,993.21	1,335,218,054.90
Total	12,489,417,221.26	9,470,599,168.16

Significant accounts payable with aging of more than 1 year:

Name of creditors	Closing balance	Reasons for unsettlement
Estimated completed but unsettled project funds	780,363,965.43	Estimated project accounts payable of Chaohui, Guangle Expressway
Reserved expenses and project funds for Completion Final Accounts Audit	295,506,743.15	Unsettlement
Estimated project funds to be settled	260,332,106.30	Project accounts payable of Guangqing, Jingzhubei, Mata Extension Line, Xintai South Extension line
Guangdong Goldsign Electronic Data Service Co., Ltd.	252,753,669.18	Unsettlement
Poly Changda Engineering Co., Ltd.	115,415,789.50	Unsettlement
Foshan Shunde District Land Reserve Development Center	76,112,265.35	Unsettlement
Zhongshan Guangzhu East Expressway Land Acquisition Office	68,685,218.36	Unsettlement
Yangjiang Expressway Construction Project Headquarters	68,176,860.00	Reserved land fund for Yangyang project
Guangdong Guanyue Road and Bridge Co., Ltd.	56,233,267.68	Unsettlement
Requisition Office of Panyu District People's Government of Guangzhou	52,472,443.37	Unsettlement
China Railway 12th Bureau Group Co., Ltd.	51,962,702.60	Unsettlement
Sihui Bureau of Land and Resources	40,986,080.00	Unsettlement
Shenzhen Longgang District People's Government	39,195,707.06	Unsettlement
Zhongshan Bureau of Land and Resources	38,729,831.09	Unsettlement
Shanjie Expressway Construction Unit	36,756,070.96	Unsettlement
Zhongshan Land Acquisition and Demolition Management Office	33,201,590.05	Unsettlement
Foshan Bureau of Land and Resources	30,507,598.21	Unsettlement
Zijin People's Government	28,906,683.34	Unsettlement
Heshan Bureau of Land and Resources	27,186,893.60	Unsettlement
Maoming Dianbai Eryun Transportation Co., Ltd.	23,100,294.00	Unsettlement
Crcc Harbour & Channel Engineering Bureau Group Co., Ltd.	18,180,349.18	Unsettlement
Guangdong Gaintop Highway Engineering Construction Group Co., Ltd.	17,112,574.73	Unsettlement
Zhanjiang Bureau of Land and Resources	16,185,625.00	Unsettlement
Guangzhou BYD Automobile Sales Co., Ltd.	15,412,457.16	Unsettlement
Guangzhou Zhongxinqu Traffic Construction Co., Ltd.	15,055,496.50	Unsettlement
China Railway 23rd Bureau Group Co., Ltd.	13,599,515.84	Unsettlement
Guangdong Province Communications Planning & Design Institute Co., Ltd.	13,034,864.36	Unsettlement
Cccc Second Highway Engineering Co., Ltd.	11,616,097.83	Unsettlement
Cccc First Harbor Engineering Co., Ltd.	11,395,577.00	Unsettlement
Zhuhai Transportation Group Co., Ltd.	10,638,451.47	Unsettlement
Final payment of Zhanjiang Xuzhou Expressway Project	10,619,598.00	Unsettlement
Heyuan People's Government	10,210,900.00	Unsettlement
Xiegang People's Government of Dongguan City	9,834,654.93	Unsettlement
Xingning People's Government	9,645,740.75	Unsettlement
Shantou Chenghai Jinli Development Company	9,092,100.00	Unsettlement
Guangzhou Jiaotou Electromechanical Engineering Co., Ltd.	8,258,763.71	Unsettlement
Office of coordination group for land acquisition and demolition of Aozi Huaiheng section of Guanghe Expressway	8,068,039.30	Unsettlement
Shenzhen Junpeng Construction Engineering Co., Ltd.	7,895,835.83	Unsettlement
Yunfu People's Government	7,847,724.00	Unsettlement
China Railway Tunnel Group Co., Ltd.	7,457,185.24	Unsettlement
China Railway 14th Bureau Group Co., Ltd.	7,053,843.00	Unsettlement

Name of creditors	Closing balance	Reasons for unsettlement
Union of Shandong Traffic Planning Design Institute and Guangdong Metallurgy Architectural Design & Research	6,833,297.00	Unsettlement
Pingyuan People's Government	6,139,745.87	Unsettlement
Yunan Treasury Payment Center	6,000,000.00	Unsettlement
China Railway 17th Bureau Group Co., Ltd.	5,991,653.73	Unsettlement
Suzhou Deyajiaotong Technology Co., Ltd.	5,679,243.52	Unsettlement
Guangning Bureau of Land and Resources	5,433,336.97	Unsettlement
Heyuan People's Government	5,410,046.18	Unsettlement
Jiexi People's Government	5,265,043.53	Unsettlement
Hangzhou Zhongyi Ecological Environment Engineering Co., Ltd.	5,189,797.00	Unsettlement
Chongqing Huachi Communications Scientific and Technical Co., Ltd.	5,071,299.38	Unsettlement
Boluo People's Government	5,000,000.00	Unsettlement
Zhonglu Gaoke Traffic Inspection Certification Co., Ltd.	4,822,537.00	Unsettlement
Guangdong Zubo Road & Bridge Engineering Co., Ltd.	4,774,306.02	Unsettlement
Guangzhou Housing Development Construction Co., Ltd.	4,733,067.95	Unsettlement
Guangzhou Gonglu Engineering Company	4,642,063.00	Unsettlement
Zhangcha sub district office, Chancheng District, Foshan City	4,626,817.32	Unsettlement
Meizhou Nanfang Mechanical & Electrical Installation Co., Ltd.	3,992,533.92	Unsettlement
Meixian People's Government	3,868,801.19	Unsettlement
China Railway 20th Bureau Group Co., Ltd.	3,709,868.00	Unsettlement
Chongqing Data Technology Co., Ltd.	3,524,370.46	Unsettlement
Guangdong Feida Traffic Engineering Co., Ltd.	3,030,500.00	Unsettlement
Total	2,718,539,501.10	

29 Advances from customers

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	1,211,379,091.57	655,638,581.46
Over 1 year	101,707,087.86	133,775,177.01
Total	1,313,086,179.43	789,413,758.47

Significant advances from customers with aging of more than 1 year:

Name of creditors	Closing balance	Reason for not carrying forward
Hubei Yuexiu Han'e Expressway Co., Ltd.	26,041,815.21	Unsettlement
Zhuhai Transportation Group Co., Ltd.	9,342,660.70	Unsettlement
Guangzhou Huanlong Expressway Co., Ltd.	8,806,596.50	Unsettlement
Guangdong Zhongjiao Yuzhan Expressway Development Co., Ltd.	1,802,485.30	Unsettlement
Guangdong Xinle Technology Development Co., Ltd.	1,647,346.97	Unsettlement
Total	47,640,904.68	

30 Contract liabilities

Items	Closing balance	Opening balance
Freight received in advance	7,189,251.36	6,192,802.99
Sales of goods received in advance	20,466,028.13	29,776,031.70
Service fees received in advance	4,881,775.38	4,933,775.01
Total	32,537,054.87	40,902,609.70

31 Absorbed deposit and savings in other banks

Items	Closing balance	Opening balance
Current deposits	173,680,108.11	1,013,165,589.65
Fixed term deposits		
Total	173,680,108.11	1,013,165,589.65

32 Employee benefits payable

(1) Presentation of employee benefits payable

Items	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee benefits	499,142,686.30	6,614,423,616.38	6,567,021,636.70	546,544,665.98
2. Post-employment benefits - defined contribution plan	13,025,576.23	776,613,033.98	768,774,197.57	20,864,412.64
3. Termination benefits	4,232,271.62	53,359,516.42	23,335,489.79	34,256,298.25
4. Other benefits due within one year	11,553,448.14	12,045,409.87	14,981,618.61	8,617,239.40
5. Others	1,050.00	2,168,083.82	2,115,533.82	53,600.00
Total	527,955,032.29	7,458,609,660.47	7,376,228,476.49	610,336,216.27

(2) Short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus and other allowance	296,125,964.40	5,201,112,617.93	5,176,715,570.31	320,523,012.02
2. Employee welfare	3,411,309.04	410,435,515.52	409,947,147.04	3,899,677.52
3. Social insurance Including: Medical insurance	4,105,592.97	298,769,895.17	295,877,959.58	6,997,528.56
Work-related injury insurance	3,797,667.31	249,668,844.24	248,952,407.89	4,514,103.66
Maternity insurance	241,369.54	7,711,169.25	7,593,394.34	359,144.45
Others	64,256.26	29,922,102.06	29,864,377.73	121,980.59
4. Housing fund	2,299.86	11,467,779.62	9,467,779.62	2,002,299.86
5. Labor union fee and employee education fee	4,794,127.69	439,995,081.23	439,417,520.21	5,371,688.71
6. Short-term paid absence	177,988,158.34	148,683,421.81	125,516,151.68	201,155,428.47
7. Short-term profit-sharing plan				
8. Other short-term employee benefits	12,717,533.86	115,427,084.72	119,547,287.88	8,597,330.70
Total	499,142,686.30	6,614,423,616.38	6,567,021,636.70	546,544,665.98

(3) Defined contribution plans

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance	8,755,368.44	503,292,540.99	502,046,975.88	10,000,933.55
2. Unemployment insurance	222,556.81	16,694,382.02	16,611,074.92	305,863.91
3. Enterprise annuity payment	4,047,650.98	256,626,110.97	250,116,146.77	10,557,615.18
Total	13,025,576.23	776,613,033.98	768,774,197.57	20,864,412.64

33 Taxes and surcharges payable

Items	Opening balance	Payable	Paid	Closing balance
VAT	179,220,035.09	1,564,209,189.01	1,505,995,618.57	237,433,605.53
Corporate income tax	874,078,165.74	2,141,307,117.98	2,458,037,548.82	557,347,734.90
City maintenance and construction tax	12,310,825.84	99,815,043.96	94,074,221.85	18,051,647.95
Property tax	28,584,267.54	109,065,174.12	124,157,292.13	13,492,149.53
Land use tax	8,269,373.00	33,001,234.94	37,824,331.06	3,446,276.88
Individual income tax	47,391,298.88	84,059,268.59	88,593,030.28	42,857,537.19
Education surcharge (including local education surcharge)	8,942,158.58	76,608,792.44	71,999,618.07	13,551,332.95
Other taxes	19,635,986.68	85,496,009.65	80,726,260.99	24,405,735.34
Total	1,178,432,111.35	4,193,561,830.69	4,461,407,921.77	910,586,020.27

34 Other payables

Items	Closing balance	Opening balance
Interest payables	1,421,088,180.36	1,293,915,349.18
Dividend payables	131,108,573.76	259,920,434.01
Other payables	10,875,783,564.33	10,808,572,017.19
Total	12,427,980,318.45	12,362,407,800.38

(1) Interest payable

Items	Closing balance	Opening balance
Interest on long-term loans with interest paid by installments and principal repaid at maturity	668,369,990.49	677,031,146.80
Interest on corporate bond	725,734,921.00	614,028,329.79
Interest payable on short-term loans		156,585.77
Interest on preferred shares / perpetual bonds classified as financial liabilities		
Other interests	26,983,268.87	2,699,286.82
Total	1,421,088,180.36	1,293,915,349.18

(2) Dividends payable

Items	Closing balance	Opening balance
Ordinary share dividends	131,108,573.76	259,920,434.01
Preferred stock / perpetual debt dividends classified as equity instruments		
Others		
Total	131,108,573.76	259,920,434.01

(3) Other payables

Listed by the nature of other payables:

Items	Closing balance	Opening balance
Project quality deposits payable	3,279,600,297.83	3,737,082,278.50
Toll to be settled	3,004,359,021.23	3,223,422,180.74
Project performance bonds payable	1,267,521,766.00	1,193,221,532.45
Other provisional accounts receivable and payable	1,008,397,296.08	1,138,008,445.40
Current accounts	683,629,905.70	626,880,561.77
Collection and payment of project materials	283,496,048.59	271,692,708.73
Excellent project price and safety production guarantee fee temporarily withheld	277,531,533.83	124,611,364.30

Items	Closing balance	Opening balance
Payable to Department of Communications	123,530,735.30	123,432,835.30
Deposits	255,852,744.52	102,911,526.11
Progress payment of agent construction project	347,095,927.28	94,646,599.74
Bid security payables	207,429,099.92	70,473,886.41
Collection and payment of completion document preparation fee and insurance premium	41,783,046.77	46,581,362.08
Land acquisition and demolition fees payable	80,273,441.98	39,996,472.66
Technical expenses such as completion acceptance and information management	15,282,699.30	15,610,263.00
Total	10,875,783,564.33	10,808,572,017.19

Significant other payables with aging of more than 1 year:

Name of creditors	Closing balance	Reasons for unsettlement
Poly Changda Engineering Co., Ltd.	392,480,546.30	Warranty deposit
Guangdong Guanyue Road and Bridge Co., Ltd.	240,975,761.17	Warranty deposit
China Railway 12th Bureau Group Co., Ltd.	179,000,519.75	Warranty deposit
China Railway 11th Bureau Group Co., Ltd.	126,427,472.71	Warranty deposit and penalty
Department of Communications of Guangdong Province	119,035,878.45	Unsettlement
China Railway 14th Bureau Group Co., Ltd.	110,817,872.88	Warranty deposit
Cece Second Highway Engineering Co., Ltd.	100,865,149.05	Warranty deposit
China Railway Tunnel Group Co., Ltd.	93,487,626.45	Warranty deposit
Guangdong Gaintop Highway Engineering Construction Group Co., Ltd.	65,222,722.35	Warranty deposit
China Railway 20th Bureau Group Co., Ltd.	49,596,757.89	Warranty deposit
Crec Harbour & Channel Engineering Bureau Group Co., Ltd.	46,619,284.15	Warranty deposit
Cece First Harbor Engineering Co., Ltd.	44,230,990.17	Warranty deposit
CCCC Second Harbour Engineering Co., Ltd.	43,194,686.00	Warranty deposit
Shanwei Bureau of Land and Resources	37,771,898.00	Warranty deposit
China Railway Major Bridge Engineering Group Co., Ltd.	35,642,316.27	Warranty deposit and penalty
Guangzhou Municipal Group Co., Ltd.	30,880,203.00	Warranty deposit
Qingyuan Jiafu Investment Co., Ltd.	30,339,585.60	Warranty deposit
Zhongshan Bureau of Land and Resources	27,525,847.82	Unsettlement
China Railway 17th Bureau Group Co., Ltd.	26,168,083.21	Warranty deposit and penalty
Guizhou Highway Engineering Group Co., Ltd.	23,819,099.00	Warranty deposit
China Tiesiju Civil Engineering Group Co., Ltd.	20,986,864.27	Warranty deposit and penalty
Sinopec Sales Co., Ltd. Guangdong Petroleum Branch	19,881,300.00	Warranty deposit
Road & Bridge International Co., Ltd.	18,733,435.00	Warranty deposit
China Railway 18th Bureau Group Co., Ltd.	18,122,450.40	Warranty deposit
Zhanjiang Langtao Engineering Co., Ltd.	16,673,494.15	Unsettlement
Guangzhou British School	13,000,000.00	Warranty deposit
Yayao Xiebian expansion project	12,499,448.48	Unsettlement
Henan Dahe Road-Building Company Ltd.	11,728,035.13	Warranty deposit
China Railway 23rd Bureau Group Co., Ltd.	11,371,615.00	Warranty deposit
China Railway Group Limited	11,152,752.36	Warranty deposit
Road & Bridge Southern China Engineering Co., Ltd.	10,382,741.00	Warranty deposit
Demolition cost of Dongguan and Panyu	10,000,000.00	Unsettlement
Cece First Highway Engineering Xiamen Engineering Co., Ltd.	9,898,441.00	Warranty deposit
Shandong Highway Construction (Group) Co., Ltd.	9,705,000.00	Unsettlement
Guangzhou Gonglu Engineering Company	9,483,002.19	Warranty deposit and penalty
Guangzhou Xiangzhen Trading Co., Ltd.	9,136,597.00	Warranty deposit
Traffic Safety Facility Factory	9,084,142.58	Creditor's rights and debts to be offset
Guangdong Tongfa Trade Development Co., Ltd.	8,837,192.50	Warranty deposit
Qingdao Highway Construction Group Co., Ltd.	8,561,209.79	Warranty deposit
Total	2,063,340,021.07	

35 Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term loans due within 1 year	6,467,319,101.34	9,201,291,128.94
Including: Credit loans	1,078,199,733.32	1,815,613,252.72
Guaranteed loans	380,550,533.58	1,094,642,640.78
Pledged loans	87,362,465.46	89,232,064.62
Mortgaged loans	4,921,206,368.98	6,201,803,170.82
Bonds payable due within 1 year	1,839,334,228.04	
Long-term payables within 1 year	212,002,501.57	237,014,725.33
Including: Finance lease sale and leaseback	189,699,470.20	189,699,470.20
Payments for car purchase	22,046,427.60	47,315,255.13
Others	256,603.77	
Lease liabilities within 1 year	118,921,545.42	77,593,681.75
Other long-term liabilities within 1 year	30,117,289.30	76,284,355.23
Including: Government grants		55,512,239.54
Rental income		12,896,739.12
Accrued interests payable within 1 year	30,117,289.30	7,875,376.57
Total	8,667,694,665.67	9,592,183,891.25

36 Other current liabilities

Items	Closing balance	Opening balance
VAT output tax to be transferred	1,925,044.09	589,148.40
Total	1,925,044.09	589,148.40

37 Long-term loans

Items	Closing balance	Opening balance	Interest rate range at the end of the period (%)
Pledged loans	191,138,690,790.74	188,573,317,803.76	3.41-4.90
Mortgaged loans	682,885,167.85	246,473,878.92	2.425-5.19
Guaranteed loans	7,884,670,065.60	8,563,778,972.32	2.50-6.55
Credit loans	17,372,692,264.47	14,290,829,742.91	1.20-4.90
Total	217,078,938,288.66	211,674,400,397.91	

Note 1:

Interest rate range at the end of the period is 6.55%. According to the creditor's investment plan contract signed with Pingan Asset Management Co., Ltd., both parties agree that the annual interest rate is the basic interest rate of RMB loans of financial institutions for more than five years published by the People's Bank of China, which is adjusted once a year. If the basic interest rate is higher than 7.1%, it is calculated as 7.1%. If it is lower than 6%, it shall be calculated as 6%; The rest adopts fixed interest rate of 6.55%.

Note 2:

At the end of the year, the Company has no long-term loans that are due and outstanding.

38 Bonds payable

(I) Bonds payable

Items	Closing balance	Opening balance
Corporate bonds	28,398,161,553.41	26,236,339,628.81
Medium term note	3,678,124,972.89	3,000,000,000.00
Total	32,076,286,526.30	29,236,339,628.81

(2) Changes in bond payable (Excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Name of bonds	Par value	Issue date	Term (years)	Issuing amount	Opening balance	Issue in the period	Interest accrued according to par value	Premium or discount amortization	Repayments during the period	Reclassify to non-current liabilities due within 1 year	Closing balance
05 Yue Transportation bond	1,500,000,000.00	2005/6/29	15 年	1,500,000,000.00	1,500,000,000.00					1,500,000,000.00	
10 Guangdong Expressway bond	2,000,000,000.00	2010/7/2	15 年	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
10 Yue Lujian bond	2,000,000,000.00	2010/7/16	15 年	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
12 Guangdong Expressway bond	1,500,000,000.00	2012/6/26	15 年	1,500,000,000.00	1,500,000,000.00						1,500,000,000.00
13 Yue Transportation MTN1	500,000,000.00	2013/1/29	15 年	500,000,000.00	500,000,000.00						500,000,000.00
13 Yue Lujian bond	2,000,000,000.00	2013/3/29	15 年	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
13 Yue Transportation MTN2	1,500,000,000.00	2013/4/24	15 年	1,500,000,000.00	1,500,000,000.00						1,500,000,000.00
14 Yue Luqiao MTN001	1,000,000,000.00	2014/5/12	10 年	1,000,000,000.00	1,000,000,000.00						1,000,000,000.00
14 Guangdong Expressway bond	2,000,000,000.00	2014/10/29	15 年	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
15 Yue Luqiao bond	2,000,000,000.00	2015/5/28	15 年	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
14 Yueyun 01 bond	400,000,000.00	2015/9/28	7 年	400,000,000.00	397,924,333.14			-237,220.27			398,161,553.41
15 Yue Lujian bond	1,500,000,000.00	2015/12/11	15 年	1,500,000,000.00	1,500,000,000.00						1,500,000,000.00
14 Yueyun 02 bond	340,000,000.00	2015/12/17	5 年	380,000,000.00	338,415,295.67			-918,932.57		339,334,228.04	2,000,000,000.00
16 Yue Expressway 01 bond	2,000,000,000.00	2016/6/16	15 年	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
2016 Yue Bridge 01	3,000,000,000.00	2016/7/12	15 年	3,000,000,000.00	3,000,000,000.00						3,000,000,000.00
16 Yue Expressway 02 bond	1,000,000,000.00	2016/8/11	15 年	1,000,000,000.00	1,000,000,000.00						1,000,000,000.00
2016 Yue Bridge 02	2,000,000,000.00	2016/9/23	15 年	2,000,000,000.00	2,000,000,000.00						2,000,000,000.00
2018 Yue Bridge 01	500,000,000.00	2018/8/16	15 年	500,000,000.00	500,000,000.00						500,000,000.00
2018 Yue Bridge 02	1,500,000,000.00	2018/11/20	15 年	1,500,000,000.00	1,500,000,000.00						1,500,000,000.00
18 Guangdong Expressway bond 01	1,000,000,000.00	2018/12/13	15 年	1,000,000,000.00	1,000,000,000.00						1,000,000,000.00
19 Yue Expressway MTN001	680,000,000.00	2019/3/1	5 年	680,000,000.00		680,000,000.00		1,875,027.11			678,124,972.89
19 Yue Lujian bond	2,000,000,000.00	2019/3/25	15 年	2,000,000,000.00		2,000,000,000.00					2,000,000,000.00
19 Guangdong Expressway bond 01	2,000,000,000.00	2019/7/31	15 年	2,000,000,000.00		2,000,000,000.00					2,000,000,000.00
Total	33,920,000,000.00			33,960,000,000.00	29,236,339,628.81	4,680,000,000.00		718,874.87		1,839,334,228.04	32,076,286,526.30

Note:

For the abbreviation, amount, coupon rate, term and purpose of the above corporate bonds and medium-term notes, please refer to "Notes XII to financial statements, other contents to be disclosed in accordance with relevant financial and accounting systems".

39 Lease liabilities

Items	Closing balance	Opening balance
Lease payments	796,486,369.53	782,356,775.72
Less: Reclassification to non-current liabilities due within one year	118,921,545.42	77,593,681.75
Net lease liabilities	677,564,824.11	704,763,093.97

40 Long-term payables

Items	Opening balance	Increase	Decrease	Closing balance
Long-term payables	816,750,245.25	589,790,376.14	336,745,897.80	1,069,794,723.59
Special payables	2,784.50	76,510,003.00	1,914,845.14	74,597,942.36
Total	816,753,029.75	666,300,379.14	338,660,742.94	1,144,392,665.95

(1) Long-term payables

Items	Closing balance	Opening balance
Financing sales and leaseback (Note 1)	494,972,134.59	642,645,987.76
Loans due to shareholders	311,224,533.33	
Payments of car purchase	174,827,931.42	83,904,818.90
Loans due to Department of Transportation of Guangdong Provincial	34,780,000.00	34,780,000.00
Payment for station construction	24,038,866.00	24,238,866.00
Entrusted loans due to Zhaoqing Highway	15,000,000.00	15,000,000.00
Deposits	11,171,615.28	13,748,099.42
Non-operating assets payable	2,022,210.11	2,022,210.11
Funds from Department of Finance of Guangdong Provincial	300,000.00	300,000.00
Others	1,457,432.86	110,263.06
Total	1,069,794,723.59	816,750,245.25

Note:

(1) Guangdong Road and Bridge Construction Development Co., Ltd., the subsidiary of the Company, carried out financing sales and leaseback with the subgrade and pavement assets and ancillary facilities of Jingzhu Expressway (k2125 + 420 to k2150 + 420) and CCB Financial Leasing Corporation Ltd. (hereinafter referred to as "CCB finance"), with a capital of RMB 1.5 billion and a financial lease term of 10 years. The interest rate of the lease contract is 12% lower than the benchmark interest rate of RMB loans with a term of more than five years published and implemented by the people's Bank of China (adjusted once a year), and the guarantee method is the pledge guarantee of 10% charging right of Jingzhu South Expressway.

(2) Special payables

Items	Opening balance	Increase	Decrease	Closing balance
Special funds for war preparedness	2,784.50			2,784.50
Compensation for ground attachments of Yinshan Management Center (Note 1)		76,510,003.00	1,914,845.14	74,595,157.86
Total	2,784.50	76,510,003.00	1,914,845.14	74,597,942.36

Note 1:

In July 2019, Guangdong Expressway Co., Ltd. and Qingyuan Land Development and Reserve Bureau signed an agreement on compensation for the collection of aboveground attachments of Yinzhan Management Center. Qingyuan municipal government collected the aboveground attachments of Yinzhan Management Center of Guangqing Expressway in order to plan and implement the needs of public interests. For the replacement cost and relocation cost of Yinzhan aboveground attachments and office equipment, RMB 76,510,003.00 of compensation shall be paid according to the evaluation results. According to the provisions on overall relocation compensation in the interpretation of accounting standards for Business Enterprises No. 3 (Caikuai [2009] No. 8), Guangdong Expressway Co., Ltd. will calculate the received funds as special accounts payable. In 2019, due to the demolition of Yinzhan dormitory building and tennis court, the net loss was RMB 1,914,845.14, which was carried forward to non-operating income.

41 Long-term employee benefits payable

Items	Opening balance	Increase	Decrease	Closing balance
I. Post-employment benefits - net liabilities of defined benefit plan	163,789,610.18	37,296,246.71	10,851,779.88	190,234,077.01
II. Termination benefits	33,038,506.80		32,995,233.80	43,273.00
III. Other long-term benefits	866,731.96		866,731.96	
Total	197,694,848.94	37,296,246.71	44,713,745.64	190,277,350.01

Note:

Post-employment benefits - net liabilities of defined benefit plan is that the Yueyun Shares provides the staff in some of its subsidiaries with the following two kinds of defined contribution plans of post-employment benefits.

42 Provisions

Items	Closing balance	Opening balance
Pending lawsuits	125,594.00	428,464.61
Others		132,976.00
Total	125,594.00	561,440.61

43 Deferred income

Items	Opening balance	Increase	Decrease	Closing balance
Government subsidies	435,585,713.17	106,059,420.92	121,612,281.70	420,032,852.39
Less: Government subsidies due within 1 year	55,512,239.54		55,512,239.54	
Rental income	443,738,851.54	3,147,845.53	47,786,769.87	399,099,927.20
Less: Rental income due within 1 year	12,896,739.12		12,896,739.12	
Unrealized profit or loss from sales and leaseback	688,773,232.10		63,039,443.51	625,733,788.59
Option fee income		96,480,093.46	72,573,584.38	23,906,509.08
Total	1,499,688,818.15	205,687,359.91	236,603,100.80	1,468,773,077.26

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Projects involving government subsidies:

Items	Opening balance	Increase	Included in current profit or loss	Other decrease	Closing balance
Subsidies for purchase of fixed assets	183,746,374.47	77,889,463.47	87,996,551.30		173,639,286.64
Subsidies for bus stops and yards	97,576,876.19	9,900,000.00	4,471,982.39		103,004,893.80
Subsidies for relocation of Hezhou dormitory building, office building and maintenance station	53,206,994.37	26,080.21	6,335,091.24		46,897,983.34
Special funds for R & D center of Highway Traffic Safety and Emergency Support Technology and Equipment Industry	21,232,152.70		1,592,343.23		19,639,809.47
Government subsidies for Guandu Interchange Project	12,246,514.77		527,800.42		11,718,714.35
The government is responsible for part of the West Union interchange of Guangzhou Shaoguan expressway	7,307,323.65		932,849.83		6,374,473.82
Shenzhen landscape improvement project	4,658,179.04		548,021.04		4,110,158.00
Government subsidies for R & D of Expressway intelligent system	2,288,910.00				2,288,910.00
Government subsidies for phase II of Wharf	2,518,889.27		93,333.24		2,425,556.03
Weisheng government subsidies	1,689,835.25		168,648.71		1,521,186.54
Special funds for import and export testing equipment	1,500,000.00		1,068.00		1,498,932.00
Subsidies for Yueyun investment Qiaodong project	3,343,333.32		3,343,333.32		
Project entrusted by SASAC (Qiaodong rent)	856,170.00		856,170.00		
Capital construction appropriation	361,838.54		361,838.54		
Yue Jiaoguil Han No.1848 special funds	500,000.00				500,000.00
Provincial special funds for guiding the development of modern service industry	400,000.00		400,000.00		
Provincial special funds for the development of modern circulation industry	319,991.00		319,991.00		
Software development subsidies	300,000.00				300,000.00
Guangzhou intelligent transportation electronic toll collection technology	200,000.00		100,000.00		100,000.00
Fuyang station funds	224,642.17		224,642.17		
Study on complete set of green construction technology of Huiqing Expressway Tunnel	180,000.00				180,000.00
Study on ecological restoration and landscape integration technology of high and steep slope of Huiqing Expressway in Subtropical Mountainous Area	180,000.00				180,000.00
Special funds for Tourism	128,749.95		128,749.95		
Study on crack resistance of bridge tunnel concrete based on SAP internal maintenance of Huiqing Expressway	120,000.00				120,000.00
Study on key technologies of low energy consumption treatment of highway sewage in ecological sensitive area of Huiqing Expressway	120,000.00				120,000.00
Scientific research subsidy for safety remote automatic monitoring and intelligent management system	160,000.00				160,000.00
Study on construction technology of ecological sound barrier on Huiqing Expressway	120,000.00				120,000.00

Notes to the Consolidated Financial Statements

Items	Opening balance	Increase	Included in current profit or loss	Other decrease	Closing balance
Study on key technologies of safety and energy saving asphalt pavement of Huiqing Expressway	120,000.00				120,000.00
Study on portable real-time early warning technology and construction management system for construction safety of large section tunnel of Huiqing Expressway	120,000.00				120,000.00
Research on structural optimization and rapid maintenance technology of steel deck pavement based on the integration of construction and maintenance	120,000.00				120,000.00
Huiqing Expressway 2017 science and technology demonstration project of the Ministry of transport	15,000.00				15,000.00
Study on crack resistance of bridge tunnel concrete based on SAP internal curing	80,000.00				80,000.00
Electronic truck scale of Humen Bridge overload control station	112,500.00		37,500.00		80,000.00
Subsidies for real-time bus system	500,000.00		500,000.00		75,000.00
Infrastructure construction	1,406,034.48		1,406,034.48		
Rent compensation during construction period	21,341,250.00		8,130,000.00		13,211,250.00
Highway intelligent self-service payment terminal technology of Guangdong Provincial Department of Transportation	180,000.00				180,000.00
Scientific research project of 21st Century Conference Center	1,530,000.00				1,530,000.00
R & D Center Project	1,500,000.00				1,500,000.00
Rental of station and advertising space	8,887,139.37	4,736,497.00			13,623,636.37
Intelligent transportation third party electronic payment and its information service platform	221,666.72		221,666.72		
Integrated transportation and intelligent transportation R & D project		60,000.00			60,000.00
Other subsidies	3,965,347.91	13,447,380.24	2,914,666.12		14,498,062.03
Total	435,585,713.17	106,059,420.92	121,612,281.70		420,032,852.39

44 Other non-current liabilities

Items	Closing balance	Opening balance
Guangdong-Macao Cooperation & Development Fund (limited partnership)	7,927,060,000.00	512,000,000.00
Pension subsidies for retirees of Sanshui Material Station	2,811,891.96	3,238,019.19
Total	7,929,871,891.96	515,238,019.19

45 Share Capital

Name of investor	Opening balance		Closing balance	
	Investment amount	Proportion (%)	Investment amount	Proportion (%)
Total	26,800,000,000.00	100.00	26,800,000,000.00	100.00
People's Government of Guangdong Province	26,800,000,000.00	100.00	26,800,000,000.00	100.00

Note 1:

The registered capital of the company has been verified by Guangdong Zhengzhong Zhujiang Certified Public Accountants (Special General Partnership) and a capital verification report (Guangkuaisuo Yan Zi [2010] No.10003400019) has been issued.

46 Capital reserves

Items	Opening balance	Increase	Decrease	Closing balance
I. Capital (or share) premiums	1,550,830,618.88			1,550,830,618.88
II. Project capital appropriation (Note 1)	35,626,711,115.84	1,057,000,000.00		36,683,711,115.84
III. Other capital reserves	3,596,393,823.78	2,040,680,073.44	37,943,390.72	5,599,130,506.50
(1) Investees' changes in other equities (Note 2)	86,567,367.06	23,520,877.17		110,088,244.23
(2) Others (Note 3)	3,509,826,456.72	2,017,159,196.27	37,943,390.72	5,489,042,262.27
IV. Capital reserves in the original system transferred in	-43,980,074.51			-43,980,074.51
Total	40,729,955,483.99	3,097,680,073.44	37,943,390.72	43,789,692,166.71
Including: State-owned capital reserves				

Note 1:

The provincial finance directly appropriated capital subsidy which resulted in an increase in project capital appropriation with RMB 1,057,000,000.00.

Note 2:

Other capital reserve - investees' changes in other equities increased the current period was the changes in other equity of Poly Changda Engineering Co., Ltd. in 2019, and the share attributable to the Group is recognized as RMB 23,520,877.17 according to the shareholding ratio of 48.52%.

Note 3:

Other capital reserves – others increase by RMB 2,017,159,196.27, mainly included:

- (1) Guangdong Expressway Co., Ltd. received RMB 90,000,000.00 from local finance capital appropriation;
- (2) Guangdong Road and Bridge Construction Development Co., Ltd. received RMB 1,182,280,000.00 from local finance capital appropriation;

- (3) Guangdong Highway Construction Co., Ltd. received RMB 700,000,000.00 from local finance capital appropriation;
- (4) Guangdong Guanghui Expressway Co., Ltd. received RMB 85,985,000.00 from local finance capital appropriation, the share attributable to the Group recognized according to the shareholding ratio is RMB 44,575,708.90;
- (5) The share proportion of Guangzhou Lulutong Co., Ltd. that Guangdong Traffic Industrial Investment Company held changes, the net assets attributable to the parent company based on the newly increased shareholding ratio is RMB 264,440.74;
- (6) During the period, prepaid shares of Guangdong Provincial Expressway Development Co., Ltd. were recovered, and the difference between the prepaid consideration and the net assets of the corresponding shares was RMB 39,046.63;

Other capital reserves – others decrease by RMB 37,943,390.72, mainly included:

- (1) The difference between the newly increased shareholding ratio and the net assets benefited by Xin Yue Company Limited in acquiring 1% equity of Guangdong Humen Bridge Co., Ltd. is RMB 37,091,219.12;
- (2) Guangdong Yueyun Transportation Company Limited acquired NCI. The amount attribute to the Group was RMB -852,171.61, which was recognized according to the shareholding ratio.

47 Specific reserves

Items	Opening balance	Increase	Decrease	Closing balance
Safety production cost	80,636,594.22	55,232,989.74	67,152,515.12	68,717,068.84
Total	80,636,594.22	55,232,989.74	67,152,515.12	68,717,068.84

48 Surplus reserves

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	2,169,261,950.80	242,009,800.66		2,411,271,751.46
Discretionary surplus reserves	439,283,004.82			439,283,004.82
Total	2,608,544,955.62	242,009,800.66		2,850,554,756.28

49 General risk reserves

Items	Opening balance	Increase	Decrease	Closing balance
General risk reserves	326,144,252.03			326,144,252.03
Total	326,144,252.03			326,144,252.03

Note:

Guangdong Communications Group Finance Co., Ltd. (hereinafter referred to as the "Finance Company") established a general risk reserve to make up for some unrecognized possible losses on the basis of withdrawing the provision for asset impairment in accordance with "The Measures for the Administration of Provision for Financial Enterprises (Caijin [2012] No.20) issued by the MOF. The general risk reserve is treated as profit distribution and is an integral part of the owner's equity. In principle, it shall not be less than 1.5% of the closing balance of risk assets, and can be in place year by year. In principle, it shall not exceed 5 years.

50 Undistributed Profits

Items	Current period	Last period
Closing balance at the end of last year	17,971,206,574.73	15,042,225,349.15
Add: Changes in accounting policies	-4,886,923.04	-17,885,059.35
Others		49,145,336.13
Opening balance at the beginning of the year	17,966,319,651.69	15,073,485,625.93
Increase in the current period	2,688,046,372.74	3,993,463,121.61
Including: Transfer from net profit for the year	2,688,046,372.74	3,993,463,121.61
Other adjustments		
Decrease in the current period	1,159,779,800.66	1,095,742,172.81
Including: Appropriation to statutory surplus reserves	242,009,800.66	239,627,572.81
Appropriation to general risk reserves		135,634,600.00
Declaration of cash dividends in the current period	917,770,000.00	720,480,000.00
Converted into capital		
Others		
Closing balance	19,494,586,223.77	17,971,206,574.73

51 Operating income and operating costs

Items	Current period		Prior period	
	Income	Costs	Income	Costs
Vehicle toll business	36,086,765,089.43	20,011,709,545.53	32,199,864,834.11	16,288,460,565.41
Material sales business	3,705,233,323.06	3,419,468,966.82	3,428,949,567.22	3,126,293,385.94
Passenger and freight transportation business	4,096,027,256.44	3,436,276,285.66	4,075,897,760.13	3,330,641,319.02
Engineering construction business				
Expressway service zones services	2,128,886,702.44	1,830,952,477.08	3,907,564,729.81	3,688,242,196.03
Engineering Technology	1,282,159,796.23	1,015,514,701.90	1,615,716,181.89	1,477,316,528.18
Others	1,508,021,545.67	1,077,586,278.17	994,682,882.93	716,759,645.37
Total	48,807,093,713.27	30,791,508,255.16	589,789,227.81	554,185,106.05
			46,812,465,183.90	29,181,898,746.00

The top 10 contracts with the largest amount of construction contracts revenue recognized in the current period of construction contracts (the old standards apply):

Contract projects	Total amount of contract	Total contract amount	Completion progress (%)	Accumulative recognized contract revenue	Accumulative recognized contract costs	Accumulated recognized gross profit ("-" indicates loss)	Settled price	Accumulated receipts	Contract revenue recognized in the current period	Contract costs recognized in the current period
I. Fixed price contracts	932,239,230.89	855,768,936.19		597,696,900.22	567,112,690.01	30,584,210.17	44,564,024.00	597,302,305.71	470,609,028.15	449,102,711.69
Construction of electromechanical engineering in Heshun Chencun section of fo (Shan) Jiang (men) Expressway (FJ-S05 contract section)	225,893,795.00	220,817,822.00	38.13	86,132,749.30	83,050,362.97	3,082,386.33		85,489,023.24	86,496,279.03	83,398,188.65
Construction contract for electromechanical engineering of Longchuan Huaji Highway (Yingde Huaji section) in Guangdong Province	162,143,512.00	124,293,933.70	65.84	106,886,230.40	90,990,001.35	15,896,229.06		87,694,797.00	73,801,225.86	62,505,910.72
Construction of traffic safety facilities in Heshun Chencun section of fo (Shan) Jiang (men) Expressway	112,255,881.00	99,353,750.53	60.83	68,285,619.76	66,509,158.48	1,776,461.28		77,513,202.66	68,285,619.76	66,509,158.48

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Contract projects	Total amount of contract	Total contract amount	Completion progress (%)	Accumulative recognized contract revenue	Accumulative recognized contract costs	Accumulated recognized gross profit ("-" indicates loss)	Settled price	Accumulated receipts	Contract revenue recognized in the current period	Contract costs recognized in the current period
Bid section JAS of traffic safety facilities project of Longchuan Huaiji Highway (Lianping Yingde section) in Guangdong Province	69,788,257.00	64,848,561.94	81.73	57,039,545.45	55,978,609.90	1,060,935.55		60,847,020.00	57,039,545.45	58,100,481.00
Electromechanical engineering of Hunan Baishan Expressway construction project in Jilin Province	57,186,090.00	53,975,587.22	85.55	48,920,134.69	46,173,693.59	2,746,441.10		49,679,799.00	48,920,134.69	46,173,693.59
Phase II project of Shaizhuang Huadu Beixing Highway in Zengcheng, Guangzhou, Guangdong Province (Licheng Huadu Beixing section)	45,666,569.00	44,068,239.08	88.03	40,200,871.17	38,793,840.68	1,407,030.49	44,564,034.00	41,432,884.00	39,971,742.34	38,572,731.36
Electromechanical engineering construction of Lianhuo National Expressway (G30) Southern Lanzhou Ring Highway (G3001) construction project										
Contract section 21 of Dongguan section (including Qingxi branch line) of Congguan Expressway	175,343,126.00	167,850,876.10	73.17	128,290,539.30	125,232,328.50	3,058,210.75		110,968,371.00	34,153,270.87	33,457,853.35
Cancellation of ETC gantry construction project of provincial toll station project of Huazhan Expressway	14,578,698.39	14,578,698.39	100.00	13,374,952.65	13,374,952.65			26,930,000.00	13,374,952.65	13,374,952.65
Cancellation of ETC gantry construction project of provincial toll station project of Yanghua Expressway	10,487,299.50	9,621,375.69	100.00	9,621,375.69	9,621,375.69			13,600,000.00	9,621,375.69	9,621,375.69
II Cost plus contract										

52 Interest income and expenditure

Items	Current period	Prior period
Interest income	305,235,917.67	224,063,212.62
Including: Interbank deposits	283,045,723.13	204,157,817.25
Deposits in the Central Bank	19,242,041.29	19,466,199.16
Loans and advances	2,941,033.76	428,072.60
Financial assets held under resale agreements	7,119.49	11,123.61
Interest expense	17,431,173.27	99,033,594.20
Including: Absorbed deposit and savings in other banks	17,431,173.27	99,033,594.20
Net interest income	287,804,744.40	125,029,618.42

53 Financial expenses

Items	Current period	Prior period
Interest expenses	8,890,928,891.49	7,840,175,865.53
Less: interest income	159,426,601.72	240,466,934.99
Exchange gains/losses (gains (-)/losses (+))	41,140,960.97	138,513,197.18
Handling fee	16,333,451.25	20,854,823.34
Unrecognized financing expenses	6,120,770.17	14,172,666.10
Others	48,072,967.86	138,473,172.63
Total	8,843,170,440.02	7,911,722,789.79

54 Other incomes

Items	Current period	Prior period
VAT levy tax refund	893,442.46	3,391,887.62
Special funds for R & D	1,236,729.25	2,501,900.00
New energy vehicle operation subsidies	166,843,472.57	97,013,312.39
Fuel subsidies	987,000.00	5,403,687.00
Preferential travel subsidies	23,115,820.89	9,199,139.24
Bus line operation subsidies	117,894,201.06	144,899,369.72
Scientific research subsidies		220,000.00
Additional deduction of VAT input tax	12,294,015.18	
Others	44,619,534.13	36,753,828.12
Total	367,884,215.54	299,383,124.09

55 Investment income

Sources of investment income	Current period	Prior period
Long-term equity investment income under equity method	1,055,258,498.31	1,020,518,676.37
Investment income from disposal of long-term equity investment	2,248,367.58	1,350,792.73
Investment income of financial assets measured at fair value through profit or loss during the holding period	116,541.99	
Investment income from disposal of financial assets at fair value through profit or loss	13,879,214.95	
Investment income from available-for-sale financial assets during holding period	151,662,057.73	159,355,374.99
Gains arising from remeasurement of original investment at fair value after acquisition of control right	6,935,110.60	-146,995,674.37
Gains arising from remeasurement of residual equity at fair value after loss of control right		885,254,981.45
Dividend income from other equity instrument investment during the holding period	38,912,399.15	
Others	-169,844,461.74	124,003,932.86
Total	1,099,167,728.57	2,043,488,084.03

56 Impairment losses of credit

Items	Current period	Prior period
Bad debt loss	-12,882,937.57	-19,856,308.29
Total	-12,882,937.57	-19,856,308.29

57 Asset impairment losses

Items	Current period	Prior period
Impairment loss on bad debt	20,884,670.55	-21,519,146.49
Impairment loss on inventories	-6,200.00	
Impairment loss on available-for-sale financial assets		-39,537,231.32
Impairment loss on long-term equity investment	-930,000.00	-10,904,822.83
Impairment loss on fixed assets	-99,847,925.11	-6,051,465.64
Impairment loss on intangible assets	-7,925,125.00	
Impairment loss on goodwill	-770,321.77	
Others	-9,395,268.22	-2,383,522.75
Total	-97,990,169.55	-80,396,189.03

58 Gains from disposal of assets

Items	Current period	Prior period	Amount included in current non-recurring gains and losses for the current period
Nanan village, Xindun village, Gangshan, Xintang Town (Note 1)	175,032,190.78		175,032,190.78
Zhuhai Jinwan plot		159,351,467.25	
The Shenzhen section of Guangzhou Shenzhen Expressway is compensated for the highway land occupied by the Shenzhen side connection project of Shenzhen middle channel of phase II of Yanjiang Expressway and the outer ring expressway project (Note 2)	2,458,146.00	127,998,833.43	2,458,146.00
Building and structures in Nanping plot		92,559,879.24	
Related assets of Zhuhai section of Guangao Expressway		66,231,472.00	
Others	57,551,706.29	14,394,801.31	57,551,706.29
Total	235,042,043.07	460,536,453.23	235,042,043.07

Note 1:

Due to the implementation of urban and rural planning in Zengcheng District, Guangzhou, Dongguan Guangshenzhu Expressway Co., Ltd. (hereinafter referred to as "Guangshenzhu") transferred about 452.376 mu land from Nanan village, Xintang Town and Gangshan village, Xindun village to the People's Government of Zengcheng District, Guangzhou. It collected land compensation of RMB 179,022,023.00 and confirmed asset disposal income of RMB 175,032,190.78;

Note 2:

Guangshenzhu transferred the land and buildings (structures) within the above scope to Shenzhen Municipal Government for the implementation of Shenzhen outer ring expressway project and Shenzhen side connection project of Shenzhen middle channel of phase II of Shenzhen riverside expressway, and recognized the asset disposal income of RMB 2,458,146.00.

59 Non-operating income

Items	Current period	Prior period	Amount included in current non-recurring gains and losses for the current period
Gains from disposal of non-current assets	3,505,620.92	2,150,518.28	3,505,620.92
Gains from debt restructuring		834,766.53	
Accepting donation		5,000.00	
Government grants	36,675,646.49	19,258,677.28	36,675,646.49
Others:	136,434,511.12	248,606,311.67	47,160,811.81
Including: Highway property damage compensation income	89,273,699.31	143,631,521.23	
Compensation for buildings and ground attachments	4,231,759.46	18,034,291.09	4,231,759.46
Surplus of Leatop Property entrusted management service fee	3,817,481.87	7,528,872.31	3,817,481.87
Total	176,615,778.53	270,855,273.76	87,342,079.22

Details of government grants:

Items	Current period	Prior period
Relocation grants for Hezhou dormitory building, office building and maintenance station	6,309,011.03	6,335,091.24
Special funds for enterprise R & D subsidy of Tianhe District Finance Bureau of Guangzhou		6,209,700.00
Vehicle scrapping grants	3,253,338.73	1,175,000.00
Payment from Treasury Payment Bureau of Guangdong Provincial Department of Finance		1,038,346.00
Guangshao Xilian interworking grants	932,849.83	932,849.83
Shenzhen landscape improvement project	548,021.04	548,021.04
Economic compensation for loss during the cooperation period of Xinhui section	16,185,000.00	
Other grants	9,447,425.86	3,019,669.17
Total	36,675,646.49	19,258,677.28

60 Non-operating expenses

Items	Current period	Prior period	Amount included in current non-recurring gains and losses
Losses on scrapping of non-current assets	68,391,520.23	35,936,853.88	68,391,520.23
External donation expenditure	712,449.30	15,137,841.58	712,449.30
Others:	82,371,227.96	103,343,069.78	39,969,981.52
Including: Highway property repair expenditure	42,401,246.44	56,103,410.25	
Fine and overdue fees	3,665,559.73	2,834,336.22	3,665,559.73
Total	151,475,197.49	154,417,765.24	109,073,951.05

61 Income tax expenses

Items	Current period	Prior period
Current income tax expense	2,141,307,117.98	2,632,609,402.78
Deferred income tax expense adjustment	144,208,439.82	-147,519,573.31
Total	2,285,515,557.80	2,485,089,829.47

62 OCI attributed to owners of parent company

(1) Items of other comprehensive income and income tax impact and transfer into profit and loss

Items	Current period			Prior period		
	Amount before tax	Income tax expenses	Net amount after tax	Amount before tax	Income tax expenses	Net amount after tax
I. OCI that cannot be reclassified into profit or loss	84,376,826.90	20,930,874.61	63,445,952.29	1,229,195.54		1,229,195.54
1. Remeasurement of changes in defined benefit plans	653,328.44		653,328.44	1,148,137.79		1,148,137.79
2. Changes in fair value of investment in other equity instruments	83,723,498.46	20,930,874.61	62,792,623.85	81,057.75		81,057.75
II. OCI that can be reclassified into income	501,907,774.31	90,636,743.87	411,271,030.44	-239,796,211.59	-44,367,563.35	-195,428,648.24
1. Under the equity model, OCI that can be transferred to profit or loss	2,675,391.61		2,675,391.61	-9,771,624.48		-9,771,624.48
Less: Amount included in OCI in the current period transfer to profit or loss in current period						
Subtotal	2,675,391.61		2,675,391.61	-9,771,624.48		-9,771,624.48
2. Changes in the fair value of available for sale financial assets	493,244,082.21	90,636,743.87	402,607,338.34	-304,080,223.37	-44,367,563.35	-259,712,660.02
Less: Amount included in OCI in the current period transfer to profit or loss in current period						
Subtotal	493,244,082.21	90,636,743.87	402,607,338.34	-304,080,223.37	-44,367,563.35	-259,712,660.02
3. Foreign currency translation differences	5,988,300.49		5,988,300.49	74,055,636.26		74,055,636.26
Less: Amount included in OCI in the current period transfer to profit or loss in current period						
Subtotal	5,988,300.49		5,988,300.49	74,055,636.26		74,055,636.26
III. Total comprehensive income	586,284,601.21	111,567,618.48	474,716,982.73	-238,567,016.05	-44,367,563.35	-194,199,452.70

63 Lease

(1) Finance lease

(a) As a lessor (apply with the new standard)

Items	Amount
I. Income:	834,859.53
Finance income on the net investment in the lease	834,859.53
Income relating to variable lease payments not included in the net investment in the lease	
II. The undiscounted lease payment receivables to be received after the balance sheet date	2,394,399.68
The 1 st year	1,749,377.68
The 2 nd year	645,022.00
The 3 rd year	
The 4 th year	
The 5 th year	
Over 5 years	
III. Total undiscounted lease receipts to be received in the remaining years	2,394,399.68
Within 1 year (inclusive)	1,749,377.68
1-2 years (inclusive)	645,022.00

(2) Finance lease as a lessee:

Category	Opening balance of original cost of fixed assets	Closing balance of original cost of fixed assets	Accumulated depreciation	Accumulated provision for impairment
Highway properties	1,562,858,770.19	1,562,858,770.19	449,028,586.71	
Total	1,562,858,770.19	1,562,858,770.19	449,028,586.71	

(a) Minimum lease payments to be paid in subsequent years

Remaining lease term	Minimum lease payment
Within 1 year (inclusive)	189,699,470.20
1-2 years (inclusive)	189,699,470.20
2-3 years (inclusive)	189,699,470.20
Over 3 years	114,699,470.20
Total	683,797,880.80

At the end of the period, the unrealised finance expense is RMB 13,029,720.90.

64 Segment information

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. There are 5 reportable segments, which are highway operation management, material logistics service, passenger and freight transportation service, service area business and engineering technology service. Segment accounting policies are consistent with those for the consolidated financial statements. Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment revenue and segment expenses are determined according to the actual revenue and expenses of each segment. Segment assets or liabilities are distributed according to the assets used in the daily activities of the operating segment that can be attributed to the operating segment or the liabilities generated that can be attributed to the operating segment.

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Financial information of reportable segments in 2019 is shown as follows:

Items	Highway operation management	Material logistics service	Passenger and freight transportation service	Expressway service zones services	Engineering construction business	Engineering technology	Other undistributed	Inter segment offset	Total
I. Operating income	36,292,414,778.79	4,445,363,235.78	4,196,639,083.14	2,128,886,702.44		2,325,853,498.92	2,475,100,374.04	-2,751,928,042.17	49,112,329,630.94
Including: Income from external transactions	36,086,765,089.43	3,705,233,323.06	4,096,027,256.44	2,128,886,702.44		1,282,159,796.23	1,813,257,463.34		49,112,329,630.94
Income from inter segment transactions	205,649,689.36	740,129,912.72	100,611,826.70			1,043,693,702.69	661,842,910.70	-2,751,928,042.17	
II. Investment income from associates and joint ventures	816,285,211.21	63,043,104.32	19,846,573.37	20,082,824.69		57,459,444.52	-1,165,680.49	-164,069,879.01	811,481,598.81
III. Impairment loss of asset	-94,747,704.39	5,249,976.70	-7,526,543.60			-8,765,416.80	-14,543,382.66	22,342,901.20	-97,990,169.55
IV. Impairment loss of credit	-191,096.49	6,548,018.62	-15,239,229.35	-1,660,771.66			-1,514,606.88	-825,251.81	-12,882,937.57
V. Depreciation and amortization expenses	14,381,701,759.17	13,730,820.43	942,282,213.66	77,331,203.28		22,295,033.57	138,093,155.60	-456,068,855.66	15,119,365,330.05
VI. Total profit before tax	8,365,227,491.93	292,773,925.08	267,714,042.29	136,172,932.28		140,344,702.10	573,341,621.95	-2,235,930,848.94	7,539,643,886.69
VII. Income tax expense	1,965,916,043.86	38,596,462.67	92,503,038.82	56,310,762.11		15,065,625.71	118,204,269.39	-1,080,644.76	2,285,515,557.80
VIII. Net profit	6,342,833,217.52	254,177,462.41	175,211,003.47	79,862,190.17		181,757,306.94	455,137,352.56	-2,234,850,204.18	5,254,128,328.89
IX. Total assets	412,507,139,273.56	7,430,074,877.11	5,989,212,046.27	3,012,768,276.93		2,916,299,618.50	35,518,868,903.43	-42,798,106,732.53	424,576,256,263.27
X. Total liabilities	291,403,747,489.76	3,114,200,961.50	3,592,241,355.76	2,479,923,821.22		2,057,597,569.05	29,950,556,506.25	-33,035,533,255.81	299,562,714,427.73
XI. Other significant non-cash items	-2,208,775,656.14	-4,853,136.50	14,708,038.37	2,084,989.38		1,232,118.97	-1,165,680.48		-2,196,769,326.40
Including: Increase in long-term equity investment of associates and joint ventures accounted for under equity method	-2,208,775,656.14	-4,853,136.50	14,708,038.37	2,084,989.38		1,232,118.97	-1,165,680.48		-2,196,769,326.40

Financial information of reportable segments in 2018 is shown as follows:

Items	Highway operation management	Material logistics service	Passenger and freight transportation service	Expressway service zones services	Engineering construction business	Engineering technology	Other undistributed	Inter segment offset	Total
I. Operating income including income from external transactions	32,421,604,141.83	3,822,799,726.25	4,172,034,233.75	1,615,716,181.89	6,607,262,375.57	1,537,220,272.81	1,455,416,430.45	-4,595,524,966.03	47,036,528,396.52
Income from inter segment transactions	221,739,307.72	393,850,159.03	96,136,473.62	1,615,716,181.89	3,907,564,729.81	994,937,187.18	813,598,136.18	-4,595,524,966.03	47,036,528,396.52
II. Investment income from associates and joint ventures	1,244,616,981.55	286,227,150.42	9,027,981.09		2,699,697,645.76	542,283,085.63	641,818,294.27	-537,622,734.46	1,020,518,676.37
III. Impairment loss of asset	-30,540,652.56	-24,925,317.66	-11,886,327.50		-13,014,263.77	-5,975,095.64	3,999,578.11	1,945,889.99	-80,396,189.03
IV. Impairment loss of credit			-19,856,308.29						-19,856,308.29
V. Depreciation and amortization expenses	11,810,949,669.79	22,255,029.07	671,291,921.33	50,875,332.64	76,091,075.68	21,068,474.83	134,183,761.45	-224,735,861.16	12,561,979,403.63
VI. Total profit before tax	9,243,246,729.67	422,095,336.67	238,749,001.31	144,013,800.16	139,309,846.65	89,785,077.31	429,644,719.91	-1,421,941,441.98	9,284,903,069.70
VII. Income tax expense	2,160,327,178.41	83,292,654.91	78,373,828.35	33,662,287.16	15,691,673.68	12,133,152.85	105,630,059.07	-4,021,004.96	2,485,089,829.47
VIII. Net profit	7,082,919,551.26	338,802,681.76	160,375,172.96	110,351,513.00	123,618,172.97	77,651,924.46	324,014,660.84	-1,417,920,437.02	6,799,813,240.23
IX. Total assets	394,699,814,103.30	7,248,008,097.41	5,637,531,105.87	3,010,443,106.27		1,671,335,778.19	29,448,876,356.26	-43,805,687,632.99	397,910,320,914.31
X. Total liabilities	279,412,569,183.01	4,339,939,698.42	3,163,955,967.47	2,606,993,001.83		991,650,947.81	24,436,530,092.27	-33,824,458,489.13	281,127,180,401.68
XI. Other significant non-cash items	2,292,743,461.72	-526,813,657.04	65,058,655.19	1,425,163.53	-121,497,896.72	9,777,244.46	-146,128.14		1,720,546,843.00
Including: Increase in long-term equity investment of associates and joint ventures accounted for under equity method	2,292,743,461.72	-526,813,657.04	65,058,655.19	1,425,163.53	-121,497,896.72	9,777,244.46	-146,128.14		1,720,546,843.00

65 Supplementary Information of the Consolidation Statement of Cash Flows

(1) Reconciliation of net profit to cash flows from operating activities

Supplementary information	Current period	Prior period
1. Reconciliation of net profit to cash flows from operating activities:		
Net Profit	5,254,128,328.89	6,799,813,240.23
Add: Impairment loss of asset	97,990,169.55	80,396,189.03
Impairment loss of credit	12,882,937.57	19,856,308.29
Depreciation of fixed assets, oil and gas assets and productive biological assets	14,691,864,011.40	12,164,460,902.02
Depreciation of assets of right use		
Amortization of intangible assets	330,597,769.33	291,384,764.16
Amortization of long-term deferred expenses	96,903,549.32	106,133,737.45
Loss on disposal of fixed assets, intangible assets and other long-term assets ('-' represents 'gains')	-235,042,043.07	-443,241,524.78
Loss on scrapping of fixed assets ('-' represents 'gains')	64,885,899.31	27,670,105.94
Loss on change of fair value ('-' represents 'gains')		
Financial expenses ('-' represents 'gains')	9,374,069,852.46	8,024,941,374.61
Loss on investments ('-' represents 'gains')	-1,099,167,728.57	-2,043,488,084.03
Decrease in deferred tax assets ('-' represents 'increase')	20,335,925.32	163,238,324.33
Increase of deferred tax liabilities ('-' represents 'decrease')	220,232,993.51	-338,093,891.67
Decrease in inventories ('-' represents 'increase')	-4,837,153,914.03	-757,105,759.13
Decrease in operating receivables ('-' represents 'increase')	330,718,873.44	-50,980,876.35
Increase in operating payables ('-' represents 'decrease')	2,899,295,167.54	435,017,181.87
Others		
Net cash flows from operating activities	27,222,541,791.97	24,480,001,991.97
2. Significant investing and financing activities not involving cash inflows and outflows		
Capital transferred from debts		
Convertible corporate bonds due within 1 year		
Fixed assets under finance lease		
3. Net changes of cash and cash equivalents:		
Cash balance at the end of the period	22,305,806,028.05	26,454,146,981.70
Less: Cash balance at the beginning of the period	26,454,146,981.70	18,528,654,466.83
Add: Cash equivalents balance at the end of the period		
Less: Cash equivalents balance at the beginning of the period		
Net increase of cash and cash equivalents	-4,148,340,953.65	7,925,492,514.87

(2) Net cash payment for acquiring subsidiaries or net cash receipts from disposal of subsidiaries

Items	Amount
I. Cash or cash equivalents paid in the current period for consolidation that occurred in the current period	16,153,059.56
Less: The cash and cash equivalents held by the company on the purchase day	166,886,279.95
Add: Cash or cash equivalents paid in the current period for consolidation that occurred in previous periods	
Net cash paid for acquiring subsidiaries	-150,733,220.39
II. Cash or cash equivalents received from disposal of subsidiaries in the current period	7,923,827.81
Less: Cash or cash equivalents held by the company on the date of loss of control	10,470,301.28
Add: Cash or cash equivalents received in the current period from disposal of subsidiaries in previous periods	
Net cash received from disposal of subsidiaries	-2,546,473.47

(3) Composition of cash and cash equivalents

Items	Closing balance	Opening balance
I. Cash	22,305,806,028.05	26,454,146,981.70
Including: Cash on hand	10,091,995.44	14,839,233.47

Items	Closing balance	Opening balance
Bank deposits always available for payment	22,262,600,654.15	25,917,598,776.61
Other monetary funds always available for payment	33,113,378.46	521,708,971.62
Deposits in central bank always available for payment		
Deposit in Interbank		
Deposit from Inter for interbank		
II. Cash equivalents		
Including: Bond investments due within three months		
III. Closing balance of cash and cash equivalents	22,305,806,028.05	26,454,146,981.70
Including: Cash and cash equivalents of the parent company or the subsidiaries in the group with restricted use		

Note:

The monetary capital balance of the Group at the end of the year includes RMB 1,311,634,404.09 of legal reserves deposited with the central bank, and RMB 72,004,642.19 of performance bond, guarantee bond, reclamation bond and bank acceptance bond have been deducted from the balance of cash and cash equivalents.

66 Monetary items in dominated foreign currency

Items	Closing balance in foreign currency	Exchange rate	Closing balance translated in RMB
Monetary funds			925,490,158.91
Including: USD	36,017,401.52	6.9762	251,264,596.48
HKD	709,003,627.04	0.8958	635,125,449.10
PTE	44,958,161.81	0.8697	39,100,113.33
Accounts receivables			131,534,092.01
Including: USD	11,154,808.82	6.9762	77,818,177.29
HKD	59,964,182.54	0.8958	53,715,914.72
Long-term loans			2,830,574,277.57
Including: USD	354,339,961.42	6.9762	2,471,946,438.86
HKD	396,596,394.18	0.8958	355,271,049.91
JPY	52,368,000.00	0.0641	3,356,788.80

67 Assets which are restricted from owner's right and usage right

Items	Closing balance	Reasons for restriction
Monetary funds	1,506,697,542.68	Legal deposit reserve and deposits, etc.
Pledge of toll right	282,159,896,491.46	Pledged loans
Fixed assets	405,266,726.54	Mortgage real estate and bank mortgage loans
Inventories	385,700,291.29	Lot C2-22-05 of phase I land of Litong Zhilui Jinggu project belonged to Guangdong Lihao Real Estate Co., Ltd. is mortgaged to Dongguan Bank Co., Ltd. Nansha Branch of Guangdong Pilot Free Trade Zone
Construction in progress	22,987,567.76	Mortgaged loans
Intangible assets	250,360,510.86	Mortgage of properties and bank deposits
Pledge of all property and toll right of Guangshenzhu Expressway	6,261,300,083.83	Pledged loans
Right-use-assets	272,390,927.87	Mortgaged loans
Total	291,264,600,142.29	

Details of monetary funds, toll right and equity which are restricted from owner's right and usage right are as follows:

Items	Closing balance	Reasons for restriction
Toll clearing account	123,058,496.40	Toll income to be settled
Statutory reserves deposited with the central bank	1,311,634,404.09	Statutory deposit reserve paid to the People's Bank of China
Performance bond, guarantee bond, reclamation bond, etc.	72,004,642.19	Deposits and other funds that cannot be withdrawn at any time
Subtotal of monetary funds	1,506,697,542.68	
72% toll right of Yuegan Expressway	2,863,209,925.24	Open to traffic
83.38% toll right of Zhaxu Expressway	3,508,894,385.12	Open to traffic
Toll right of Gunagie Expressway	26,001,906,984.98	Open to traffic
Yangyang Expressway	2,683,437,490.20	Open to traffic
83% toll right of Zhaohua Expressway	10,492,867,976.28	Open to traffic
Toll right of Luoding Yangchun section of Yunfu Yangjiang Expressway	5,062,343,448.64	Open to traffic
Toll right of Baomao Expressway	8,896,271,810.37	Open to traffic
Toll right of Chaohui Expressway	21,385,055,304.80	Open to traffic
Toll right of Jiepu Expressway	847,347,431.26	Open to traffic
100% toll right of Zhuhai section Expressway	3,282,285,068.34	Open to traffic
100% toll right of Xinhui section Expressway	605,474,455.31	Open to traffic
100% toll right of extension line of Zhuhai branch line	680,321,768.70	Trial operation
100% toll right of Nansha Bridge Expressway	8,147,880,227.71	Trial operation
Toll right of Jiangluo Expressway	11,862,799,819.70	Open to traffic
100% toll right for the south section of the West Second Ring Road of Guangzhou Ring Expressway	2,483,211,034.81	Open to traffic
100% toll right for the South Second Ring Section of Guangzhou Ring Expressway	5,434,202,650.45	Open to traffic
65% toll right of Ganen Expressway	3,338,884,082.11	Trial operation
60% toll right of Yunmao Expressway	8,706,965,227.75	Construction in progress
100% toll right of Jiangzhong Expressway	1,213,287,955.56	Open to traffic
100% toll right of Guangzhu West Line Expressway	10,230,787,813.00	Open to traffic
100% toll right of Boshen Expressway	7,779,577,524.40	Open to traffic
100% toll right of Meida Expressway	5,844,732,533.36	Open to traffic
100% toll right of Meida East Extension Expressway	1,815,605,421.17	Open to traffic
60% toll right of Shanmei Expressway	1,787,010,445.24	Open to traffic
35% toll right of Jingzhu South Expressway	4,083,239,335.09	Open to traffic
65% toll right of Shanjie Expressway	3,315,120,760.10	Open to traffic
65% toll right of Tianshan Expressway	2,596,309,203.28	Open to traffic
65% toll right of Erguang (Huaiji Sanshui section) Expressway	7,556,844,928.93	Open to traffic
100% toll right of Yunwu and Yunluo Expressway	10,834,700,800.95	Open to traffic
75% toll right of Jiebo Expressway	13,452,961,183.85	Open to traffic
65% toll right of Erguang (Lianzhou Huaiji section) Expressway	11,363,154,641.98	Open to traffic
13.38% toll right of Guangyun Expressway	618,293,516.37	Open to traffic
65% toll right of Xinghua Expressway	6,303,691,863.44	Open to traffic
100% toll right of Guangfozhao Expressway	23,073,827,599.47	Open to traffic
65% toll right of Shantou Jinhong Highway	72,630,000.00	Open to traffic
60% toll right of Huiqing Expressway	14,469,767,878.94	Construction in progress
60% toll right of Chaoshan Ring Expressway	11,142,197,744.68	Construction in progress
60% toll right of Huahu Expressway	3,345,841,458.14	Construction in progress
60% toll right of Jiaying Huancheng Expressway	1,375,895,815.12	Construction in progress
100% toll right of Pingxing Expressway	5,200,000,000.00	Open to traffic
100% toll right of Helong Expressway	412,500,000.00	Open to traffic
74.45% toll right of Meihe Expressway and 69.56% toll right of Xingshe Expressway	3,942,240,000.00	Open to traffic
Taishan section of Western Coastal Expressway	2,202,000,000.00	Open to traffic
19.2% toll right of Guangzhu East Expressway	379,107,269.94	Open to traffic
Shuikou Baisha section of Shenhai National Expressway	1,390,681,946.38	Open to traffic
Toll right of Taiping interchange of Guangshenzhu Expressway	74,529,760.30	Open to traffic
Subtotal of toll right	282,159,896,491.46	
Total	283,666,594,034.14	

IX. CONTINGENT EVENTS

- 1 Provision of guarantee
- 2 Pending lawsuits

	Guarantees	Guarantee form	Counter guarantee	Actual amount guaranteed (in RMB 10,000.00)	Overdue
I. Guarantee for non-related parties					
Guangdong Provincial Communication Group Company Limited	Guangdong Yuceai Investment Holding Co., Ltd.	Irrevocable joint liability guarantee	Yes	1,500,000.00	No
Guangdong Expressway Co., Ltd.	Agricultural Bank of China Limited Guangdong Branch	Joint liability guarantee	No	150,000.00	No
	Subtotal			1,650,000.00	
II. Guarantee for related parties					
Xin Yue (Guangzhou) Investment Co., Ltd.	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Joint liability guarantee	No	8,862.50	No
	Subtotal			8,862.50	
	Total			1,658,862.50	

There is no material litigation that needs to be disclosed in the company this year.

X. EVENTS AFTER THE BALANCE SHEET

Impact of New Coronavirus infection on pneumonia:

Since the outbreak of New Coronavirus, the Group has implemented the requirements of the government, transportation and transportation authorities, and strengthened highway maintenance and protection, and ensured epidemic prevention and control. According to the novel coronavirus pneumonia toll waived by the Ministry of Transportation in 15 Feb 2020, the toll is free for expressway from 0:00 in 17 Feb 2020 to the end of epidemic prevention and control. Meanwhile, in order to cope with the impact of the epidemic, the Group has taken measures to reduce the number and frequency of passenger and bus departures. Some passenger stations were temporarily shut down in combination with the requirements of local epidemic prevention departments. The pneumonia

epidemic will have a great impact on the highway traffic revenue and passenger transport revenue of the Company, and the degree of impact depends on the duration of the epidemic and government regulation policies. As of the date of this financial report, the epidemic has not ended, and the impact of the epidemic on the business and business performance of the Group cannot be accurately predicted.

XI. RELATED PARTIES AND TRANSACTIONS

1 Parent company

The controller of the Group is the State-owned Assets Management Commission of Guangdong Provincial People's Government.

2 The Group's subsidiaries

Name	Registered address	Nature of the business	Registered capital (in RMB 10,000.00)	Proportion of shareholding (%)	Proportion of voting rights (%)
Guangdong Expressway Co., Ltd.	Guangzhou	Highway management and conservation	1,248,895.10	86.48	100.00
Guangdong Road and Bridge Construction Development Co., Ltd.	Guangzhou	Highway management and conservation	909,552.00	80.81	100.00
Guangdong Highway Construction Co., Ltd.	Guangzhou	Highway management and conservation	882,736.85	93.96	100.00
Guangdong Traffic Industrial Investment Company	Guangzhou	Highway management and conservation	189,530.86	72.12	100.00
Guangdong Provincial Expressway Development Co., Ltd.	Guangzhou	Highway management and conservation	209,080.61	50.12	50.12
Guangdong Guanghui Expressway Co., Ltd.	Guangzhou	Highway management and conservation	235,167.80	67.50	67.50
Xin Yue Company Limited	Hong Kong	Investment	HKD2,400.00	100.00	100.00
Guangdong Yueyun Transportation Company Limited	Guangzhou	Logistics	79,984.78	74.12	74.12
Guangzhou Yueyun Investment Management Co., Ltd.	Guangzhou	Highway passenger transportation	300.00	100.00	100.00
Qiguan Chetu Co., Ltd.	Zhuhai	Highway passenger transportation	500.00	100.00	100.00
Guangdong Hualu Traffic Technology Co., Ltd.	Guangzhou	Other professional technology	1,300.00	100.00	100.00
Guangzhou Newsoft Technology Co., Ltd.	Guangzhou	Information technology services	5,282.79	100.00	100.00
Guangdong Leatop REAL Estate Investment Co., Ltd.	Guangzhou	Real estate development and operation	15,000.00	100.00	100.00

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Name	Registered address	Nature of the business	Registered capital (in RMB 10,000.00)	Proportion of shareholding (%)	Proportion of voting rights (%)
Guangdong Communications Group Finance Co., Ltd.	Guangzhou	Providing financial services to member units	200,000.00	100.00	100.00
Guangdong United Electronic Fee-Collecting Co., Ltd.	Guangzhou	Other road transport support	28,000.00	51.00	51.00
Weisheng Transportation & Enterprises Company Limited	Hong Kong	Highway passenger and freight transportation	HKD30.00	100.00	100.00
Guangdong City Traffic Investment Co., Ltd.	Guangzhou	Commercial complex management services	50,000.00	100.00	100.00
Guangdong Chaohui Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	100.00	100.00
Guangdong Guangle Expressway Co., Ltd.	Guangzhou	Highway management and conservation	166,666.67	100.00	100.00
Guangdong Maozhan Expressway Co., Ltd.	Guangzhou	Highway management and conservation	112,000.00	100.00	100.00
Guangdong Luoyang Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	100.00	100.00
Guangdong Yangmao Expressway Co., Ltd.	Yangjiang	Highway management and conservation	20,000.00	70.00	70.00
Guangdong Zhaoyang Expressway Co., Ltd.	Guangzhou	Highway management and conservation	20,000.00	100.00	100.00
Guangdong Zihui Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	100.00	100.00
Guangdong Huiqing Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	100.00	100.00
Guangdong Chaoshan Ring Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	100.00	100.00
Guangdong Guangfozhao Expressway Co., Ltd.	Zhaoqing	Highway management and conservation	10,000.00	75.00	75.00
Guangdong Jiaying Huancheng Expressway Co., Ltd.	Guangzhou	Highway management and conservation	4,000.00	100.00	100.00
Guangdong Hualu Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	100.00	100.00
Guangdong Ninghua Expressway Co., Ltd.	Meizhou	Highway management and conservation	10,000.00	90.00	90.00
Yunfu Guangyun Speedway Co., Ltd.	Yunfu	Highway management and conservation	1,000.00	70.00	70.00
Guangdong Gaoen Expressway Co., Ltd.	Kaiping	Highway management and conservation	5,000.00	100.00	100.00
Guangdong Jiangzhong Expressway Co., Ltd.	Guangzhou	Highway management and conservation	111,000.00	75.00	75.00
Guangdong Yunmao Expressway Co., Ltd.	Guangzhou	Highway management and conservation	10,000.00	100.00	100.00
Dongguan Guangshenzhu Expressway Co., Ltd.	Guangzhou	Highway management and conservation	47,100.00	55.00	55.00
Guangdong Guangzhou West Expressway Co., Ltd.	Guangzhou	Highway management and conservation	489,900.00	50.00	50.00
Guangdong Boda Expressway Co., Ltd.	Guangzhou	Highway management and conservation	20,000.00	100.00	100.00
Guangdong Meiping Expressway Co., Ltd.	Pingyuan	Highway management and conservation	54,000.00	100.00	100.00
Guangdong Pingxing Expressway Co., Ltd.	Meizhou	Highway management and conservation	285,000.00	100.00	100.00
Heyuan Helong Expressway Co., Ltd.	Dongyuan	Highway management and conservation	4,437.87	93.24	93.24
Guangdong Spring Tide Expressway Co., Ltd.	Dapu	Highway management and conservation	2,000.00	100.00	100.00
Guangfo Expressway Co., Ltd.	Guangzhou	Highway management and conservation	20,000.00	75.00	75.00
Guangzhou Guangzhou Traffic Investment Management Co., Ltd.	Guangzhou	Highway management and conservation	300.00	100.00	100.00
Jingzhu Expressway Guangzhou Section Co., Ltd.	Guangzhou	Highway management and conservation	58,000.00	75.00	75.00
Xin Yue Humen Co., Ltd.	British Virgin Islands	Investment	USD1.00	100.00	100.00

Notes to the Consolidated Financial Statements

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Name	Registered address	Nature of the business	Registered capital (in RMB 10,000.00)	Proportion of shareholding (%)	Proportion of voting rights (%)
Gd Humen Bridge Co., Ltd.	Dongguan	Highway management and conservation	27,390.00	51.00	51.00
Xin Yue Hai Xin Sha Asphalt Company Limited	Hong Kong	Other road transport support	USD1.00	100.00	100.00
Guangzhou Xin Yue Asphalt Co., Ltd.	Guangzhou	Other road transport support	77,500.00	100.00	100.00
Guangdong Kaiyang Expressway Co., Ltd.	Kaiping	Highway management and conservation	46,000.00	75.00	75.00
Xin Yue (Guangzhou) Investment Co., Ltd.	Guangzhou	Investment	USD4,207.00	100.00	100.00
The Motor Transport Company of Guangdong and Hong Kong Limited	Hong Kong	Long distance passenger transport	HKD2,500.00	62.00	62.00
Guangdong Tongyi Expressway Service Area Co., Ltd.	Guangzhou	Other road transport support	10,000.00	100.00	100.00
Foshan Yueyun Public Traffic Co., Ltd.	Foshan	Urban public transport	2,000.00	51.00	51.00
Zhaoqing Yueyun Automobile Transportation Co., Ltd.	Zhaoqing	Other road passenger transport	10,000.00	59.62	59.62
Guangdong Yueyun Langri Co., Ltd.	Yangjiang	Other road passenger transport	15,675.00	51.00	51.00
Qingyuan Automobile Transportation Group Co., Ltd.	Qingyuan	Other road passenger transport	5,000.00	61.75	61.75
Guangdong Nanyue Logistics Industrial Company Limited	Guangzhou	logistics	18,000.00	100.00	100.00
Guangdong Lihao Real Estate Co., Ltd.	Guangzhou	Real estate development and operation	1,000.00	100.00	100.00

Note:

The subsidiaries disclosed above include all secondary subsidiaries and tertiary subsidiaries with the amount of net assets more than RMB 300 million.

3 Other related parties of the Company

Name of other related parties	Relationship with the Company
Zhaoqing Yuezhaoh Highway Co., Ltd.	Associate
Guangdong Shantou Haiwan Bridge Co., Ltd.	Joint venture
Shell Road Solutions Xinyue (foshan) Co., Ltd.	Joint venture
Guangdong Zhongyuetong Oil operate Co., Ltd.	Joint venture
Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.	Joint venture
Guangdong Road Network Digital Media Information Technology Co., Ltd.	Joint venture
Guangdong Automobile Terminal Co., Ltd.	Joint venture
Huishen (Yantian) Expressway Huizhou Co., Ltd.	Associate
Guangdong Yue Huahui Business Management Limited	Joint venture
Guangzhou Yueyun Insurance Gonggu Co., Ltd.	Joint venture
Guangdong Province Communications Planning & Design Institute Co., Ltd.	Associate
Jiangmen Jianghe Expressway Co., Ltd.	Associate
Foshan Guangsan Expressway Co., Ltd.	Associate
Guangdong Shenshan Speedway East Section Co., Ltd.	Associate
Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	Associate
Guangzhou Northern Second Ring Expressway Co., Ltd.	Associate
Guangzhou Pearl River Huangpu Daqiao Construction Co., Ltd.	Associate
Guangdong Panyu Bridge Co., Ltd.	Associate
Shenzhen Yantian Port Holdings Co., Ltd.	Associate
Ganzhou Kangda Expressway Co., Ltd.	Associate
Ganzhou Gankang Expressway Co., Ltd.	Associate
Guangdong Yuepu Microfinance Co., Ltd.	Associate
Guoyuan Securities Company Limited	Associate
Southern United Assets & Equity Exchange	Associate
Guangzhou Tianhe Passenger Transportation Station Co., Ltd.	Associate
Shantou Automotive Passenger Transportation Center Station Co., Ltd.	Associate
Guangdong Zhongyou Yueyun Natural Gas Co., Ltd.	Associate
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company	Associate
Lufeng Shenshan Expressway Service Co., Ltd.	Associate
Express Cross-Border Coach Mgt. Co. Limited	Associate
Guangdong Guangjiang High Speed Passenger Transportation Co., Ltd.	Associate
Jiangmen Guangjiang High Speed Passenger Transport Co., Ltd.	Associate
Shantou Chaonan Yueyuntiandao Transportation Co., Ltd.	Associate
Guangdong Guangye Yueyun Gas Co., Ltd.	Associate
Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	Associate
Qingyuan Zhongguan Development Co., Ltd.	Associate
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	Associate
Heyuan Yueyun New Energy Co., Ltd.	Associate
Shaoguan Libao Technology Co., Ltd.	Associate
Shaoguan Danxia Tourist Bus Co., Ltd.	Associate
Zhuhai Nanqi Special Cargo Transportation Co., Ltd.	Associate
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	Associate
Guangdong Keying Development Co., Ltd.	Associate
Guangzhou Its Communication Equipment Co., Ltd.	Associate
Guangdong Feida Traffic Engineering Co., Ltd.	Associate
Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	Associate
Zhuhai Yuegong Xinhai Transportation Co., Ltd.	Joint venture
Zhuhai Wanda Hong Kong Zhuhai Macao Bridge Zhuhai Port Passenger Service Co., Ltd.	Associate
Poly Changda Engineering Co., Ltd.	Associate
Huiketong Technology (Zhuhai) Co., Ltd.	Associate
Guangdong Traffic Telecom Co., Ltd.	Associate
Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.	Associate
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	Associate
Shaoguan Yuehong Bus Station Co., Ltd.	Joint venture
Guangdong Nanyue Transportation CNOOC Energy Co., Ltd.	Other significant impact
Guangdong Nanyue Communications Petrochemical Co., Ltd.	Other significant impact
Guangdong Nanyue Transportation PetroChina Energy Co., Ltd.	Other significant impact
Guangdong Nanyue Transportation Shaogan Expressway Management Center	Other significant impact

Name of other related parties	Relationship with the Company
Guangdong Section Management Office of Shaogan Expressway	Other significant impact
Guangdong Jiangzhao Expressway Management Center	Other significant impact
Guangzhongjiang Expressway Project Management Office	Other significant impact
Guangdong Nanyue Transportation Chaozhang Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Qingyun Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Renbo Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Yunzhan Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Longhuai Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Hehuiguan Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Donglei Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Huaiyang Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Dafenghua Expressway Co., Ltd.	Other significant impact
Guangdong Nanyue Transportation Longhuai Expressway Management Center Lianying Management Office	Other significant impact
Guangdong Nanyue Transportation Jiehui Expressway Management Center	Other significant impact
Guangdong Nanyue Transportation Renxin Expressway Preparatory Office	Other significant impact
Guangdong Nanyue Transportation Investment and Construction Co., Ltd.	Other significant impact
Shenzhong Channel Management Center	Other significant impact

4 Related party transactions

(1) For subsidiaries that have control relationship and have been included in the scope of the Group's consolidated statements, their mutual transactions and parent subsidiary transactions have been offset.

(2) Purchasing of goods and receiving of service

Related parties	Current period	Prior period
Poly Changda Engineering Co., Ltd.	5,578,536,181.15	2,078,880,807.23
Guangdong Feida Traffic Engineering Co., Ltd.	79,594,867.68	72,045,778.34
Guangdong Guangye Yueyun Gas Co., Ltd.	39,527,284.49	49,805,849.26
Guangdong Traffic Telecom Co., Ltd.	2,201,384.52	
Guangdong Jingzhu Expressway Guangzhu North	107,017.44	8,918.12
Guangdong Shantou Haiwan Bridge Co., Ltd. 有限公司	747,095.54	758,035.51
Guangdong Province Communications Planning & Design Institute Co., Ltd.	100,839,309.92	110,036,773.07
Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.	4,320.00	4,320.00
Shell Road Solutions Xinyue (foshan) Co., Ltd.	112,582,641.28	130,067,130.45
Zhaoqing Yuezhaoh Highway Co., Ltd.	908,169.93	1,239,047.33

(3) Sales of goods and rendering of service

Related parties	Current period	Prior period
Poly Changda Engineering Co., Ltd.	85,187,976.24	196,876,239.40
Foshan Guangsan Expressway Co., Ltd.	1,423,293.46	264,298.14
Guangdong Panyu Bridge Co., Ltd.	923,630.66	217,339.81
Guangdong Feida Traffic Engineering Co., Ltd.	11,928,617.70	1,072.71
Guangdong Jiangzhao Expressway Management Center	6,183,011.33	4,807,773.43
Guangdong Jingzhu Expressway Guangzhu North	20,047,032.07	17,136,274.80

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Related parties	Current period	Prior period
Guangdong Road Network Digital Media Information Technology Co., Ltd.	490,367.48	463,321.00
Guangdong Shantou Haiwan Bridge Co., Ltd.	497,093.04	758,035.51
Guangdong Shenshan Speedway East Section Co., Ltd.	1,061,752.83	1,013,841.48
Guangdong Nanyue Transportation Chaozhang Expressway Management Center	305,086.30	1,472,595.28
Guangdong Nanyue Transportation Dafenghua Expressway Management Center	180,000.00	2,349.51
Guangdong Nanyue Transportation Donglei Expressway Management Center	3,893,237.49	6,205,281.07
Guangdong Nanyue Transportation Hehuiguan Expressway Management Center	1,565,423.96	716,242.34
Guangdong Nanyue Transportation Jiehui Expressway Management Center	4,987,460.25	4,111,061.82
Guangdong Nanyue Transportation Longhual Expressway Management Center	22,068,109.47	21,968,333.80
Guangdong Nanyue Transportation Qingyun Expressway Management Center	131,599,066.54	3,900,496.14
Guangdong Nanyue Transportation Renbo Expressway Management Center	65,716,711.12	25,754,991.06
Guangdong Nanyue Transportation Renxin Expressway Preparatory Office		135,479.24
Guangdong Nanyue Transportation Shaogan Expressway Management Center	1,386,736.27	778,235.84
Guangdong Nanyue Transportation Investment and Construction Co., Ltd.	4,221,531.25	13,510,240.21
Guangdong Nanyue Transportation Yunzhan Expressway Management Center	8,120,382.26	9,161,347.27
Guangdong Zhongyou Tongyi Energy Sale Co., Ltd.	1,238,938.05	1,400,000.00
Guangxi Xijiang Lingang Chishui Port Co., Ltd.	161,835.49	200,482.34
Guangzhongjiang Expressway Project Management Office	4,331,046.25	4,004,988.69
Guangzhou Northern Second Ring Expressway Co., Ltd.		499,886.58
Guangzhou Yueyun Insurance Gonggu Co., Ltd.		86,518.30
Guangzhou Pearl River Huangpu Daqiao Construction Co., Ltd.	525,930.80	477,302.51
Huishen (Yantian) Expressway Huizhou Co., Ltd.	538,500.02	274,679.24
Jiangmen Jianghe Expressway Co., Ltd.	110,377.36	
Shell Road Solutions Xinyue (foshan) Co., Ltd.	22,837,503.22	10,152,574.35
Express Cross-Border Coach Mgt. Co. Limited	33,118,452.83	34,749,176.74
Shenzhen Yantian Port Holdings Co., Ltd.	2,392,534.74	53,773.58
Shenzhong Channel Management Center		42,766.99
Zhaoqing Yuezhaoh Highway Co., Ltd.	3,403,434.55	3,389,002.84

(4) Interest income

Related parties	Description	Current period	Prior period
Guangdong Province Communications Planning & Design Institute Co., Ltd.	Interest income from issuing loans	2,655,070.75	428,072.60
Total		2,655,070.75	428,072.60

(5) Interest expenses

Related parties	Description	Current period	Prior period
Shenzhong Channel Management Center	Interest expense on deposits	17,207,765.55	12,098,905.20
Guangdong Province Communications Planning & Design Institute Co., Ltd.	Interest expense on deposits	199,113.80	248,899.54
Total		17,406,879.35	12,347,804.74

(6) Deposit transactions with Group Finance Company

Name	Closing balance	Opening balance	Benefits
Guangdong Province Communications Planning & Design Institute Co., Ltd.	154,191,864.83	88,455,564.45	Deposit interest is calculated and charged according to the bank's current deposit interest rate
Shenzhong Channel Management Center	13,712,216.31	922,871,194.60	Deposit interest is calculated and charged according to the bank's current deposit interest rate
Total	167,904,081.14	1,011,326,759.05	

(7) Loans and advances

Name	Closing balance	Opening balance
Guangdong Province Communications Planning & Design Institute Co., Ltd.	57,000,000.00	59,000,000.00
Total	57,000,000.00	59,000,000.00

(8) Guarantee with related parties

As of 31 Dec 2019, the amount of loan guarantee for related parties was RMB 788.625 million. For details, please refer to provision of guarantee in Notes IX to financial statements.

5 Amounts due from/to related parties

(1) Amount due from related parties

Items	Related parties	Closing balance	Opening balance
Accounts receivable	Poly Changda Engineering Co., Ltd.	26,852,189.72	23,986,993.29
	Foshan Guangsan Expressway Co., Ltd.		114,201.05
	Guangdong Panyu Bridge Co., Ltd.	126,239.58	406,879.44
	Guangdong Feida Traffic Engineering Co., Ltd.	5,108,255.48	
	Guangdong Jiangzhao Expressway Management Center	70,741.00	
	Guangdong Jingzhu Expressway Guangzhu North	6,168,200.00	5,280,850.02
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	3,616,135.42	
	Guangdong Shenshan Speedway East Section Co., Ltd.	1,325.19	
	Guangdong Nanyue Transportation Donglei Expressway Management Center	470,603.50	8,006,393.04
	Guangdong Nanyue Transportation Longhuai Expressway Management Center	28,224,076.19	10,311,056.61
	Guangdong Nanyue Transportation Renbo Expressway Management Center	1,188,552.04	11,971,150.86
	Guangdong Nanyue Transportation Shaogan Expressway Management Center	975,787.67	
	Guangdong Nanyue Transportation Investment and Construction Co., Ltd.	1,402,978.75	
	Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.	2,300.00	
	Guangzhongjiang Expressway Project Management Office	180,030.00	

Guangdong Provincial Communications Group Co., Ltd.
For the year ended 31 December 2019
Notes to Consolidated Financial Statements

Items	Related parties	Closing balance	Opening balance
	Guangzhou Northern Second Ring Expressway Co., Ltd.	304,412.40	3,654.14
	Shell Road Solutions Xinyue (foshan) Co., Ltd.		685,321.76
	Express Cross-Border Coach Mgt. Co. Limited	1,947,431.44	1,299,229.85
	Zhaoqing Yuezhaoh Highway Co., Ltd.	447,243.64	4,829.98
Prepayments			
	Poly Changda Engineering Co., Ltd.	383,279,403.79	478,944,633.39
	Guangdong Feida Traffic Engineering Co., Ltd.	3,911,214.00	
	Zhaoqing Yuezhaoh Highway Co., Ltd.	144,703.00	144,702.50
	Shaoguan Libao Technology Co., Ltd.		1,505,070.20
	Guangdong Province Communications Planning & Design Institute Co., Ltd.		440,487.23
Other receivables			
	Poly Changda Engineering Co., Ltd.	12,706,911.08	156,697,790.22
	Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	11,008,962.27	
	Guangdong Feida Traffic Engineering Co., Ltd.	139,150.75	
	Guangdong Guangye Yueyun Gas Co., Ltd.	1,450,000.00	1,759,782.53
	Kwong Fat Through-Bus Co., Ltd (Guangdong)	36,152.83	
	Guangdong Jingzhu Expressway Guangzhou North	6,064.00	6,202.46
	Guangdong Shenshan Speedway East Section Co., Ltd.	12,000.00	28,255,768.01
	Guangdong Nanyue Transportation Donglei Expressway Management Center	1,811,762.00	
	Guangdong Nanyue Transportation Huaiyang Expressway Management Center	800,000.00	
	Guangdong Nanyue Transportation Jichui Expressway Management Center	4,824,975.00	
	Guangdong Nanyue Transportation Longhuai Expressway Management Center	5,409,002.72	
	Guangdong Nanyue Transportation Longhuai Expressway Management Center Yinghuai Management office	198,153.00	
	Guangdong Nanyue Transportation Qingyun Expressway Management Center	7,156,329.93	
	Guangdong Nanyue Transportation Renbo Expressway Management Center	8,081,352.82	
	Guangdong Nanyue Transportation Renbo Expressway Management Center Renxin Management office	50,000.00	2,399,884.80
	Guangdong Nanyue Transportation Shaogan Expressway Management Center	135,694.34	
	Guangdong Nanyue Transportation Yunzhan Expressway Management Center	37,111,469.47	21,349,238.00
	Guangdong Xinkuaitong Intelligent Information Development Co., Ltd.	2,001,903.69	
	Guangzhongjiang Expressway Project Management Office	82,000.00	
	Jiangmen Jianghe Expressway Co., Ltd.	2,539.20	
	Shantou Chaonan Yueyuntiandao Transportation Co., Ltd	1,867,229.02	
	Shantou Chaoyang Yueyuntiandao Transportation Co., Ltd.	1,081,223.65	
	Shantou Automotive Passenger Transportation Center Station Co., Ltd.	4,221,868.79	
	Zhaoqing Yuezhaoh Highway Co., Ltd.	431,442.48	437,463.87
Long-term receivables			
	Huishen (Yantian) Expressway Huizhou Co., Ltd.	113,048,085.30	113,048,085.30
	Guangxi Xijiang Lingang Chishui Port Co., Ltd.	39,098,262.85	33,327,182.90
Interest receivables			
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	82,729.17	85,631.95

Items	Related parties	Closing balance	Opening balance
Dividend receivables			
	Guangdong Yuepu Microfinance Co., Ltd.	6,000,000.00	

(2) Amount due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable			
	Poly Changda Engineering Co., Ltd.	463,774,113.58	605,552,451.23
	Guangdong Feida Traffic Engineering Co., Ltd.	32,467,491.35	33,464,194.00
	Guangdong Guangye Yueyun Gas Co., Ltd.	1,574,031.72	
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	13,034,864.36	20,534,419.63
	Guangdong Yue Huahui Business Management Limited	2,750,965.74	
	Guangzhongjiang Expressway Project Management Office	28,000,000.00	
	Shell Road Solutions Xinyue (foshan) Co., Ltd.	32,015,554.59	33,038,899.11
	Zhaoqing Yuezhaoh Highway Co., Ltd.		151,712.32
Other payables			
	Poly Changda Engineering Co., Ltd.	789,096,123.94	1,025,572,608.33
	Foshan Guangsan Expressway Co., Ltd.		164,898,882.89
	Guangdong Feida Traffic Engineering Co., Ltd.	20,302,458.93	20,781,646.78
	Guangdong Jingzhu Expressway Guangzhu North		9,327.00
	Guangdong Nan Yue Tong Transportation Network Center Co., Ltd.	200,355.64	
	Guangdong Shenshan Speedway East Section Co., Ltd.	15,535.80	
	Guangdong Province Communications Planning & Design Institute Co., Ltd.	2,650,440.87	8,238,278.63
	Guangdong Nanyue Transportation Chaozhang Expressway Management Center		282.67
	Guangdong Nanyue Transportation Qingyun Expressway Management Center		1,000,000.00
	Guangdong Nanyue Transportation Renbo Expressway Management Center		225.79
	Guangdong Nanyue Transportation Shaogan Expressway Management Center		546.89
	Guangdong Nanyue Transportation Investment and Construction Co., Ltd.	1,999,414.86	1,297,724.00
	Guangdong Nanyue Transportation Yunzhan Expressway Management Center	3,039,695.00	3,040,516.38
	Guangzhongjiang Expressway Project Management Office	200,000.00	
	Guangzhou Its Communication Equipment Co., Ltd.	291,460.00	
	Guangzhou Yueyun Insurance Gonggu Co., Ltd.		66,878.00
	Huiketong Technology (Zhuhai) Co., Ltd.	2,332,986.39	
	Jiangmen Jianghe Expressway Co., Ltd.	3,194,954.79	14,927,346.99
	Luoding Luochong First Class Highway Co., Ltd.	21,072,532.44	
	Shaoguan Yuehong Bus Station Co., Ltd.	2,000,000.00	
	Shenzhen Yantian Port Holdings Co., Ltd.		391.36
	Zhanjiang Langtao Engineering Co., Ltd.	16,673,494.15	16,673,494.15
	Guangdong Zhongyuetong Oil operate Co., Ltd.	1,038,000.00	1,028,000.00
Advances from customers			
	Poly Changda Engineering Co., Ltd.		6,600,275.03

XII. RELATED PARTIES AND TRANSACTIONS

1 Bonds issuance

(1) Corporate bonds

- (a) In 2005, the company issued corporate bond (05 Yue Transportation Bond) of RMB 1.5 billion, with a coupon rate of 5.3% and a bond term of 15 years. The funds were used for the investment and construction of Yuegan expressway, Yuzhan Expressway and Guangyun Expressway, and have been paid in this year.
- (b) In 2002, according to the “Reply of the National Development and Reform Commission on the Approval of Guangdong Expressway Co., Ltd. to Issue Corporate Bond in 2010” (Fagai Caijing [2010] No. 1342), the subsidiary Guangdong Expressway Co., Ltd. publicly issued corporate bond (10 Guangdong Expressway Bond) of RMB 2 billion, with an annual coupon rate of 4.68% and a term of 15 years. The funds will be used for the construction of Yangyang Expressway and Zhanxu Expressway projects.
- (c) In 2010, the subsidiary Guangdong Highway Construction Co., Ltd. issued RMB 2 billion of corporate bonds (10 Yue Lujian Bond), with a coupon rate of 4.65% per annum and a bond term of 15 years. The funds are used for the investment and construction of South Ring section and Boshen projects.
- (d) In 2012, according to the “Reply of the National Development and Reform Commission on the Approval of Guangdong Expressway Co., Ltd. to Issue Company Bond in 2012” (Fagai Caijing [2012] No. 1020), the subsidiary Guangdong Expressway Co., Ltd. publicly issued company bond (12 Guangdong Expressway Bond) of RMB 1.5 billion, with an annual coupon rate of 5.36% and a term of 15 years on 26 June 2012. The funds will be used for the construction of Zhaohua Expressway project.
- (e) In 2013, the subsidiary Guangdong Highway Construction Co., Ltd. issued RMB 2 billion of corporate bonds (13 Yue Lujian Bond), with a coupon rate of 5.44% per annum and a bond term of 15 years. The funds are used for the investment and construction of Luoyang and Jiangluo projects.
- (f) In 2014, according to the “Reply of the National Development and Reform Commission on the Approval of Guangdong Expressway Co., Ltd. to Issue Company Bond in 2014” (Fagai Caijing [2014] No. 767), the subsidiary Guangdong Expressway Co., Ltd. publicly issued company bond (14 Guangdong Expressway Bond) of RMB 2 billion, with an annual coupon rate of 5.40% and a term of 15 years in 2014. The funds will be used for the construction of Guangdong section of Baomao Expressway project.

- (g) In 2014, according to the "Reply of the National Development and Reform Commission on the Approval of Guangdong Road and Bridge Construction Development Co., Ltd. to Issue Company Bond in 2014" (Fagai Caijing [2014] No. 1356), the subsidiary Guangdong Road and Bridge Construction Development Co., Ltd. publicly issued company bond (15 Yue Luqiao Bond) of RMB 2 billion, with an annual coupon rate of 5.18% and a term of 15 years in 2014. The funds will be used for the construction of Erguang Expressway project.
- (h) In 2015, the subsidiary Guangdong Highway Construction Co., Ltd. obtained the "Approval on the public Issuance of Bonds by Guangdong Highway Construction Co., Ltd. to Qualified Investors" of the China Securities Regulatory Commission (hereinafter referred to as "CSRC") (Zhengjian Xuke [2015] No. 1508), and issued RMB 1.5 billion of Yue Lujian Bond bond on 11 Dec, 2015, with a term of 15 years and an annual coupon rate of 4.25%. The funds will be used for the construction of Humen Erqiao Expressway project.
- (i) On 28 Sept 28, 2015, Yueyun Company publicly issued 2014 company bond (phase I). The bond is referred to as "14 Yueyun 01 bond" for short. The amount of the first phase is RMB 400 million with a term of 7 years. The principal and interest repayment method is simple and annual interest, interest payment is once a year, principal repayment once at maturity, and the coupon rate is 4.20%; 2014 company bond (phase II) were publicly issued on 17 Dec 2015, which is referred to as "14 Yueyun 02 bonds". The amount of the second phase is RMB 380 million, with a term of 5 years. The funds will be used to supplement working capital
- (j) In 2016, the subsidiary Guangdong Expressway Co., Ltd. obtained the "Approval on the public Issuance of Bonds by Guangdong Expressway Co., Ltd. to Qualified Investors" of the CSRC (Zhengjian Xuke [2015] No. 2545), and issued RMB 2 billion of 16 Yue Gao 01 Bond on 16 June 2016, with a term of 15 years and an annual coupon rate of 4.10% as well as RMB 1 billion of 16 Yue Gao 02 Bond on 11 Aug 2016, with a term of 15 years and an annual coupon rate of 3.57%.The funds will be used for the construction of Chaohui Expressway project.
- (k) In 2016, the subsidiary Guangdong Road and Bridge Construction Development Co., Ltd. obtained the "Approval on the public Issuance of Bonds by Guangdong Road and Bridge Construction Development Co., Ltd. to Qualified Investors" of the CSRC (Zhengjian Xuke [2015] No. 2716), and issued RMB 3 billion of 2016 Yue Bridge 01 Bond on 12 July 2016, with a term of 15 years and an annual coupon rate of 4% as well as RMB 2 billion of 2016 Yue Bridge 02 Bond on 23 Sept 2016, with a term of 15 years and an annual coupon rate of 3.69%.The funds will be used for the construction of Shanzhan and Ninghua projects.
- (l) In 2016, the subsidiary Guangdong Expressway Co., Ltd. obtained the "Approval on the public Issuance of Bonds by Guangdong Expressway Co., Ltd." of the CSRC (Fagai Company Bond [2018] No. 120), and issued RMB 1 billion of 18 Guangdong Expressway 01 Bond (2018 Guangdong Expressway Co., Ltd. Company Bond Phase I) on 13 Dec 2018, with an annual coupon rate of 4.65%.

- (m) In 2018, the subsidiary Guangdong Road and Bridge Construction Development Co., Ltd. obtained the "Approval on the public Issuance of Bonds by Guangdong Road and Bridge Construction Development Co., Ltd. to Qualified Investors" of the CSRC (Zhengjian Xuke [2018] No. 140), and completed the issuance of corporate bonds with a term of 15 years and an amount of RMB 2 billion in two phases on 16 Aug 2018 and 20 Nov 2018. The amount and interest rate of the two phases of corporate bonds are RMB 500 million, fixed interest rate of 4.90%, RMB 1.5 billion and fixed interest rate of 4.70%, respectively. The bonds are abbreviated as "2018 Yue Bridge 01" and "2018 Yue Bridge 02".
- (n) In 2019, the subsidiary Guangdong Expressway Co., Ltd. obtained the "Approval on the public Issuance of Bonds by Guangdong Expressway Co., Ltd." of the National Development and Reform Commission (Fagai Company Bond [2018] No. 120). On 31 July 2019, the subsidiary Guangdong Expressway Co., Ltd. issued RMB 2 billion of Company bond (phase I) of 2019 Guangdong Expressway Co., Ltd., with a coupon rate of 4.59% and a term of 15 years. The bond is referred to as "19 Guangdong Expressway Bond 01", of which RMB 1.333 billion of Zihui project has been allocated for project construction in this phase.
- (o) In 2019, the subsidiary Guangdong Highway Construction Co., Ltd. issued company bond¹ (19 Yue Lujian Bond) of RMB 2 billion on 31 July 2019, with an annual interest rate of 4.62% and a bond term of 15 years. The company shall provide full unconditional and irrevocable joint and several liability guarantee for the bond.

(2) Issuance of medium-term notes

- (a) On 29 Jan 2013, the company issued the first medium-term note of Guangdong Provincial Communication Group Co, Limited in 2013 (hereinafter referred to as "13 Yue Transportation MTN1"). The medium-term note is unsecured, with an actual issue of RMB 500 million, a coupon rate of 5.59% and a term of 15 years. The funds are used for the investment and construction of Pingxing Expressway.
- (b) On 24 April 2013, the company issued the second medium-term note of Guangdong Provincial Communication Group Co, Limited in 2013 (hereinafter referred to as "13 Yue Transportation MTN2"). The medium-term note is unsecured, with an actual issue of RMB 1.5 billion, a coupon rate of 5.39% and a term of 15 years. The funds are used for the investment and construction of Pingxing Expressway and Chaohui Expressway.
- (c) On 12 My 2014, the subsidiary Guangdong Road and Bridge Construction Development Co., Ltd. issued the first phase of 2014 medium-term note (hereinafter referred to as "14 Yue Luqiao MTN001"). The actual issuance is RMB 1 billion, the coupon rate is 6.3%, the term is 10 years (7 + 3), the interest is paid annually, and the company provides unconditional and irrevocable joint and several liability guarantee.

- (d) On 1 Mar 2019, the subsidiary Guangdong Provincial Expressway Development Co., Ltd. issued the first phase of 2019 medium-term note (hereinafter referred to as "19 Yue Expressway MTN001"). The actual issuance is RMB 680 million, the coupon rate is 4.00%, and the term is 5 years. The raised funds are used to repay loans and supplement working capital.

2 Yuecai Company increased capital and shares by RMB 15 billion to some expressway projects of the company

In 2014, according to "The Work Plan on Accelerating the Construction of Important Infrastructure in the Province" (2013-2015) (Yuefa [2013] No. 30) issued by the People's Government of Guangdong Province, the People's Insurance Corporation of China (hereinafter referred to as "PICC") and the People's Government of Guangdong Province reviewed and approved "The Operation Plan of Provincial Expressway Construction Capital of RMB 15 Billion", Guangdong Yuecai Investment Holding Co., Ltd. (hereinafter referred to as "Yuecai Company") and the Company signed the agreement on capital increase and share expansion on 14 May 2014. In order to meet the capital needs of transportation infrastructure construction in Guangdong Province, each party decided to establish "The Insurance Capital Infrastructure Debt Investment Plan" initiated by PICC Capital Investment Management Co., Ltd. (hereinafter referred to as "PICC"), After being approved and registered by CIRC, PICC raised funds and lent them to Yuecai Company (raising RMB 15 billion). Yuecai Company invested the funds in relevant secondary enterprises of the company in the form of equity investment for the construction of some expressway projects, and the Company repurchased the equity invested by Yuecai Company. The Company will pay to Yuecai Company in instalments after receiving the funds allocated by the provincial finance, and provide full unconditional and irrevocable joint and several liability guarantee for the insurance fund infrastructure debt investment plan. The project has been approved by the provincial SASAC with the "reply on approving Guangdong Yuecai Investment Holding Co., Ltd. to increase capital and shares by RMB 15 billion to the Company's affiliated enterprises" (Yue Guozi Han [2014] No. 397).

In 2016, Yuecai Company made a total investment of 15 RMB billion. According to the capital increase agreement signed between Yuecai Company and the Company, the profit distribution right of Yuecai Company to the above subsidiaries is enjoyed by the Company, that is, the Company enjoys 100% of the voting rights of the above subsidiaries.

3 Hong Kong-Zhuhai-Macao Bridge CB04 Bid Project of Changda Company

According to "The Reply on Capital Increase and Share eExpansion of Guangdong Changda Highway Engineering Co., Ltd." (Yue Guozi Han [2018] No. 615) issued by The State Owned Assets Supervision and Administration Commission of the People's Government of Guangdong Province", and "The Notice on Clarifying the Relevant Assets and Liabilities of Hong Kong-Zhuhai-Macao CB04 Bid Not Included in the Scope of System Reform and Innovation" (Yue Jiaoji Cai [2018] No. 57) issued by Guangdong Provincial Communication Group Co, Limited, the relevant assets and external liabilities of Bid CB04 of Guangdong Changda Highway Engineering Co., Ltd. (now renamed Poly Changda Engineering Co., Ltd., hereinafter referred to as "Changda Company") are not included in the scope of system reform and innovation, and the equity corresponding to the difference between assets and external liabilities is enjoyed by Guangdong

Provincial Communication Group Co, Limited. After the base date, the relevant interests of Bid CB04 of Hong Kong-Zhuhai-Macao Bridge are fully enjoyed by the Group.

On 18 Aug 2018, Article 13 of the "Capital Increase Agreement on Guangdong Changda Highway Engineering Co., Ltd." signed by Changda company, the Company, Poly International Holdings Co., Ltd. and Poly Southern Group Co., Ltd. : Assets and external debts formed by the base date of the project of CB04 contract section of Hong Kong-Zhuhai-Macao Bridge undertaken by Changda Company (i.e. liabilities of units outside the scope of consolidated financial statements) are not included in the scope of this capital increase, the rights and interests corresponding to the assets and external debts of the project and the relevant rights and interests of the project after the base date are all enjoyed and assumed by the Group, and the contractual obligations of the project are still performed and assumed by the Changda Company. In August 2018, the Changda Company completed the capital increase and share expansion, and the Hong Kong-Zhuhai-Macao Bridge project was stripped off Changda Company and was incorporated into the Group. On 15 May 2018, according to "The Special Audit Report on Assets and Capital Verification of Guangdong Changda Highway Engineering Co., Ltd." (Ruihua Zhuanshen Zi [2018] No. 44070002) issued by Ruihua Certified Public Accountants (Special General Partnership), on the base date of 31 May 2017, the total net assets of Hong Kong-Zhuhai-Macao Bridge CB04 project were RMB 856,414,663.28.

4 Transfer of property and right of highway of Ying (De) Fo (Gang) class I Highway in Qingyuan

According to "The Notice on Promoting the Cancellation of Ordinary Highway Tolls" (Yue Jiaofei Han [2017] No. 2286) issued by The Department of transportation of Guangdong Province and The Development and Reform Commission of Guangdong Province, since 24:00 on 31 Dec 2017, the tolls of 10 ordinary highway projects, including the Shijiao toll station of Ying (De) Fo (Gang) Class I Highway under the name of Yueying, will be suspended and the toll stations set by them will be cancelled. The compensation scheme involved in the cancellation of toll stations is still under negotiation.

In order to ensure that the highway operation maintains a good technical condition and clarifies the management and maintenance responsibilities, after consultation with Qingyuan Transportation Bureau, the Company transfers the road property, road right and service facilities of Qingyuan Ying (De) Fo (Gang) Class I Highway to Yingde Highway Administration Bureau and Fogang Highway Administration Bureau respectively. The company's responsibilities for daily maintenance, special maintenance and management of Ying (De) Fo (Gang) Class I Highway in Qingyuan shall be terminated from 24:00 on 31 Dec 2017. Yingde Highway Administration Bureau and Fogang Highway Administration Bureau agree to take over the road property right of Qingyuan Ying (De) Fo (Gang) Class I Highway from 0:00 on 1 Jan 2018, and undertake the daily maintenance, special maintenance, management and other responsibilities of the section.

5 Land use requirements of Xindun and Nanan village, Xintang Town, Zengcheng District, Guangzhou

On 25 Dec 2019, Zhentong Company of the Group signed a land transfer contract (electronic supervision No.: 4401832019B00974) with Guangzhou Municipal Bureau of Planning and Natural Resources, and transferred 199781.98 square meters of class II residential land (R2) with parcel No. 83101203A19206 in

Xindun and Nanan village, Xintang Town, Zengcheng District, Guangzhou. According to the contract, the Company is responsible for the construction of the following projects and bears the corresponding construction costs:

1. Invest in and be responsible for the construction of Nanjian road reconstruction project, national highway 107 reconstruction project, and new municipal buildings in the east and south of the plot road project, Shanggai park extension connecting subway Shacun station, Xintang Avenue greenway project and its ancillary facilities, etc. The transformation scheme shall be subject to the final approval scheme of the competent transportation department. After the completion of the project, the relevant assets shall be handed over to the government department free of charge, and the government department shall be responsible for the subsequent maintenance and management;
2. Invest in and be responsible for the construction of Xintang interchange reconstruction project of Guangshen Expressway (including maintenance and repair costs during the defect liability period), and hand it over to Guangshenzhu Expressway Co., Ltd. free of charge after completion and acceptance;
3. Invest in and be responsible for the construction of Xintang overpass air park project of Guangshen Expressway (hereinafter referred to as "Xintang overpass air park project"), and cover the main structure and auxiliary facilities (including Expressway ventilation, lighting, fire-fighting and other facilities caused by the main structure of overpass) after completion and acceptance. Also landscape projects shall be handed over to the government department free of charge, and the government department shall be responsible for subsequent maintenance and management.

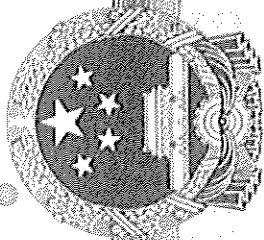
XIII. APPROVAL OF FINANCIAL STATEMENTS

The financial statement was approved by the Board of Directors of the Company.

Guangdong Provincial Communications Group Co., Ltd.

29 April 2020





营业执照

统一社会信用代码

91310101568093764U

证照编号: 01000000202107140026



扫描二维码
“国家企业信用信息公示系统”
了解更多登记、备案信息。

(副本)

名称 立信会计师事务所 (特殊普通合伙)

成立日期 2011年01月24日

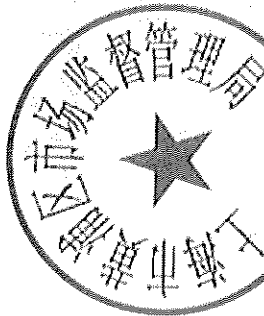
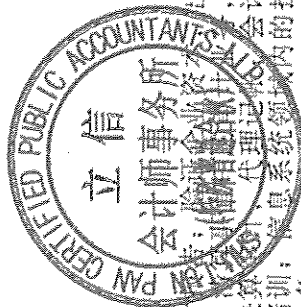
类型 特殊普通合伙企业

合伙期限 2011年01月24日至不约定期限

执行事务合伙人 朱建弟, 杨志国

主要经营场所 上海市黄浦区南京东路61号四楼

经营范围 审查企业会计报表,出具审计报告;验证企业资本,出具验资报告;办理企业合并、分立、清算等事务中的有关审计、鉴证、资产评估、资产核实、公允价值计量等活动;提供财务管理咨询、税务管理咨询、法律事务咨询;依法须经批准的项目,经相关部门批准后方可开展经营活动



登记机关

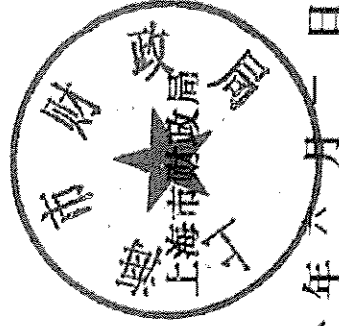
2021年07月14日

证书序号: 0001247

说明

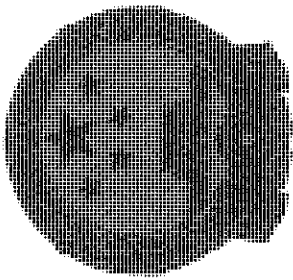
- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关:



二〇一八年六月二日

中华人民共和国财政部制



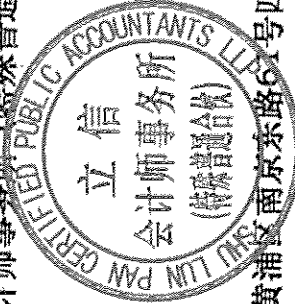
会计师事务所 执业证书

名称: 立信会计师事务所(特殊普通合伙)

首席合伙人: 朱建弟

主任会计师:

经营场所: 上海市黄浦区南京东路611号四楼



组织形式: 特殊普通合伙制

执业证书编号: 310000096

批准执业文号: 沪财会〔2000〕26号(转制批文 沪财会[2010]82号)

批准执业日期: 2000年6月13日(转制日期 2010年12月31日)

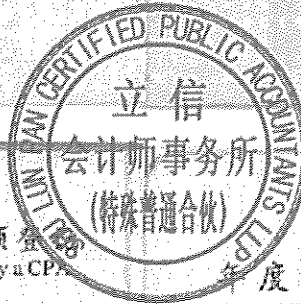
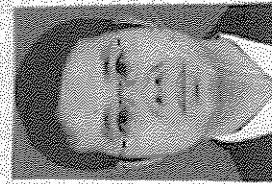
证书编号:
No. of Certificate 440400010003

批准注册协会:
Authorized Institute of CPAs 广东省注册会计师协会

发证日期: 一九九四年四月二十一日
Date of Issuance 1994/4/21

2011年4月30日换发

姓名	杜小强
Sex	男
出生日期	1966-10-07
Date of birth	1966-10-07
工作单位	立信大华会计师事务所有限公司
Working unit	立信大华会计师事务所有限公司珠海分所
身份证号码	440401196610076115
Identity card No.	440401196610076115



注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

立信大华会计师事务所
珠海分所

事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs
2011年7月25日

同意调入
Agree the holder to be transferred in

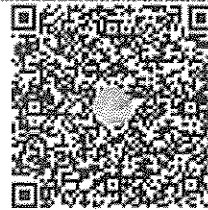
立信会计师事务所
珠海分所

事务所
CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs
2011年7月25日

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.



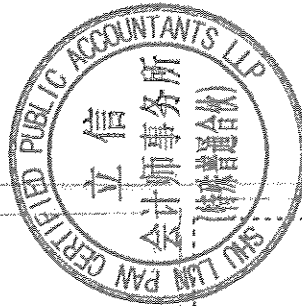
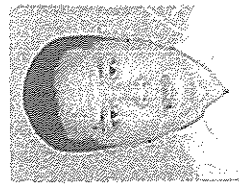
杜小强(440400010003), 已通过广东省注册会计师协会2020年任职资格检查。通过文号: 粤注协(2020)132号。



年度注册
2011年7月25日



姓名	姜于
Sex	男
出生日期	1977-02-01
工作单位	立信会计师事务所
Working unit	立信会计师事务所
身份证号码	440502197702012017
Identity card No.	



姜于(110001540017), 已通过广东省注册会计师协会2020年任职资格检查。通过文号: 粤注协(2020)132号。



110001540017

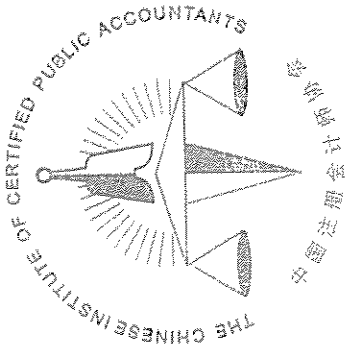
证书编号: 110001540017
No. of Certificate

批准注册协会: 广东省注册会计师协会
Authorized Institute of CPAs

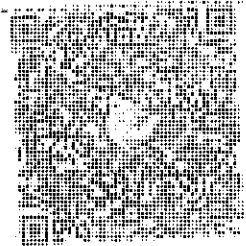
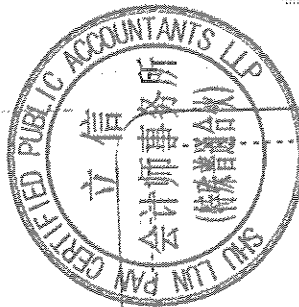
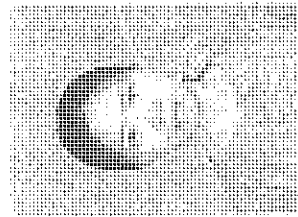
发证日期: 2001 年 12 月 11 日
Date of Issuance /y /m /d

2020 年 9 月换发

年 月 日
/y /m /d



姓名	昌宇颖
Sex	女
Date of birth	1981-05-07
Working unit	立信会计师事务所(特殊普通合伙)
Identity card No.	广东分所 513624198105074886



昌宇颖(310000061516), 已通过广东省注册会计师协会2020年任职资格检查。通过文号: 粤注协(2020)132号。



310000061516

证书编号:
No. of Certificate

310000061516

批准注册协会:
Authorized institute of CPAs

广东省注册会计师协会

发证日期:
Date of Issuance

2017 年 12 月 14 日

年 月 日

ISSUER

Xin Yue Company Limited
 (新粵有限公司)
 Unit 1–2, 18/F 118 Connaught Road West
 Sai Ying Pun
 Hong Kong

GUARANTOR

**Guangdong Provincial Communications
 Group Co., Ltd**
 (廣東省交通集團有限公司)
 Room 605, No. 83 and 85, Baiyun Road
 Yuexiu District, Guangzhou
 Guangdong, PRC

TRUSTEE

Bank of Communications Trustee Limited
 1/F., Far East Consortium Building
 121 Des Voeux Road
 Central, Hong Kong

**PRINCIPAL PAYING AGENT, REGISTRAR
 AND
 TRANSFER AGENT**

**Bank of Communications Co., Ltd. Hong
 Kong Branch**
 20 Pedder Street
 Central
 Hong Kong

LEGAL ADVISERS TO THE ISSUER AND GUARANTOR*As to English law and Hong Kong law*

Linklaters
 11/F Alexandra House
 Chater Road
 Hong Kong

As to PRC law

Jingtian & Gongcheng
 34th Floor, Tower 3
 China Central Place
 77 Jianguo Road
 Beijing, China

LEGAL ADVISERS TO THE JOINT LEAD MANAGERS*As to English law*

King & Wood Malleons
 13th Floor Gloucester Tower
 The Landmark
 15 Queen's Road Central
 Hong Kong

As to PRC law

King & Wood Malleons
 25/F, Guangzhou CTF Finance Centre
 No. 6 Zhujiang East Road
 Zhujiang New Town, Tianhe District
 Guangzhou, China

LEGAL ADVISERS TO THE TRUSTEE*As to English law*

Jun He Law Offices
 Suite 3701–10, 37/F
 Jardine House
 1 Connaught Place
 Central, Hong Kong

AUDITORS OF THE ISSUER

*For the years ended
31 December 2018 and 2019*

**GP Certified Public
Accountants
(Special General
Partnership)**
(廣東正中珠江會計師事務所
(特殊普通合夥))
10/F, Guangdong Holdings
Tower
555 DongFeng Road East
Guangzhou, Guangdong
P.R.C

*For the year ended
31 December 2020*

**Zhongzhun Certified Public
Accountants (Special General
Partnership) Guangdong
Branch**
(中准會計師事務所
(特殊普通合夥)廣東分所)
23/F, Jianhe Centre
111 Tiyu West Road
Guangzhou, Guangdong
P.R.C

*For the nine months ended
30 September 2021*

**BDO China Shu Lun Pan
Certified
Public Accountants LLP**
(立信會計師事務所
(特殊普通合夥))
4/F, No. 61
East Nanjing Road
Huangpu District, Shanghai
P.R.C

AUDITORS OF THE GUARANTOR

BDO China Shu Lun Pan Certified Public Accountants LLP
(立信會計師事務所(特殊普通合夥))

4/F, No. 61
East Nanjing Road
Huangpu District, Shanghai
P.R.C