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

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

**(Stock Code: 00177)**

**PRELIMINARY ANNOUNCEMENT 2021 ANNUAL RESULTS**

The contents of this announcement are disclosed pursuant to Rule 13.49(1) and Paragraph 45 to Appendix 16 of the Hong Kong Listing Rules.

**I. IMPORTANT NOTICE**

- (I) The board of directors, the supervisory committee and the directors, supervisors and senior management of Jiangsu Expressway Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) warrant that there are no false representations or misleading statements contained in, or material omissions from, this announcement; and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the contents of this announcement.

The contents of this announcement are extracted from the full text of the annual report, which will be posted on the websites of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)), the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.jsexpressway.com](http://www.jsexpressway.com)). Investors should read the full text of the annual report carefully for details.

(II) All directors attended the board meeting.

(III) The audit committee of the Company has reviewed and confirmed the full text and summary of the annual report for the year ended 31 December 2021. KPMG has issued a standard unqualified auditor's report for the Company. The annual financial statements of the Company has been prepared in accordance with the Accounting Standards for Business Enterprises of the PRC and is in compliance with the disclosure requirements under the Hong Kong Companies Ordinance and the Hong Kong Listing Rules.

**(IV) Company profile**

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

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(V) **Unless otherwise specified, the financial figures involved in this annual report are expressed in RMB.**

(VI) **For the items and company abbreviation involved in this announcement, please refer to Section X of this announcement.**

(VII) **In this report, there may be a tail difference between the sum of individual data and the number of related data, which is caused by rounding when calculating data.**

## **II. PROFIT DISTRIBUTION PLAN**

During the Reporting Period, the Company realized a net profit attributable to the shareholders of the Company of RMB4,178,794,000 and earnings per share was approximately RMB0.8295. The board of directors of the Company proposed to distribute cash dividends of RMB0.46 per share (tax inclusive) in favour of all shareholders based on the total share capital of the Company of 5,037,747,500 shares. The proposed dividends are expected to be paid on 5 August 2022.

## **III. PRINCIPAL BUSINESSES OR OVERVIEW OF PRODUCTS DURING THE REPORTING PERIOD**

Established on 1 August 1992 in the Jiangsu Province of the People's Republic of China, the Company is principally engaged in the investment, construction, operation and management of toll roads and bridges in the Jiangsu Province, also actively exploring and venturing into the financial industry with transportation plus and industry promotion with finance, aiming to achieve sustainable development of the Group. As at 31 December 2021, the Group directly owned six wholly-owned subsidiaries, four subsidiaries and invested in twelve joint ventures, with total assets of approximately RMB67,662 million and net assets of approximately RMB35,360 million.

The Group's operating areas are located in the Yangtze River Delta, which is the most economically vibrant region in the PRC. The road and bridge projects owned or invested by the Group involve the roads and bridges serving as the major transport corridors linking roads stretching east-to-west and south-to-north across the Jiangsu Province. The vibrant economy in the region leads to hectic traffic. The Jiangsu Section of Shanghai-Nanjing Expressway, being the Group's core assets, links six large and medium cities namely Shanghai, Suzhou, Wuxi, Changzhou, Zhenjiang and Nanjing, and is one of the busiest expressways in the PRC. Apart from the Jiangsu section of Shanghai-Nanjing Expressway, the Group also owns the entire or partial interests of other toll roads and bridges located in the Jiangsu Province, including Ningchang Expressway, Zhenli Expressway, Guangjing Expressway, Xicheng Expressway, Xiyi Expressway, Zhendan Expressway, Wufengshan Toll Bridge, Jiangyin Bridge and Sujiahang Expressway, etc. As at 31 December 2021, 17 road and bridge projects were directly operated and invested by the Group, and over 910 kilometers of the roads and bridges open to traffic were owned or invested by the Group.



## V. MAJOR FINANCIAL DATA FOR 2021 BY QUARTERS

*Unit: Yuan Currency: RMB*

	Q1 (January - March)	Q2 (April - June)	Third quarter (July - September)	Q4 (October - December)
Operating revenue	2,392,460,566.03	2,669,304,145.97	2,597,636,052.81	3,184,357,143.27
Net profit attributable to shareholders of the Company	1,144,186,487.95	1,535,142,754.96	1,108,976,313.17	390,488,940.63
Net profit attributable to the shareholders of the Company, net of non-recurring profit or loss	1,133,760,046.59	1,256,141,700.11	1,042,538,210.92	246,383,260.50
Net cash flow from operating activities	1,037,934,638.41	1,561,654,700.52	1,546,869,666.41	1,320,806,530.35

*Note:* Operating revenue for the Reporting Period does not include the revenue from construction services recognized by the Company as a result of the implementation of Accounting Standards for Enterprises No. 14.

## VI. SHARE CAPITAL AND SHAREHOLDERS

### (I) Shareholders of ordinary shares and shareholding of the top ten shareholders

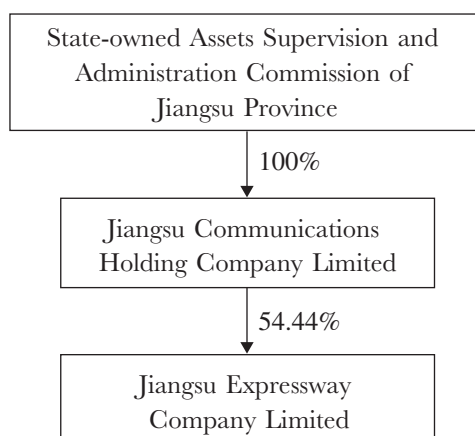
*Unit: Share*

Name of shareholder (full name)	Change during the Reporting Period	Shareholdings of top ten shareholders		Number of shares with sales restrictions held	Pledged or frozen		Type of shareholder
		Number of shares held as at the end of the Reporting Period	Percentage (%)		Status of shares	Number	
Total number of shareholders as at the end of the Reporting Period (Number of shareholders of H Shares: 403 (inclusive))		32,781					
Total number of ordinary shareholders as at the end of last month before the date of disclosure of the annual report (Number of shareholders of H Shares: 402 (inclusive))							29,643
Jiangsu Communications Holding Company Limited	-	2,742,578,825	54.44	-	Nil	-	State-owned legal person
China Merchants Expressway Network & Technology Holdings Co., Ltd.	-	589,059,077	11.69	-	Nil	-	State-owned legal person
Mitsubishi UFJ Financial Group, Inc.	11,658,000	146,754,597	2.91	-	Unknown	-	Foreign legal person
BlackRock, Inc.	-13,385,534	132,683,158	2.63	-	Unknown	-	Foreign legal person
JP Morgan Chase & Co.	-11,518,915	97,299,132	1.93	-	Unknown	-	Foreign legal person
Citigroup Inc.	-555,061	73,160,140	1.45	-	Unknown	-	Foreign legal person
China Merchants Bank – SSE Dividend Trading Open Index Securities Investment Fund	15,930,488	31,127,245	0.62	-	Unknown	-	Others
China Galaxy Asset Management Co., Ltd.	-	21,410,000	0.42	-	Unknown	-	State-owned legal person
CPLI Stock Dividend Product (Shou Zi Ying) Entrusted Investment (Yangtze River Pension) (中國太平洋人壽股票紅利型產品 (壽自營) 委託投資 (長江養老))	-	12,500,000	0.25	-	Unknown	-	Others
ICBCCS Logistics Industry Equity Securities Investment Fund	9,619,200	9,619,200	0.19	-	Unknown	-	Others

### Shareholdings of top ten shareholders without being imposed on sales restrictions

Name of shareholder	Number of shares in circulation without sales restrictions	Class and number of shares	
		Class	Number
Jiangsu Communications Holding Company Limited	2,742,578,825	RMB-denominated ordinary shares	2,742,578,825
China Merchants Expressway Network & Technology Holdings Co., Ltd.	589,059,077	RMB-denominated ordinary shares	589,059,077
Mitsubishi UFJ Financial Group, Inc.	146,754,597	Oversea-listed foreign shares	146,754,597
BlackRock, Inc.	132,683,158	Oversea-listed foreign shares	132,683,158
JP Morgan Chase & Co.	97,299,132	Oversea-listed foreign shares	97,299,132
Citigroup Inc.	73,160,140	Oversea-listed foreign shares	73,160,140
China Merchants Bank – SSE Dividend Trading Open Index Securities Investment Fund	31,127,245	RMB-denominated ordinary shares	31,127,245
China Galaxy Asset Management Co., Ltd.	21,410,000	RMB-denominated ordinary shares	21,410,000
CPLI Stock Dividend Product (Shou Zi Ying) Entrusted Investment (Yangtze River Pension) (中國太平洋人壽股票紅利型產品 (壽自營) 委託投資 (長江養老))	12,500,000	RMB-denominated ordinary shares	12,500,000
ICBCCS Logistics Industry Equity Securities Investment Fund	9,619,200	RMB-denominated ordinary shares	9,619,200
Illustration on the related party/connected relationship or acting-in-concert arrangement with respect to the above shareholders	(1) The Company is not aware of the existence of related relationship or acting-in-concert arrangement with respect to the above shareholders; (2) During the Reporting Period, none of the related parties, strategic investors of the Company and general legal persons became the top ten shareholders of the Company because of placing of new shares; and (3) The number of shares of H shareholders is based on the record of the register kept according to the Securities and Futures Ordinance of Hong Kong.		
Illustration on the preference shareholders with voting rights restored and the shareholding thereof	Nil.		

**(II) Flowchart of the shareholding and controlling relationship between the Company and the de facto controller**



**VII. DISCUSSION AND ANALYSIS OF THE OPERATIONS**

**(I) Discussion and analysis of the operations of the Company**

2021 is the first year of the new development journey of the “14th Five-Year Plan”, constructing a new development pattern of “giving priority to domestic circulation and promoting positive interplay between domestic circulation and international circulation”. Facing the new development environment and situation, the Company took the initiative to adapt to the new normal, focused on the development of the main business, and improved quality and efficiency; explored transportation plus with stability and improvement; the Company promoted financial investment, strengthened production with financing, and achieved steady and strong pace of high-quality development, with all operating indicators significantly improved.

As at the end of 2021, the Company’s total assets amounted to RMB67.662 billion, and net assets attributable to shareholders of the Company amounted to RMB30.230 billion. During the Reporting Period, the Company achieved operating income of RMB13.793 billion, representing a year-on-year increase of 71.71%, realizing a total profit of RMB5.420 billion, representing a year-on-year increase of 67.60%, and net profit attributable to shareholders of the Company amounted to RMB4.179 billion, representing a year-on-year increase of 69.58%, and earnings per share reached RMB0.8295; net operating cash flow amounted to RMB5.467 billion and weighted average return on net assets was 14.37%.

## **1. Road and Bridge Operations**

**Superior location.** The Group's operating region is located in the Yangtze River Delta, which is the largest city cluster in China. The Yangtze River Delta region is one of the most economically vibrant region with the highest degree of openness and the strongest innovation capability in China, and its total economic volume accounts for approximately one-fourth of the country. The unique vitality of the region drives the sustainable development of the economy of the region, creating a stable and superior external environment for the Group's business development.

**Core road network layout.** Firstly, all the road and bridge projects owned or invested by the Group are the key sections of the "fifteen-ray, six-vertical and ten-horizontal" expressway network in Jiangsu Province, which are also the main lines in the expressway network in the Yangtze River Delta region, and an important part of the national expressway network. The Jiangsu Section of Shanghai-Nanjing Expressway, being the Group's core assets, links six large and medium cities namely Shanghai, Suzhou, Wuxi, Changzhou, Zhenjiang and Nanjing, and is one of the busiest expressways in the PRC. Secondly, the potential of the newly opened road and bridge projects is yet to be released. In 2021, Yichang Expressway and Wufengshan Toll Bridge were successfully put into operation. It is expected that with the stabilization of the pandemic situation and the completion of the expansion of Jinghu Expressway in the future, the newly opened roads and bridges will gradually contribute more profits and further enhance the Group's core position in the road network of southern Jiangsu. Thirdly, projects under construction were in vigorous progress. During the Reporting Period, investment of RMB668,000,000 has been completed for the construction of Longtan Bridge Project, with a total investment of RMB2.006 billion, accounting for 32.08% of the total investment of the project, and it is expected to be completed and open for traffic in 2024. The completion of Longtan Bridge will achieve a new breakthrough in the development of Yongjiang in Jiangsu, and the continuous expansion of the road network of the Group will further enhance the major strategic capabilities in expressway network service areas.

**Leading management level.** Firstly, traffic efficiency on roads continued to improve. The Company successfully implemented the intensive maintenance across provinces and long-distance with large traffic flow for the first time, and adopted two modes of transportation organization, namely “half-scale and full closure combined with one-way and full closure without driving”, to minimize the adverse impact of road construction; the Company accurately implemented the high-flow classification management and control plan, and launched the ramp intelligent management and control system and the high-flow lane management and control system. The traffic efficiency during peak traffic hours increased by 9.13% and the traffic speed increased by 26.31%. The “Quasi-Free Flow” toll system was constructed in Wufengshan River Crossing Channel, creating a precedent for the “Quasi-Free Flow” of the entire expressway section in China. The transaction success rate was approximately 100%, and the traffic efficiency on road increased by more than 3 times; the Company took the lead in carrying out the hardening transformation of the median strips, and significantly reduced maintenance and repair costs and time of road occupation for operations by adopting “tree-pool”, “L-shaped anti-glare board” and “ground plug-in anti-glare board” and other methods. Secondly, road quality continued to upgrade. The Group firmly established the concept of full life cycle, carried out special research on maintenance management, explored the measures for large-flow expressway pavement maintenance and extension, and made scientific planning to keep Shanghai-Nanjing Expressway in good condition with long road age and large traffic volume. “25 Years of Comprehensive Technology Research and Development and Tracking Demonstration of Efficient Maintenance of Asphalt Pavement on Shanghai-Nanjing Expressway” was awarded the first prize of China Highway and Transportation Society in 2021; the Company actively explored new measures for mechanized maintenance, adopted the “intelligent unmanned group” for the first time, implemented the first highway maintenance project that has been opened and put into operation nationwide without manual pressure, and achieved significant improvement in indicators such as water infiltration rate and compaction rate, which effectively improved the maintenance quality and efficiency, marking the official entry of “maintenance of Su style” into the stage of “intelligent maintenance”; the Company carried out traffic safety hazard assessment for high-risk sections of road, upgraded traffic safety facilities, and effectively improved traffic safety on the road. Thirdly, the Company maintained its leading position in the industry in terms of road management and maintenance. The intelligence level of expressway is at the forefront, and the “14th Five-Year Plan” of developing expressways in Jiangsu Province clearly proposed to comprehensively promote the intelligent transformation

of Shanghai-Nanjing Expressway and the experience of the future intelligent expressway in Wufengshan; the Company set up a science and technology innovation fund, actively explored the independent innovation mechanism and the integration of construction, learning and research, continuously strengthened the transformation of scientific research achievements, and drove high-quality development with innovation; fully deployed the “cloud check-in” system to further optimize cost control and save nearly 50% of labor costs; explored the application of smart tools, developed BIM + GIS integrated management and maintenance platform, tracked the work status of bridges and tunnels in real time in a visualized form, and achieved multi-level management combining macro and refined management across the entire line; the Company cooperated with Gaode Map to jointly launch the Gaode IOT early warning system, realizing the senseless alert of information on road closure in various scenarios such as road occupation for construction, lane control and accident disposal of super-large in ultra-large traffic flow sections, and we served tens of millions of drivers and passengers in the past, and effectively improved the perception rate of road conditions and road traffic capacity of travelers.

## **2. *Ancillary business***

Through the transformation and development of the “double promotion” of service areas, the Group created a new image of service areas with distinctive theme features and improved service functions, building the “Ninghu Brand” and forming the “Jiangsu Effect” across the nation.

**Took various measures to build the “three delicacies” service areas.** Firstly, the Company established a wholly-owned subsidiary, Yangtze Commerce and Energy Company, to improve the professional operation level of service areas, and professional and specialized management of service areas. Several service areas such as Yangcheng Lake Service Area and Meicun Service Area were rated as national excellent service areas; secondly, the first self-operated service area in Guangling Service Area in Yangzhou was put into operation, which further enhanced the contribution ability of ancillary business segment to the main business; thirdly, the Company promoted the upgrading and transformation of Taihu Bay Service Area and Ge Lake Service Area in an orderly manner, strived to build the “refined, elegant and exquisite” service areas, continuously improved service quality and boosted the brand effect.

**Upgraded and built a “smart” service area.** Firstly, the experience of contactless fuel payment was good. Based on the characteristics of public services in the service areas, the Group took the lead in piloting ETC fueling and contactless payment in service areas. Drivers could complete payment sitting in their car without queuing, card swiping, and code scanning for payment, and drivers could quickly complete the refueling for their cars with contactless payment which further improved customer experience; secondly, the Company launched the “Yiyuntong” smart service cloud platform to realize intelligent daily management, modularized collection and online fund management, providing support for the visualized supervision of the operation condition of service areas.

**Targeted efforts were made to build “green” service areas.** Based on the new development stage, the Group actively responded to the requirements of green transportation construction and promoted the green development of service areas. Firstly, the Company comprehensively adopted electronic invoices to simplify the invoicing process in order to reduce carbon emissions; secondly, the Company has installed oil and gas recovery and testing systems to connect with provincial regulatory platforms to help prevent and control air pollution; thirdly, Meicun Service Area has passed the inspection and acceptance, becoming the first batch of water-saving expressway service area of the expressway system in Jiangsu Province.

### **3. *Financial investments***

In order to diversify operational risks and maintain the development trend of high profit returns, the Group continued to focus on opportunities for investment in quality financial targets and prudently carried out strategic allocation. During the Reporting Period, the Company contributed RMB1.99 billion to participate in the capital increase and share expansion of Zijin Trust, which was another major type of financial equity investment of the Group after its investment in Jiangsu Leasing Company, Bank of Jiangsu, Finance Company and Factoring Company, which had strategic significance for the Company to optimize industrial structure and create new revenue growth points.

## **(II) Industry of the Company during the Reporting Period**

### **1. *Basic Information of the Road Transportation Industry***

In view of the background of macro-economy, China's GDP in 2021 was RMB114.37 trillion, representing an increase of 8.1% over the previous year, and the increase of residents' income was basically in line with the growth of economy, which signified that the economic recovery has achieved remarkable results, demonstrating the strong resilience and vitality of China's economic development. The highway transportation industry in which the Group has been operating is highly coupling with the macro-economic environment. The long-term trend of stable economic development in China will create good conditions for the high-quality development of the highway transportation industry.

In view of the changes in transportation demand, currently, the main sales areas of various industries in Jiangsu are located in the Yangtze River Delta region, where highway transportation plays a leading role. With the acceleration of transformation and upgrading of industries in Jiangsu, the characteristics of "high value, small batch, and timeliness" of freight transportation have become more prominent, and the demand for "door-to-door" and professional services continued to grow. The advantages of short-distance, fast and direct road transportation in facilitating the economic cycle and stabilizing and optimizing the supply chain will continue to maintain.

In view of the changes in competitive landscape, highway is the most basic and most extensive transportation method in the comprehensive transportation system. Compared with other transportation methods, such as railway, aviation, highway is featured with direct access and flexibility, which is irreplaceable in short-distance transportation. In recent years, the turnover of freight transportation on road has maintained positive growth. Based on the actual situation of the Company, the newly completed Ninghu Intercity Railway and Jinhu High-speed Railway did not show obvious diversion impact on core road assets and there were no new road assets resulting in diversion. Therefore, the Company's road assets are in a relatively stable competition environment.

## **2. *Position of the Company in the industry***

In terms of location, the Company is the only listed road and bridge company in Jiangsu Province, focusing on the continuous integration of high-quality road and bridge projects in the road network of southern Jiangsu. As at the end of the Reporting Period, the Group directly operated and invested in 17 road and bridge projects, and owned or invested in more than 910 km mileage of new road and bridge. The roads operated by the Group occupied a dominant position in the expressway network of southern Jiangsu. As the “ballast stone” of the eastern coastal and national economic development, GDP in Jiangsu amounted to RMB11.6 trillion in 2021, representing an increase of 8.6% over the previous year, ranking second in China. The region is experiencing high level of economic activities, with continuous growth in car ownership, which provides strong support for the long-term development of the Company’s business.

In terms of the market image, as an “A + H Shares” listed company, the Company has always followed regulatory requirements, actively fulfilled its responsibilities as a listed company, and the market image is positive. The Shanghai Stock Exchange rated the Company as the highest level A in the latest two years in terms of the information disclosure evaluation results. The Company was awarded the “Best Board of Directors” at the 12th China Listed Company Investor Relations Tianma Award Forum and the “2021 Golden Quality ESG Award for Listed Company”.

In terms of operating results, the Company’s performance indicators ranked top among listed companies in the same industry. In addition, the Company has always maintained a high dividends payout ratio since its listing. The high cash dividend demonstrates the Company’s responsibility as a listed company to ensure long-term stable returns for shareholders.

### **3. *Policies relating to road transportation industry***

The Regulations for the Administration of Toll Highways (《收費公路管理條例》), which came into effect on 1 November 2004, has been organised for amendment since 2013 and has been open for public consultation twice in 2013 and 2015. On 20 December 2018, the Ministry of Transport issued the draft amendments on the Regulations for the Administration of Toll Highways, which is generally beneficial to the long-term development of expressway enterprises. Currently, the time of official promulgation of the Regulations for the Administration of Toll Highways has not yet been determined.

In May 2019, the General Office of the State Council issued the “Implementation Plan for Deepening the Reform of Toll Highway System and Cancelling Toll Stations at Provincial Boundaries” (《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》), requiring the acceleration of the construction and improvement of the toll road system, the removal and standardization of local toll reduction policies, and the issuance and optimization of specific implementation opinions on toll reduction policies such as toll-free passage for small passenger vehicles during major holidays and “green channel” for transportation of fresh and live agricultural products. In addition, the Plan required the revision of the standards of “Classification of Toll Vehicles on Toll Roads (《收費公路車輛通行費車型分類》)” and the adjustment of the toll calculation method of freight vehicles. From 1 January 2020, freight vehicles will be uniformly charged based on the vehicle (axle) type.

On 15 February 2020, the Ministry of Transport issued a notice that from 00:00 midnight on 17 February 2020 until the end of the containment measures, toll roads payment nationwide would be waived; on 28 April 2020, the Ministry of Transport issued a notice that the toll roads payment legally approved by the law would be resumed from 00:00 midnight on 6 May 2020. The Ministry of Transport, the National Development and Reform Commission and other eight ministries and commissions issued the Notice on the Supporting Policy on Toll Fees payable for Toll Roads during the Control Period of the Novel Coronavirus Disease (《關於新冠肺炎疫情防控期間免收收費公路車輛通行費支持保障政策的通知》), which clearly required the provincial governments and relevant operating entities to extend the payment period of toll roads through negotiation, signing of contracts and other means in accordance with relevant regulations, and compensate certain amount during the toll-free period accordingly. Till now, Jiangsu Province has not specified the toll-free compensation policy for expressways.

On 2 June 2021, the Ministry of Transport and other three departments issued the “Implementation Plan for Comprehensively Promoting Differentiated Toll Collection on Expressways” (《全面推廣高速公路差异化收費實施方案》), proposing to comprehensively promote differentiated toll on expressways. As of the date of this report, the relevant departments in Jiangsu Province have been discussing and formulating differentiated toll policies on expressways. The Company pays close attention to the trend of differentiated toll policies and has commenced to conduct the relevant research.

In addition, during the Reporting Period, there was no significant adjustment to the toll road policy. The implementation of preferential policies on 5% discount on toll payment of ETC vehicles, toll-free travel for small passenger vehicles in major festivals and holidays, toll-free “green passage” for vehicles carrying fresh and live agricultural products, “Union Card” and “Preferential Port Container Vehicles” within Jiangsu Province continued.

### **(III) Business of the Company During the Reporting Period**

**The principal business of roads and bridges.** During the Reporting Period, the Group recorded toll road income of approximately RMB8,263,073,000, representing a year-on-year increase of approximately 37.34%, and accounting for approximately 59.91% of the total operating revenue of the Group. Of which, the average daily toll road income of Shanghai-Nanjing Expressway amounted to approximately RMB14,055,950, representing a year-on-year increase of approximately 31.03%. During the Reporting Period, the average daily traffic volume of Shanghai-Nanjing Expressway was approximately 101,936 vehicles, representing a year-on-year decrease of approximately 1.07%. Of which, the traffic volume of passenger vehicles decreased by 3.64% year-on-year, accounting for approximately 78.71% of the total traffic volume; the average daily traffic volume of trucks increased by approximately 9.79% year-on-year, accounting for approximately 21.29% of the total traffic volume. Overall trend in traffic volume of passenger vehicles and trucks of other roads and bridges projects including Xiyi Expressway and Changjia Expressway were basically in line with that of Shanghai-Nanjing Expressway.

**Ancillary business.** During the Reporting Period, the Company realized revenue of approximately RMB1,437,130,000 from ancillary services, representing a year-on-year increase of approximately 9.58%. In particular, revenue from the service areas rental business amounted to approximately RMB214,333,000, representing a year-on-year decrease of 1.70%, which was mainly due to the increase in rental exemption for some tenants in order to help small and medium-sized enterprises alleviate the impact of

the pandemic and overcome operational difficulties during the pandemic. Revenue from the sales of petroleum products amounted to approximately RMB1,190,852,000, representing a year-on-year increase of approximately 12.23%, which was mainly due to the increase in oil price; and the gross profit from sales of petroleum products amounted to approximately RMB168,062,000, representing a year-on-year decrease of 22.03%, which was mainly due to the decrease in the difference in the trading price of refined oil as a result of the tight resources in the international crude oil supply market. Affected by the year-on-year decrease in the gross operating profit of the leasing and sales of petroleum products business, the gross operating profit of the ancillary services business decreased by approximately 56.97% year-on-year.

**Investment business.** Firstly, investment income from roads and bridges companies in which the Group held equity. During the Reporting Period, the Group's investment income from roads and bridges companies in which the Group held equity recorded approximately RMB656,024,000, representing a year-on-year increase of approximately 126.02%, which was mainly due to the increase in toll income resulting from recovery of traffic volume. Secondly, the dividends received from other equity instruments. During the Reporting Period, the Group received cumulative dividends of approximately RMB313,818,000 from other equity instruments, representing a year-on-year increase of approximately 110.21%, which was mainly attributable to the increase in dividends from financial companies invested by the Company. Thirdly, gain from other non-current financial assets. During the Reporting Period, the Group received dividends from other non-current financial assets of approximately RMB106,091,000, representing a year-on-year increase of approximately 48.14%, which was mainly due to the distribution by funds such as CDB Kai Yuan Phase II Fund subscribed by Ninghu Investment Company.

**Property business.** The Group's real estate development and sales were operated by its subsidiaries Ninghu Properties Company and Hanwei Company. During the Reporting Period, the Group steadily promoted the projects under construction, actively destocked and revitalized its inventory assets, and achieved good operating results. During the Reporting Period, the saleable area of commodity housing of the Group sold was approximately 31,001 square meters, and the pre-sale income was RMB716,345,000, and sales revenue carried forward was approximately RMB1,028,544,000. The net profit after tax realized was approximately RMB75,827,000 which was basically the same as that of the corresponding period of the previous year.

**Other businesses.** The Company's other businesses mainly comprises advertising businesses, factoring business and management services of certain subsidiaries. During the Reporting Period, the Group realized revenue from other businesses of approximately RMB115,011,000, representing a year-on-year increase of approximately 38.57% and it was mainly attributable to the increase in revenue from factoring business and advertising business.

#### **(IV) Analysis of Core Competitiveness during the Reporting Period**

Since its establishment, the Group has been focusing on the transport infrastructure industry for years. The roads operated by the Company play a dominant role in the expressway networks in southern Jiangsu. It has accumulated rich experiences in large infrastructure investment, construction, operation and management and built a progressive and innovative management and staff team. Through the complete investment decision-making and operation management system and leveraging on excellent financing platforms, the Group built its distinct competitive edges in operation and development in the future.

**Unique geographical advantages.** The Group operates in the Yangtze River Delta area, the most economically vibrant region in the PRC. The road and bridge projects owned or invested by the Company are core components of the road transport corridors linking the two important industrial belts along the Yangtze River, Shanghai and Nanjing in the southern part of Jiangsu. With the integrated development of the Yangtze River Delta region, the prosperous economy in the region created a favorable environment for the long-term development of the Group and promoted the sustainable and steady improvement on the Group's economic efficiency.

**High-quality road and bridge assets.** 17 road and bridge projects are controlled or invested by the Group. Core road and bridge assets are main lines in the expressway network in Jiangsu Province and an integral part in the national expressway network. With outstanding quality, road assets gradually achieved coordinated benefits. The quality road network resources lay a solid foundation for the stable growth in the operating results of the Group and provide guarantees to the sustainable and healthy development of the Company.

**Leading operation concepts.** The Group is engaged in road operation and has accumulated rich operation experience. The growth in the operating results from the Jiangsu Section of Shanghai-Nanjing Expressway is mainly attributable to the increase in the daily average traffic volume in trucks and the improved utilization of expressways, which demonstrated the competitive edge of the Group in roads operation and management. Meanwhile, the Group has strengthened the development results with systems and built a modern corporate operation management and control method. Focusing on building digitalized expressways and intelligent traffic, the Group has taken a leading position in road smoothness and rescue in China.

**Professional management team.** The Group has built a professional and experienced operation management team after years of accumulation of experience and development. With quality and efficiency in expressway operation service, the Group effectively reduced the management cost and operational risks in routine operation, enhancing a leading profitability in the industry. The Group gradually cultivated a capital operation team with international horizon leveraging on the capital market and boosting the strategic research and investment development capability of the Group. It actively uses capital operation to optimize the asset portfolio and acquire overseas projects. The brand image of the Group was further enhanced by assets and capital operation as the two steering wheels.

**Comprehensive risk management.** The Group proactively adapted to new situation, and implemented risk control arrangement by improving the top-level design. The Group formulated its risk strategy, built a risk control system in coordinated operation with a risk management oriented approach for covering legal and regulation compliance, internal control and risk management, which optimized its management measures, strengthened in-process control and highlighted duty performance management, and effectively consolidated the resources of all relevant parties. It continuously put forward the establishment of risk control system which is compatible with the new development trends, and improved its risk management ability, so as to achieve its long-term goal of steady progress.

**Outstanding financing platforms.** The Group maintains the listing status on two exchanges (in Hong Kong and China) and is traded in three cities (Hong Kong, Shanghai and New York) and achieves sound operation and sustainable performance growth with high credit rating, low gearing ratio and strong solvency. The Group achieved outstanding results in investor relations management and owns a stable investors base and an excellent market image in domestic and overseas capital markets thanks to its long-term policies with high proportion of cash dividend. The Group will continue to improve its financing structure and reduce financing costs in the future development through leveraging on the capital market's efficient financing channels.

## (V) Primary Operating Conditions during the Reporting Period

### 1. Analysis of principal businesses

(1) Table of analysis of changes in the relevant items in income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount in the Reporting Period	Amount in the corresponding period of the prior year	Changes (%)
Operating revenue	<b>13,792,587,242.50</b>	8,032,466,746.34	71.71
Operating costs	<b>8,781,659,687.75</b>	4,686,890,023.93	87.37
Selling expenses	<b>26,111,192.22</b>	24,698,386.89	5.72
Administrative expenses	<b>220,074,412.19</b>	197,226,409.99	11.58
Finance costs	<b>787,169,270.96</b>	444,319,354.76	77.16
Research and development expenses	-	-	-
Net cash flow from operating activities	<b>5,467,265,535.69</b>	3,137,401,530.39	74.26
Net cash flow from investing activities	<b>-6,388,219,507.00</b>	-5,699,867,768.28	12.08
Net cash flow from financing activities	<b>1,059,761,690.97</b>	2,464,045,195.61	-56.99
Taxes and surcharges	<b>266,061,190.47</b>	125,864,731.35	111.39
Gains on changes in fair value	<b>489,879,008.21</b>	33,547,488.70	1360.26
Non-operating expenses	<b>28,850,563.28</b>	88,111,461.54	-67.26
Investment income	<b>1,201,529,422.95</b>	618,460,042.64	94.28
Non-operating income	<b>12,948,983.37</b>	82,926,177.75	-84.38
Impairment losses on assets	<b>-5,497,868.60</b>	-	-
Gains from disposal of assets	<b>7,868,251.48</b>	220,298.98	3471.62
Income tax	<b>1,286,873,376.13</b>	714,881,261.68	80.01
Other comprehensive income, net of tax	<b>151,824,228.78</b>	-467,550,226.48	-

*(2) Analysis of Revenue and Cost*

The Group had a consolidated operating revenue of approximately RMB13,792,587,000 during the Reporting Period, representing an increase of approximately 71.71% as compared to the same period in the previous year, which was mainly due to the corresponding increase in toll revenue as a result of the recovery of toll business; the increase in the scale of housing delivery and the year-on-year increase in the recognised sales revenue from property business; during the Reporting Period, the Group implemented the Accounting Standards for Enterprises No. 14, and recognized construction revenue based on zero gross profit for PPP project contracts that meet the corresponding conditions, and did not adjust the information for the comparable period. Operating costs amounted to approximately RMB8,781,660,000, representing an increase of approximately 87.37% as compared to the same period in the previous year, which was mainly due to the increase in amortization of highway operation rights as a result of the commencement of operation of new roads and bridges projects. Road maintenance costs, oil procurement costs and property sales costs have increased. And the construction cost recognized according to the Accounting Standards for Enterprises No. 14. The Group's consolidated gross profit margin decreased by approximately 5.32 percentage points over the same period of the previous year.

① Principal businesses classified by industries

Unit: Yuan Currency: RMB

By industries	Operating		Principal business by industry			
	revenue	Operating costs	Gross profit margin (%)	Change in operating revenue over the corresponding period of the prior year (%)	Change in operating costs over the corresponding period of the prior year (%)	Change in gross profit margin over the corresponding period of the prior year (%)
<b>Toll road</b>	<b>8,263,073,263.06</b>	<b>3,640,585,191.45</b>	<b>55.94</b>	37.34	17.57	Increased by 7.41 percentage points
Shanghai-Nanjing Expressway	5,130,420,253.57	1,874,264,876.20	63.47	30.67	6.21	Increased by 8.42 percentage points
Guangjing Expressway and Xicheng Expressway	869,938,635.26	374,964,722.95	56.90	15.33	34.44	Decreased by 6.13 percentage points
Ningchang Expressway and Zhenli Expressway	1,308,519,652.48	662,770,741.11	49.35	39.03	-11.31	Increased by 28.75 percentage points
Xiyi Expressway and Wuxi Huantaihu Expressway	484,383,787.26	290,930,775.54	39.94	49.01	15.89	Increased by 17.17 percentage points
Zhendan Expressway	88,136,724.28	67,456,839.79	23.46	27.26	26.55	Increased by 0.43 percentage point
Changyi Expressway	85,930,654.39	91,509,997.82	-6.49	20,422.11	7,109.18	
Yichang Expressway	111,490,335.25	152,453,956.02	-36.74	-	-	
Wufengshan Toll Bridge	184,253,220.57	126,233,282.02	31.49	-	-	
Ancillary services	1,437,129,800.35	1,380,090,064.44	3.97	9.58	17.06	Decreased by 6.14 percentage points
Property sales	1,028,544,320.23	732,545,827.31	28.78	65.45	108.37	Decreased by 14.67 percentage points
Revenue/cost during the construction period	2,948,829,334.42	2,948,829,334.42	-	-	-	
Other businesse	115,010,524.44	79,609,270.13	30.78	38.57	32.88	Increased by 2.96 percentage points
<b>Total</b>	<b>13,792,587,242.50</b>	<b>8,781,659,687.75</b>	<b>36.33</b>	71.71	87.37	Decreased by 5.32 percentage points

*Note 1:* Data in the above table does not include the amount of revenues and costs incurred for the provision of road management services between the Group's segments.

*Note 2:* During the Reporting Period, the Group's toll road business showed a trend of steady progress with a significant year-on-year increase in toll revenue. As a result, the gross profit margin of toll road business increased as compared with the corresponding period of the previous year. Affected by the overhaul of Xicheng Expressway during the Reporting Period, the road maintenance costs of Xicheng Expressway increased year-on-year, and the gross profit margin of toll business decreased accordingly. The operating losses of Changyi Expressway and Yichang Expressway were due to the new opening of roads and bridges, and the traffic volume was in the cultivation period.

*Note 3:* During the Reporting Period, affected by the tight resources in the international crude oil supply market and the continuous increase in crude oil prices, the difference in the trading price of refined oil decreased. As a result, the gross profit margin of the ancillary services business decreased year-on-year.

*Note 4:* During the Reporting Period, the gross profit margin of the property sales business decreased year-on-year due to the adjustments to costs of delivered projects of the property of the subsidiaries.

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

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

② Analysis of costs

Unit: RMB

By industries	Components of costs	By industry				Changes in percentage of the amount for the Reporting Period compared with the same period of the prior year	Explanation of the situation
		Amount for the Reporting Period	Percentage in total costs for the Reporting Period (%)	Amount for the same period of the prior year	Percentage in total costs for the same period of the prior year (%)		
Toll Road business	-	3,640,585,191.45	41.46	3,096,480,407.77	66.07	17.57	-
-	Depreciation and amortisation	1,822,750,601.75	20.76	1,515,831,069.72	32.34	20.25	Mainly due to the increase in the amortization of toll road operation rights as a result of the opening of new roads and bridges projects in the Reporting Period.
-	Costs on maintenance	696,011,873.33	7.93	551,889,351.53	11.78	26.11	Mainly due to the year-on-year increase in road maintenance costs as a result of the maintenance of certain sections of Shanghai-Nanjing Expressway, the overhaul of Xicheng Expressway and Wuxi Huantaihu Expressway during the Reporting Period, and the delay in implementation of certain projects affected by the pandemic of the prior year during the Reporting Period.
-	Costs on system maintenance	53,532,404.70	0.61	95,132,016.72	2.03	-43.73	This was mainly due to the relative higher system maintenance costs for the same period of the prior year as a result of postponement in implementation of some system maintenance projects till the same period in 2020 the withdrawal of provincial toll stations during the corresponding period of prior year.
-	Levy costs	218,775,453.34	2.49	187,124,608.79	3.99	16.91	Mainly due to the year-on-year increase in the levy costs as a result of the year-on-year increase in the toll income, the corresponding road network management fees and the opening of new roads and bridges projects during the Reporting Period.
-	Staff costs	849,514,858.33	9.67	746,503,361.01	15.93	13.80	-

By industries	Components of costs	Amount for the Reporting Period	By industry		Percentage in total costs for the same period of the prior year (%)	Percentage in total costs for the same period of the prior year (%)	Changes in percentage of the amount for the Reporting Period compared with the same period of the prior year	Explanation of the situation
			Percentage in total costs for the Reporting Period (%)	Amount for the same period of the prior year (%)				
Ancillary services business	-	1,380,090,064.44	15.72	1,178,933,604.08	25.15	17.06	-	
-	Raw materials	968,776,505.63	11.03	796,741,609.02	17.00	21.59		Mainly due to the year-on-year increase in raw material procurement costs as a result of the increase in oil prices during the Reporting Period.
-	Depreciation and amortisation	57,637,695.85	0.66	52,785,198.48	1.13	9.19	-	
-	Labor costs	230,091,233.11	2.62	199,971,366.79	4.27	15.06	-	
-	Other costs	123,584,629.85	1.41	129,435,429.79	2.76	-4.52	-	
Property Sales business	-	732,545,827.31	8.34	351,563,142.96	7.50	108.37		During the Reporting Period, the scale of delivery and transfer of real estate projects increased year-on-year, resulting in a year-on-year increase in the cost of property sales business.
Construction period costs	-	2,948,829,334.42	33.58	-	-	-		During the Reporting Period, the Group implemented the Accounting Standards for Enterprises No. 14, and confirmed the construction costs for PPP project contracts that meet the corresponding conditions, and did not adjust the information for the comparable period.
Other business	-	79,609,270.13	0.91	59,912,869.12	1.28	32.88		Mainly due to the year-on-year increase in costs of other businesses as a result of the increase in management costs of Yangtze River Company and financing costs of factoring business during the Reporting Period.

Explanation on other details of cost analysis  
None.

(3) *Expenses*

① Administrative expenses

During the Reporting Period, administrative expenses incurred by the Group were approximately RMB220,074,000 in aggregate, representing an increase by approximately 11.58% over the same period of the prior year. The increase in administrative expenses was mainly due to the rigid increase in labor costs and the year-on-year increase in maintenance and repair fees and intermediary fees during the Reporting Period.

② Financial expenses

During the Reporting Period, financial expenses incurred by the Group were approximately RMB787,169,000 in aggregate, representing an increase by approximately 77.16% over the same period of the prior year. The increase in financial expenses was mainly due to the commencement of operation of Changyi Expressway, Yichang Expressway and Wufengshan Toll Bridge during the Reporting Period, the interest on borrowings began to be expensed, resulting in the corresponding increase in financial expenses.

③ Selling expenses

During the Reporting Period, the Group's aggregate selling expenses were approximately RMB26,111,000, representing a year-on-year increase of approximately 5.72%. The year-on-year increase in selling expenses was mainly due to the year-on-year increase in sales commission of real estate projects of subsidiaries during the Reporting Period.

④ Taxes and surcharges

During the Reporting Period, the taxes and surcharges incurred by the Group were RMB266,061,000 in aggregate, representing a year-on-year increase of approximately 111.39%. The year-on-year increase in the provision for taxes and surcharges was mainly due to the increase in toll income of the Group and the clearing of the land value increment tax of the real estate projects of subsidiaries during the Reporting Period, the provision for taxes and surcharges increased accordingly.

⑤ Income tax

The statutory income tax rate for companies of the Group was 25%, 20% and 16.5%. During the Reporting Period, the income tax expense of the Group was approximately RMB1,286,873,000 in aggregate, representing a year-on-year increase of approximately 80.01%. The increase in income tax expense was mainly due to the impact of the pandemic and the toll-free policy in the same period of the prior year, resulting in a corresponding decrease in the taxable income of the Group.

(4) *Cash flow*

The toll revenue of the Group is received in cash and bank balances, contributing to a stable operating cash flow. During the Reporting Period, the Group's net cash inflows generated from operating activities was approximately RMB5,467,266,000, representing a year-on-year increase of approximately 74.26%, mainly due to the strong recovery of toll revenue as compared with the corresponding period of the prior year, and the completion and commencement of operation of Changyi Expressway, Yichang Expressway and Wufengshan Toll Bridge, resulting in a significant year-on-year increase in net cash flows generated from operating activities. The net cash outflow generated from investment activities was approximately RMB6,388,220,000, representing a year-on-year increase of approximately 12.08%, mainly due to the year-on-year increase in investment expenses such as purchase of wealth management products and equity investments during the Reporting Period, resulting in a year-on-year increase in net cash outflow from investing activities. The net cash inflow incurred from financing activities was approximately RMB1,059,762,000, representing a year-on-year decrease of 56.99%, mainly due to

the increase in the Group's external financing as affected by the epidemic and the policy of toll-free travel during the same period of the prior year; the relative decrease in the Group's external financing as a result of the recovery of toll income during the Reporting Period, and the year-on-year decrease in the capital received by subsidiaries from minority shareholders during the Reporting Period resulted in a year-on-year decrease in net cash flow from financing activities.

*(5) Gain on changes in fair value*

During the Reporting Period, the Group recorded a gain on changes in fair value of approximately RMB489,879,000, representing a year-on-year increase of approximately 1360.26%, mainly due to the year-on-year increase in fair value of other non-current financial assets held by Ninghu Investment Company, a subsidiary of the Company, and the increase in fair value of convertible bonds of Jiangsu Leasing Company subscribed by Guangjing Xicheng Company, a subsidiary of the Company, during the Reporting Period.

*(6) Investment income*

During the Reporting Period, the Group's investment income was approximately RMB1,201,529,000, representing a year-on-year increase of approximately 94.28%, mainly due to the strong recovery of the toll business of associates in the road and bridge sector during the Reporting Period, resulting in a significant year-on-year increase in operating results and corresponding increase in investment income contributed; and the year-on-year increase in dividends from investments in other equity instruments and distribution of other non-current financial assets. During the Reporting Period, the associates invested by the Group contributed investment income of approximately RMB756,769,000, representing a year-on-year increase of approximately 101.73%. Operating results of some key associates are set out below:

*Unit: Yuan Currency: RMB*

Name of company	Principal business	Investment Cost	Equity interest attributable to the Company	Net profit	Contribution to investment income	Percentage of the Company's net profit	Year-on-year increase/decrease%
				attributable to the shareholders of the associates			
			%			%	
Suzhou Expressway Company	Mainly responsible for the management and operation businesses of Sujiahang Expressway and Changjia Expressway	957,700,163.00	30.01	546,964,930.92	164,138,706.12	3.97	46.06
Yangtze Bridge Company	Mainly responsible for the management and operation of Jiangyin Bridge	631,159,243.00	26.66	1,156,841,698.69	308,413,996.87	7.46	194.53
Yanjiang Company	Mainly responsible for the management and operation of Yanjiang Expressway	1,466,200,000.00	25.15	664,751,453.22	183,471,401.09	4.44	150.77
Zijin Trust	Mainly engaged in trust investment business approved by laws and regulations or the China Banking Regulatory Commission	1,989,582,000.00	20.00	28,025,678.95	5,605,135.79	0.14	-

*Note:* On 6 August 2021, the second meeting of the tenth session of the board of directors of the Company considered and approved the investment in Zijin Trust as a strategic investor with its own funds of not more than RMB2,000,000,000. Upon completion of the capital increase, the Company shall hold 20% equity interest in Zijin Trust. On 23 September 2021, the Company received the Approval of the Jiangsu Regulatory Bureau of the CBIRC on the Increase of Registered Capital and Adjustment of Shareholding Structure of Zijin Trust Co., Ltd. (Su Yin Bao Jian Fu [2021] No. 404), pursuant to the relevant provisions of the Capital Increase Agreement, the Company allocated a capital increase of RMB1,990,000,000 to complete the capital increase plan.

#### *(7) Other income*

During the Reporting Period, the Group recorded other income of approximately RMB30,018,000, representing a year-on-year decrease of approximately 9.64%. It was mainly due to the year-on-year decrease in government grants income during the Reporting Period.

*(8) Non-operating income and expenses*

During the Reporting Period, the Group achieved a non-operating income of approximately RMB12,949,000, representing a year-on-year decrease of approximately 84.38%, which was mainly due to the receipt of pit compensation and the provision made for liquidated damages receivable from Luode Fund Company for the delayed delivery of South Nanjing New City project in the corresponding period of the prior year, resulting in a year-on-year decrease in non-operating income during the Reporting Period.

During the Reporting Period, the Group incurred a non-operating expense of approximately RMB28,851,000, representing a year-on-year decrease of approximately 67.26%, which was mainly due to the provision of liquidated damages for delayed delivery of the South Nanjing New City project as affected by the COVID-19 pandemic in the corresponding period of the prior year, and the year-on-year decrease in the expenses for maintenance and repair of road assets during the Reporting Period.

## 2. Analysis of Assets and Liabilities

As of 31 December 2021, items of assets and liabilities of the Group are as follows:

Unit: Yuan Currency: RMB

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year	Explanation of the situation
Cash and bank balances	496,127,336.06	0.73	386,712,702.84	0.63	28.29	Mainly due to the increase in capital reserve for loan repayment and payment by the Group at the end of the Reporting Period.
Long-term equity investments	9,687,126,007.80	14.32	7,130,527,090.60	11.67	35.85	Mainly due to the new investment in Zijin Trust and the increase in investment income contributed by associates during the Reporting Period.
Fixed assets	2,676,170,843.30	3.96	2,048,237,771.21	3.35	30.66	Mainly due to the completion and commencement of operation of Yichang Expressway and Wufengshan Toll Bridge during the Reporting Period, which was transferred from construction in progress.
Construction in progress	262,194,738.58	0.39	15,280,716,856.65	25.01	-98.28	Mainly due to the completion and commencement of operation of Yichang Expressway and Wufengshan Toll Bridge during the Reporting Period, which were carried forward to construction in progress; and the implementation of Interpretation No. 14 on Accounting Standards for Business Enterprises by the Company during the Reporting Period, which reclassifies PPP projects that meet the corresponding criteria to intangible assets.
Investment property	56,709,500.85	0.08	17,581,885.88	0.03	222.55	Mainly due to the addition of investment properties by our subsidiary, Hanwei Company, during the Reporting Period.
Held-for-trading financial assets (Note 1)	2,646,518,676.44	3.91	1,533,818,523.40	2.51	72.54	Mainly due to the increase in wealth management products held by the Group at the end of the Reporting Period as compared with the beginning of the period.

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year	Explanation of the situation
Prepayments	8,650,678.32	0.01	21,907,475.29	0.04	-60.51	Mainly due to the decrease in prepayments for construction as at the end of the Reporting Period as compared with the beginning of the period.
Other current assets	877,263,447.81	1.30	1,052,050,289.90	1.72	-16.61	Mainly due to the completion and commencement of operation of the Wufengshan Toll Bridge during the Reporting Period, which adjusted input tax to be deducted for more than one year to other non-current assets.
Investments in other equity instruments	5,805,587,078.89	8.58	5,471,025,963.66	8.95	6.12	Mainly due to the increase in book value of other equity instrument investments recognized at fair value by the Group and the increase in shareholding in Bank of Jiangsu during the Reporting Period.
Other non-current financial assets	3,004,141,868.26	4.44	2,039,192,599.15	3.34	47.32	Mainly due to the increase in investment in CDB Kai Yuan Phase II Fund and the subscription of convertible bonds of Jiangsu Leasing Company by Guangjing Xicheng Company, a subsidiary of the Company, and the increase in fair value of other non-current financial assets held during the Reporting Period as compared with the beginning of the period.
Intangible assets	37,067,726,632.81	54.78	21,298,818,056.01	34.86	74.04	Mainly due to the completion and commencement of operation of Yichang Expressway and Wufengshan Toll Bridge during the Reporting Period, which was transferred from construction in progress; and the implementation of Interpretation No. 14 on Accounting Standards for Business Enterprises by the Company during the Reporting Period, which reclassifies PPP projects that meet the corresponding criteria to intangible assets.
Other non-current assets	462,867,895.61	0.68	14,879,760.00	0.02	3,010.72	Mainly due to the completion and commencement of operation of the Wufengshan Toll Bridge during the Reporting Period, which adjusted input tax to be deducted for more than one year to other non-current assets.

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year	Explanation of the situation
		(%)		(%)		
Short-term borrowings	1,077,145,209.09	1.59	1,475,103,433.33	2.41	-26.98	Mainly due to the repayment of certain short-term borrowings during the Reporting Period.
Notes payable	100,300,000.00	0.15	38,400,000.00	0.06	161.20	Mainly due to the increase in bank acceptances issued by subsidiaries' construction payments at the end of the Reporting Period as compared to the beginning of the period.
Accounts payable	2,328,898,028.92	3.44	1,701,582,093.30	2.79	36.87	Mainly due to the increase in construction costs payable for Road and Bridge projects under construction during the Reporting Period as compared with the beginning of the period.
Taxes payable	413,622,832.32	0.61	260,171,624.98	0.43	58.98	Mainly due to the increase in land appreciation tax payable at the end of the Reporting Period as compared with the beginning of the period.
Contract liabilities	427,561,162.30	0.63	876,391,923.12	1.43	-51.21	Mainly due to the delivery and transfer of real estate projects of subsidiaries during the Reporting Period.
Non-current liabilities due within one year	678,043,270.61	1.00	1,103,456,242.14	1.81	-38.55	Mainly due to the repayment of RMB1,000,000,000 of medium-term notes due within one year and transfer into of long-term borrowings due within one year in the Reporting Period.
Other current liabilities	7,671,965,597.07	11.34	8,327,987,272.56	13.63	-7.88	Mainly due to the redemption of ultra-short-term financing bonds during the Reporting Period, the balance decreased as compared with the beginning of the period.
Long-term borrowings	13,028,697,541.04	19.26	11,545,381,743.39	18.90	12.85	Mainly due to the increase in borrowings for Road and Bridge projects under construction during the Reporting Period as compared with the beginning of the period.
Bonds payable	5,777,418,959.86	8.54	1,984,606,358.58	3.25	191.11	Mainly due to the issuance of corporate bonds of RMB1,800,000,000 and medium-term notes of RMB2,000,000,000 in the Reporting Period.

Item	Amount as at the end of the Reporting Period	Percentage in the total assets as at the end of the Reporting Period (%)	Amount as at the end of the previous period	Percentage in the total assets as at the end of the previous period (%)	Percentage change of the amount as at the end of the Reporting Period compared to that at the end of the previous year	Explanation of the situation
Provisions	-	-	54,115,762.42	0.09	-100.00	Mainly due to the payment of liquidated damages for delayed delivery of the South Nanjing New City project during the Reporting Period.
Deferred tax liabilities	419,248,158.42	0.62	305,018,990.45	0.50	37.45	Mainly due to the adjustment of deferred income tax liabilities based on the changes in fair value of other equity instrument investments and other non-current financial assets held by the Group during the Reporting Period.
Other comprehensive income	931,335,600.50	1.38	806,954,969.94	1.32	15.41	Mainly due to the adjustments to other comprehensive income based on the fair value of other equity instrument investments held by the Group during the Reporting Period.
Total assets	67,662,020,722.45	100.00	61,095,560,365.16	100.00	10.75	
total gearing ratio	47.74%	-	45.91%	-	Increased by 1.83 percentage points	
Net gearing ratio	91.35%	-	84.86%	-	Increased by 6.49 percentage points	

### Other explanations

The calculation basis for total gearing ratio: liabilities divided by total assets; the calculation basis for net gearing ratio: liabilities divided by shareholders' equity.

(1) *Investment expenditure*

During the Reporting Period, the Group incurred the planned investment expenditure in a sum of approximately RMB7,148,632,000, representing an increase of approximately RMB986,551,000 or approximately 16.01% from RMB6,162,081,000 in the corresponding period of the prior year, which was mainly due to the year-on-year increase in other equity instrument investments and equity investments of the Group during the Reporting Period. The breakdown of the investment expenditures incurred by the Group during the Reporting Period is as follows:

<b>Name of Investment Expenditure</b>	<b>Amount (RMB)</b>
Wufengshan Toll Bridge and North-South Connection	1,216,433,727.36
Yichang Expressway	1,153,713,379.14
Longtan Bridge	668,140,944.80
Establishment of Ninghu International Company	732,310.87
Establishment of Yangtze Commerce and Energy Company	100,000,000.00
Investment in CDB Kai Yuan Phase II Fund	119,463,863.45
Subscription of convertible bonds of Jiangsu Leasing Company	391,716,000.00
Participation in capital increase and share expansion of Zijin Trust	1,989,582,000.00
Capital increase in Factoring Company	110,000,000.00
Increase in shareholding in Bank of Jiangsu	947,181,567.92
Alteration and addition of service areas and toll collection points	35,842,286.67
Three major systems and information construction project	52,224,735.17
Other capital expenditure of the Group	363,601,480.52
	<hr/>
Total	<u><u>7,148,632,295.90</u></u>

*Remarks:* The data in the above table includes capital investment in subsidiaries of the Group.

(2) *Capital structure and solvency*

The Group attached great importance to maintaining a reasonable capital structure and continuously improved its profitability in order to maintain the Group's good credit rating and stable financial position. At the end of the Reporting Period, the total liabilities of the Group amounted to approximately RMB32,302,128,000. The overall gearing ratio of the Group was approximately 47.74%, representing an increase of approximately 1.83 percentage points as compared with the beginning of the period. In view of the Group's stable and abundant operating cash flow and sound capacity of financing and capital management, the management believes that the gearing ratio remained at a safe level at the end of the Reporting Period.

(3) *Financial strategy and financing arrangement*

During the Reporting Period, the Group actively expanded its financing channels, adjusted its debt structure and reduced financing costs. Through adopting a proactive financing strategy, the Company was able to meet the funding needs of its operation and management and project investment and controlled the financing costs effectively. The Group's borrowing requirements are not subject to seasonality. During the Reporting Period, an additional fund of RMB21,840,000,000 was obtained through direct financing. As at 31 December 2021, the Group's borrowings amounted to RMB14,644,748,000, of which RMB3,787,058,000 were fixed loans. As at the end of the Reporting Period, the balance of the principal of the interest-bearing liabilities was approximately RMB28,024,748,000, representing an increase of approximately RMB3,772,638,000 as compared with the beginning of the period. The consolidated borrowing cost on interest-bearing liabilities of the Group was approximately 3.61%, representing a year-on-year decrease of approximately 0.19 percentage point, which was lower than the loan prime rate (LPR) of approximately 0.72 percentage point. Details of the main financing activities during the Reporting Period are set out in Section IX Bond Related Information.

*(4) Credit policy*

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

*(5) Contingencies*

As an industrial practice in the real estate industry, Ninghu Properties Company and Hanwei Company, subsidiaries of the Group, provide joint and several guarantees in connection with mortgage loans granted to buyers of commodity housing properties. The guarantee obligation shall begin from the effective date of a guarantee contract and cease when the registration of mortgage in respect of a purchased property is completed and the Building Right Encumbrances Certificate is submitted to banks for enforcement. As at 31 December 2021, the outstanding guarantees amounted to approximately RMB367,604,000.

The Company has provided a wholly-owned subsidiary, Factoring Company, with guarantees for their application for comprehensive credit, with a maximum guarantee balance of RMB670,000,000. The guarantee is joint and several guarantees in nature, with a guarantee period of three years; as of 31 December 2021, the guarantee balance was approximately RMB376,000,000.

*(6) Foreign exchange risks*

The Group currently operates its businesses principally in the PRC. There are no material foreign exchange risks as the Group's operating revenue and major capital expenditures are all settled in Renminbi except for dividend payments for H Shares and the Group has no investment in foreign currency. In 1998, the Group obtained a loan from the Spanish government of US \$9,800,000 at an interest rate of 2% per annum with interest payable annually and due on 18 July 2027. As at 31 December 2021, the balance of the loan was equivalent to approximately RMB11,058,000, against which no foreign exchange hedging arrangements were made by the Group. Fluctuation in exchange rates will have no material impact on the Group's results.

## (7) Reserves

Unit: Yuan Currency: RMB

	Share Capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk provision	Undistributed profit	Total equity interests attributable to shareholders of the Company
As at 1 January 2020	5,037,747.500	10,501,913,183.87	1,291,748,071.42	3,551,167,000.42	141,891.32	8,164,265,960.12	28,546,983,607.15
Profit for the year	-	-	-	-	-	2,464,213,675.74	2,464,213,675.74
Other capital reserve	-	920,767.42	-	-	-	-	920,767.42
Total amount of comprehensive income	-	-	(484,793,101.48)	-	-	-	(484,793,101.48)
Profit distributed	-	-	-	99,238,305.13	-	(99,238,305.13)	-
Appropriation to general risk reserve	-	-	-	-	3,345,822.39	(3,345,822.39)	-
Dividends distributed	-	-	-	-	-	(2,317,363,850.00)	(2,317,363,850.00)
As at 31 December 2020	5,037,747.500	10,502,833,951.29	806,954,969.94	3,650,405,305.55	3,487,713.71	8,208,531,658.34	28,209,961,098.83
As at 1 January, 2021	5,037,747.500	10,502,833,951.29	806,954,969.94	3,650,405,305.55	3,487,713.71	8,208,531,658.34	28,209,961,098.83
Profit for the year	-	-	-	-	-	4,178,794,496.71	4,178,794,496.71
Other capital reserve	-	91,651.96	-	-	-	-	91,651.96
Total amount of comprehensive income	-	-	158,800,353.78	-	-	-	158,800,353.78
Profit distributed	-	-	-	181,956,822.99	-	(181,956,822.99)	-
Appropriation to general risk provision	-	-	-	-	3,017,379.17	(3,017,379.17)	-
Dividends distributed	-	-	-	-	-	(2,317,363,850.00)	(2,317,363,850.00)
Others	-	-	(34,419,723.22)	-	-	34,419,723.22	-
As at 31 December, 2021	5,037,747.500	10,502,925,603.25	931,335,600.50	3,832,362,128.54	6,505,092.88	9,919,407,826.11	30,230,283,751.28

*Note:* The above statutory reserves may not be used for purposes other than their intended purposes and may not be used for distribution as cash dividends. As at 31 December 2021, the reserves available for distribution to shareholders calculated in accordance with the PRC Accounting Standards amounted to RMB9,919,407,826.11 (as at 31 December 2020, the reserves available for distribution to shareholders calculated in accordance with the PRC Accounting Standards amounted to RMB8,208,531,658.34).

### **3. Analysis of investment**

During the Reporting Period, the Group's total equity investment was approximately RMB3,267,000,000, representing an increase of approximately 168.67% over 2020. The major items are as follows:

#### *(1) Material equity investments*

##### ① Establishment of Yangtze Commerce and Energy Company

In December 2020, as considered and approved at the twenty-sixth meeting of the ninth session of the board of directors of the Company, it was agreed that the Company contributed RMB100,000,000 to establish a wholly-owned subsidiary, Yangtze Commerce and Energy Company; in February 2021, the Company completed the business registration of Yangtze Commerce and Energy Company and obtained the Business License from the market supervision and administration department.

##### ② Capital Increase in Factoring Company

In December 2021, as considered and approved at the sixth meeting of the tenth session of the board of directors of the Company, Ninghu Investment Company, a wholly-owned subsidiary of the Company, agreed to increase the capital of Factoring Company, a wholly-owned subsidiary of Ninghu Investment Company, with its own funds of RMB210,000,000.

As at the end of the Reporting Period, Ninghu Investment Company has completed the first capital increase of RMB110,000,000 in Factoring Company and the change of business information.

③ Increase in shareholding in Bank of Jiangsu

In July 2021, the CBIRC Jiangsu Regulatory Bureau approved the qualification of the shareholders of the Company and agreed that the Company would increase its shareholding in the outstanding shares of Bank of Jiangsu through the secondary market by no more than 160,000,000 shares within six months from the date of approval.

As of November 2021, the Company increased its shareholding in Bank of Jiangsu by 160,000,000 shares in aggregate with its own funds of RMB947,000,000 in the secondary market, accounting for 0.95% of the total share capital of Bank of Jiangsu. Upon completion of the increase in shareholding, the Company and Ninghu Investment Company, a wholly-owned subsidiary of the Company, held a total of 596,000,000 shares of Bank of Jiangsu, representing 4.03% of the total share capital of Bank of Jiangsu.

④ Investment in Zijin Trust

In August 2021, as considered and approved at the second meeting of the tenth session of the board of directors of the Company, the Company, as a strategic investor, was approved to invest no more than RMB2,000,000,000 in Zijin Trust with its own funds. Upon completion of the capital increase, the Company held 20% equity interest in Zijin Trust.

In September 2021, the Company received the Approval of the Jiangsu Regulatory Bureau of the CBIRC on the Increase of Registered Capital and Adjustment of Shareholding Structure of Zijin Trust Co., Ltd. (Su Yin Bao Jian Fu [2021] No. 404), pursuant to the relevant provisions of the Capital Increase Agreement, the Company allocated a capital increase of RMB1,990,000,000 to complete the capital increase plan.

As at the end of the Reporting Period, the Company has become a shareholder of Zijin Trust and completed the change of business information.

⑤ CDB Kai Yuan Phase II Fund

Upon approval by the board of directors of the Company, Ninghu Investment Company has subscribed for a total of RMB1,200,000,000 units in CDB Kai Yuan Phase II Fund. During the Reporting Period, Ninghu Investment Company made a capital contribution of approximately RMB119,000,000; as at the end of the Reporting Period, Ninghu Investment Company has made a capital contribution of RMB1,073,000,000 in aggregate, with an accumulated paid-in capital contribution progress of 89.38%. The main investment directions include financial, medical, logistics and other industrial projects.

(2) *Material non-equity investments*

① Subscription of convertible bonds of Jiangsu Leasing Company

In October 2021, as considered and approved at the fourth meeting of the tenth session of the board of directors of the Company, it was agreed that Guangjing Xicheng Company, a subsidiary of the Company, will participate in the subscription of the A share convertible bonds of Jiangsu Leasing Company in cash in proportion to its shareholding in Jiangsu Leasing Company with a subscription amount of not more than RMB400,000,000.

As at the end of the Reporting Period, Guangjing Xicheng Company has subscribed for A share convertible bonds of Jiangsu Leasing Company in an aggregate amount of RMB392,000,000.

② Investment in the construction of road and bridge project

During the Reporting Period, the Group continued to efficiently advance the construction of road and bridge projects under construction in an orderly way. The investment in the construction of Yichang Project was RMB1,154,000,000, and the total investment of the project was RMB3,979,000,000. The project was completed and put into operation on 20 January 2021. The construction of the Wufengshan Toll Bridge and North-South Connection Project completed an investment of RMB1,216,000,000 (excluding the housing construction upgrading project), with a total investment of RMB12,095,000,000. The project was completed and put into operation on 30 June 2021. RMB668,000,000 was invested in the construction of Longtan Bridge Project; the total investment of the project amounted to RMB2,006,000,000, accounting for 32.08% of the total investment of the project. The project is expected to be completed in 2024.

(3) *Financial assets measured at fair value*

*Unit: Yuan Currency: RMB*

Item	Initial investment cost	Source of funds	Purchased/Sold	Investment income	Change in fair value
Fund investment – Fuanda					
Advantageous Growth	9,999,400.00	Internal funds	-	—	6,074,635.50
Wealth management products	-	Internal funds	2,610,193,360.00	23,845,990.01	-
Gold investment	2,909,012.43	Internal funds	-2,909,012.43	1,196,462.18	-1,417,525.71
Other non-current financial assets (CDB Kai Yuan Phase II)	984,555,554.91	Internal funds	88,011,370.69	48,704,755.55	442,065,173.00
Other non-current financial assets (Luode Dening)	-	Internal funds	-	-	-31,952.81
Other non-current financial assets (Zhongbei Zhiyuan)	300,000,000.00	Internal funds	-	27,225,000.00	-25,390,839.01
Other non-current financial assets (Luode Huizhi)	500,000,000.00	Internal funds	-	30,161,519.77	-362,498.76
Other non-current financial assets (Jiangsu Leasing Company Convertible Bonds)	391,716,000.00	Internal funds	-	-	68,942,016.00
Fuanda Asset Management Scheme	2,000,000,000.00	Internal funds	(796,107,040.72)	106,000,000.00	98,744,321.95
Other equity Instruments (Bank of Jiangsu)	2,408,801,804.71	Internal funds	947,181,567.92	137,618,000.00	146,752,266.08
Other equity Instruments (Jiangsu Leasing Company)	270,898,456.89	Internal funds	-	70,200,000.00	(62,010,000.00)
New shares subscription	-	Internal funds	1,496.00	1,038,925.32	-

During the Reporting Period, Ninghu Investment Company, a subsidiary of the Company, held Fuanda Advantageous Growth Fund purchased in 2011, being approximately 10,000,000 units in total with a net value of approximately RMB30,249,000 at the beginning of the Reporting Period. Investment cost amounted to approximately RMB9,999,000. There was an increase in fair value of approximately RMB6,075,000 during the Reporting Period with an increase in cumulative fair value of approximately RMB26,324,000.

During the Reporting Period, Ninghu Investment Company engaged in gold bullion investment purchased in 2014, with a net value of approximately RMB4,326,000 at the beginning of the Reporting Period and an investment cost of approximately RMB2,909,000. During the Reporting Period, it sold approximately RMB2,909,000 of the gold bullion with an investment income of approximately RMB1,196,000. During the Reporting Period, the fair value decreased by approximately RMB1,417,000. At the end of the Reporting Period, the net value was RMB0.

During the Reporting Period, Ninghu Investment Company held the CDB Kai Yuan Phase II Fund subscribed in 2016, with a net value of approximately RMB1,223,030,000 at the beginning of the Reporting Period and an investment cost of RMB984,555,000. During the Reporting Period, Ninghu Investment Company increased investment principal of RMB88,011,000 with an investment income of RMB48,704,000. At the end of the Reporting Period, its net value was approximately RMB1,753,107,000. There was an increase in fair value of approximately RMB442,065,000 during the Reporting Period with an increase in cumulative fair value of approximately RMB680,540,000.

During the Reporting Period, the net value of Luode Dening subscribed by Ninghu Investment Company in 2016 was approximately RMB32,000 at the beginning of the Reporting Period, and the fair value of the project was reduced by RMB32,000 as a result of the liquidation of the project during the Reporting Period. At the end of the Reporting Period, its net value was RMB0. Zhongbei Zhiyuan subscribed by Ninghu Investment Company in 2019, the net value at the beginning of the Reporting Period was approximately RMB317,318,000, the investment cost was approximately RMB300,000,000 with an investment income of RMB27,225,000 during the Reporting Period, the net value at the end of the Reporting Period was approximately RMB291,927,000, the decrease in fair value during the Reporting Period was approximately RMB25,391,000, and the accumulated decrease in fair value was approximately RMB8,073,000. Luode Huizhi subscribed by Ninghu Investment Company in 2020, the net value at the beginning of the Reporting Period was approximately RMB498,812,000, the investment cost was RMB500,000,000, the investment income was approximately RMB30,161,000 during the Reporting Period, and the net value at the end of the Reporting Period was approximately RMB498,450,000. The decrease in fair value during the Reporting Period was approximately RMB362,000 with an decrease in cumulative fair value of approximately RMB1,550,000.

## (VI) . Discussion and Analysis of the Company on Its Future Development

### 1. *Industry landscape and development trends*

**Transportation industry has always been the basic industry of the national economy.** As the key and the foundation of the country, transportation has always occupied the fundamental, guiding and strategic position in the national economy. As China's economy enters a stage of high-quality development, it will take advantage of the momentum to accelerate the construction of a strong transportation country and build a modern comprehensive transportation system, which will provide solid support for the construction of a modern socialist country. As the most basic, most extensive, flexible and indispensable means of transportation in the comprehensive transportation system, highway provides the most direct, most important and convenient services for economic development, social progress and public travel. The construction of a safer, more convenient, efficient, green and economical modern highway system is the actual requirement and the only way for China to implement high-quality development.

**The pace of intelligent development of expressways accelerated.** From 00:00 on January 1, 2020, all 487 expressway toll stations at provincial borders in 29 provinces connected to the Internet were cancelled, marking a new stage of expressway operation and management in the whole country into a national network. Under this new normal, there is a more urgent need for digital transformation in terms of charging verification, management scheduling and travel services. In January 2022, the State Council issued the Development Plan for the Modern Integrated Transportation System of "14th Five-Year Plan", which clearly stated that "adhering to innovation-driven development, promoting the deep integration of new technologies such as the Internet, big data, artificial intelligence and blockchain with the transportation industry, promoting the application of advanced technology and equipment, building a smart transportation system with pan-interconnection, flexible coordination and global competitiveness, strengthening the self-reliance of science and technology, consolidating the foundation of innovation and development, and enhancing the new momentum of comprehensive transportation development", which will bring new opportunities for the development of smart expressways. At present, the integration and application of new technologies such as 5G +, autonomous driving and vehicle-road collaboration with industries have brought new possibilities for the digital transformation of China's transportation industry, and also injected new vitality into the smart development of expressways.

**Expressway reconstruction or expansion may usher in a peak period.** China's highways ushered in a peak period in the late 1990s. Currently, the total mileage has exceeded 160,000 kilometers. Some sections opened to traffic in the early stage have reached saturation, which requires expansion and transformation to better meet the public's travel needs. The State has issued several development plans and guidance opinions, and explicitly required "to promote the expansion and transformation of national expressways with earlier construction and busy traffic". In addition, according to the current provisions of the Highway Law and the Regulations on the Administration of Toll Roads, the current toll period of operating expressways is 25 or 30 years, and many expressway enterprises will usher in the expiration of toll collection in the next 5 to 10 years. According to the Regulations on the Administration of Toll Roads (Draft for Comments), expressway enterprises can extend the toll collection period for a certain number of years through reconstruction and expansion, and as compared with the newly built road assets, reconstruction and expansion do not need to go through the cultivation period, which can ensure the investment return of reconstruction and expansion projects and help expressway enterprises usher in secondary development opportunities.

## ***2. Development strategies of the Company***

**"Stability" is the top priority and seeks progress while maintaining stability.** Facing the complex and ever-changing international and domestic situation, the Company insisted on seeking stability amid changes and making progress while maintaining stability. The Company will fully utilize the resource advantages of the road network of southern Jiangsu to improve the operating efficiency of assets. The Company will accelerate the construction of the transportation ecosystem, and stabilize the fundamentals of development by optimizing the structural adjustment to hedge against the uncertain external environment.

**"Innovation" action and service upgrade.** The Company will make breakthroughs in development bottlenecks with innovation in management to improve the quality of road management and maintenance, improve road operation efficiency with technological innovation, and expand the industrial space of road extension with innovation in business model. We will keep abreast of new policies and solve new problems, and adjust our response strategies according to the current situation.

**“Improvement” is the propeller to boost development.** The Company will actively grasp the industry trends and regulatory directions, deepen reform to improve governance, form a governance mechanism with coordinated operation and effective checks and balances, adhere to the governance system benchmarking world-class ones, improve market recognition, and ensure the high-quality development of the Company.

### **3. Operational Plan**

- (1) 2022 is a crucial year for building on past successes for further development of “14th Five-Year Plan”. On the premise of firmly focusing on the development of its principal business, the Group will diversify industrial risks and maintain high profit returns. The major tasks involve:

**The Company will continue to consolidate its foundation and realize mutual promotion of various business segments.** Firstly, we will give full play to the basic advantages of the industry and deepen the main business. Focusing on the main business of roads and bridges, focusing on the overall situation of “strengthening the province with transportation”, the Company will focus on the cultivation period of newly opened roads and bridges, and refine the operation and management. We will actively seize investment opportunities in high-quality road and bridge projects to build a solid foundation for development. Secondly, the Company will leverage its brand advantages to expand the profits of auxiliary business, promote the transformation and upgrading of service zones and seek new breakthroughs in the development of “transportation + service zones”. The Group will continue to expand market space by leveraging its core business and capabilities, build the ecosystem of its main business, enhance the liquidity of traffic flow, and open up new business and profit growth points. Thirdly, the Company will leverage its resource advantages to optimize external investment. We will prudently seek stable-income investment opportunities in finance, new energy and transportation infrastructure, expand sources of profit, continue to strengthen risk prevention and control, and improve the monitoring and early warning of investment risks.

**Focus on intelligent empowerment and improve quality and efficiency to release vitality.** The first is the quality of roads and bridges. The Company firmly established the concept of full life cycle, and achieved steady growth despite the natural deterioration of road and bridge performance indicators. The road and bridge conditions have always been at the leading level in the industry, and the professional brand of “Jiangsu Expressway-style maintenance” has been refined. The second is to make smooth roads as the driving force. Summarize and improve the experience of the “quasi-free flow” toll collection mode to improve traffic efficiency. The Company will explore new methods for intensive maintenance to reduce the time and frequency of road operation and maximize the “road is for people”. The feasibility study on the reconstruction and expansion of the pilot section of Shanghai-Nanjing Expressway was carried out in a timely manner to promote a new leap in large-flow and smooth traffic. The third is to view digital transformation as the direction. The Company will continue to explore the digitalization of highway assets, visualization of maintenance work and intelligent maintenance decision-making, maintain the leading position in the digital infrastructure in China, and create a leading position in the national intelligent transportation industry.

**We will always comply with regulations and promote compliance management in depth.** Firstly, the Company continued to promote the construction of compliance system, internalized the requirements of internal control and compliance into operation management, maintained the consistency between rules and regulations and business development, and effectively improved management efficiency. Secondly, the Company will accelerate the professional construction of talents, build a “pyramid” talent structure based on the Company’s high-quality development needs, implement the professional training of various types of talents in a hierarchical and classified manner, and accurately and efficiently cultivate talents. Thirdly, the Company will strengthen early warning and supervision. Through regular and continuous business inspection, the Company will give early warning, resolve and deal with risks in advance, promote the improvement of management capabilities, and ensure the long-term development of the Company.

- (2) Funding needs required by the Group for maintaining current businesses and completing the investment projects under construction

The Group expects that the total investment plan for 2022 will be approximately RMB2,157,550,000, representing a decrease of RMB4,991,082,000 as compared with the actual expenditure of RMB7,148,632,000 in 2021. Investment plan for the year of 2022 mainly includes:

<b>Investment plan</b>	<b>Amount (RMB)</b>
Investment in the construction of Yichang Expressway	200,000,000.00
Investment in the construction of Changyi Expressway	80,000,000.00
Investment in the construction of Longtan Bridge Project	1,300,000,000.00
Investment in CDB Kai Yuan Phase II Fund	104,220,000.00
Capital increase of factoring company	100,000,000.00
Other capital plans of the Group	<u>373,329,500.00</u>
Total	<u><u>2,157,549,500.00</u></u>

On the basis of fully leveraging its own capital, the Group timely adjusted its financing strategy based on the financing condition of the capital market, while further optimizing its debt structure and reducing capital risks so as to satisfy its own funding needs for operation and development. Meanwhile, the Group is actively exploring various types of financing channels such as convertible bonds and overseas bonds, which will not only provide the Group with efficient funds support for its present stage of development, but also make prior arrangements for its future development strategies. As of the end of the Reporting Period, the Group's super short-term bonds registered in National Association of Financial Market Institutional Investors but not issued with a time limit over one year were approximately RMB5.520 billion, the available unutilized bank loan facilities with a time limit over one year were not less than RMB10.0 billion; the credit line will be sufficient for supporting capital expenditure, debt roll-over and business development of the Group. If other capital expenditure is required under special cases, the Group will adjust its financing plan based on the size of expenditure and the actual cash flow condition.

## VIII. MATTERS RELEVANT TO THE FINANCIAL REPORT

### (I) Analysis by the Company on the reasons and impact on the changes in accounting policies and accounting estimates

#### 1. Changes in Accounting Policies

In 2021, the Group implemented the following amendments to the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance in recent years and the Q&A and case regarding the implementation of Accounting Standards for Business Enterprises issued by the Ministry of Finance in 2021, which mainly includes:

- Interpretation No. 14 on Accounting Standards for Business Enterprises (Cai Kuai [2021] No.1) (“**Interpretation No. 14**”)
- Circular on Adjustment to the Applicability of the Requirements on Accounting Treatment of COVID-19-Related Rent Concessions (Cai Kuai [2021] No.9)

#### (a) Interpretation No.14

Interpretation No.14 became effective from 26 January 2021 (Implementation Date).

#### (i) Public-private partnership (“PPP”) projects

Interpretation No.14 and Implementation Q&A and Application Examples on Accounting for Social Capital Parties in PPP Project Contracts clarifies the characteristics and conditions of PPP project contracts, and stipulates the specific accounting treatment and disclosure requirements of social capital parties for PPP project contracts. The Content of “5. Accounting treatment for an enterprise’s engagement in public infrastructure construction business by adopting the Build-Operate-Transfer (BOT)” of the Interpretation No. 2 on Accounting Standards for Business Enterprises (Cai Kuai [2008] No. 11) was abolished at the same time.

The Group has retroactively adjusted its PPP project contracts that became effective before 31 December 2020 but not yet completed up to the Implementation Date and those that took effect between 1 January 2021 and the Implementation Date, and adjusted the opening balance of retained earnings and other related items in the financial statements of 2021 to reflect the cumulative effect, without adjusting the figures of comparative period.

The effect of the above change in accounting policy on each item of the consolidated balance sheet as of 1 January 2021 is summarized as follows :

#### The Group

	Carrying amount before adjustment	Adjustment to amount	Carrying amount after adjustment
Assets:			
Construction in progress	15,280,716,856.65	(14,488,419,278.57)	792,297,578.08
Intangible assets	21,298,818,056.01	14,488,419,278.57	35,787,237,334.58

#### (ii) Interest rate benchmark reform

Interpretation No. 14 sets out the relevant accounting and disclosure requirements for modifications to financial instruments and lease liabilities resulting from reform of interest rate benchmarks. The Group has made retrospective adjustments to the business transactions related to the interest rate benchmark reform that occurred before 31 December 2020 and during the period from 1 January 2021 to the Implementation Date, and adjusted the opening balance of retained earnings or other comprehensive income of 2021 to reflect the cumulative effect, without adjusting the figures of comparative period.

The application of the above requirements does not have any material impact on the financial position and operating results of the Group and the Company.

*(b) Cai Kuai [2021] No. 9*

The Requirements on Accounting Treatment of COVID-19-Related Rent Concessions (Cai Kuai [2020] No. 10) provides a simplified method for rental concessions meeting certain conditions and occurring as a direct consequence of the COVID-19 pandemic. Under the requirements of Cai Kuai [2021] No. 9, the rent concessions under this simplified method apply to lease payments due before 30 June 2022. The Group has adjusted the opening balance of retained earnings and other related items in the financial statements for 2021 to reflect the cumulative effect of Cai Kuai [2021] No. 9, without adjusting the figures of comparative period.

The application of the above requirements does not have any material impact on the financial position and operating results of the Group and the Company.

- (II) There is no significant accounting errors which required to be amended during the Reporting Period.**

## **IX. OTHERS**

- (I) Purchase, sale and redemption of shares of the Company**

During the Reporting Period, there was no purchase, sale or redemption of the shares of the Company by the Company or any of its subsidiaries; there was no person who exercised any conversion right or subscription right over convertible securities, options, warrants or other similar rights issued or granted by the Company or any of its subsidiaries at any time.

- (II) Pre-emptive right**

There are no provisions for pre-emptive rights under the laws of the People's Republic of China and Company's Articles of Association which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

- (III) Public float**

Based on publicly available information and as far as the directors are aware, the board of directors is of the view that the public float of the Company as at 25 March 2022 (as the latest practicable date before the date of this report) complied with the requirements of the Hong Kong Listing Rules.

#### **(IV) Shareholders' waiver or consent to dividend arrangements**

During the Reporting Period, there were no arrangements on waiver of any dividend by any shareholder.

#### **(V) Management Contracts**

During the Reporting Period, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

#### **(VI) Model Code for Securities Transactions by directors**

Having made enquiries with all of the directors and supervisors, directors of the Company have complied with the provisions on securities transactions under the "Model Code for Securities Transactions by Directors of Listed Issuers" under Appendix 10 of the Hong Kong Listing Rules during the Reporting Period. The Company has also formulated the "Model Code for Securities Transactions by Directors, Supervisors, Senior Management and Relevant Employees" to ensure the relevant personnel's compliance with this Code in carrying out securities transactions.

#### **(VII) Corporate Governance Report**

As at the date of this announcement, the Board has reviewed the daily governance of the Company with reference to the Corporate Governance Code, and is of the view that the Company fully adopted all code provisions in the Corporate Governance Code and strived to fulfill the recommended best practices other than the code provisions A2.7, A4.2 and A6.7 stated below, the Company has been in compliance with all the code provisions under the Corporate Governance Code and no material deviation or breach of the provisions of the Corporate Governance Code was found.

Code provision	Compliance	Corporate governance procedures
A2.7 The chairman should hold a meeting annually with non-executive directors, in the absence of the executive directors	No	During the Reporting Period, the Board has 12–13 members, of whom 2–3 are executive directors and the rest are non-executive directors. 10 directors were appointed externally. This ensures adequate independence of the board of directors and safeguards the decisions of the board of directors from being prejudiced by the opinions of executive directors.
A4.2 Directors appointed to fill casual vacancies should be subject to election by shareholders at the first general meeting after appointment. Every director should be subject to retirement by rotation at least once every three years	No	All directors were elected or replaced at general meetings. The Company has introduced the cumulative voting system for the election of directors. According to the Company Law and the Articles of Association, each session of the board of directors is for a term of three years, with each director appointed for a term of three years, and all directors should retire upon the expiry of the three-year term, instead of retirement by rotation. Any re-appointment is subject to re-election at a general meeting.
A6.7 Independent non-executive directors and other non-executive directors should regularly attend board meetings, meetings of committees and shareholders' general meetings, and develop a balanced understanding of the views of the shareholders	No	All independent non-executive directors and other non-executive directors have attended board meetings and meetings of various committees regularly and contributed their skills and expertise to the Company's decision-making process. During the year, except for Mr. Cheng Xiaoguang, an executive director, Mr. Wu Xinhua, Ma Chung Lai, Lawrence, non-executive directors, and Mr. Zhang Zhuting, Liu Xiaoxing, independent non-executive directors, who were unable to attend the annual general meeting for 2020 due to their business engagements, all the independent non-executive directors and the other non-executive directors have attended the general meetings of the Company held during the year.

### **(VIII) Audit Committee**

The audit committee of the Company has reviewed and confirmed the preliminary results announcement for the year ended 31 December 2021. The annual financial statements of the Company has been prepared in accordance with the PRC Accounting Standards and is in compliance with the disclosure requirements under the Hong Kong Companies Ordinance and the Hong Kong Listing Rules.

## **(IX) Remuneration policy**

Based on the characteristics of road-and-bridge enterprises, the Group determines the employees' salaries according to their specific positions and their performance. The Group always aims at the target positioning of the "Window of Jiangsu Expressway", and continues to innovate the cadre management mechanism to improve the performance appraisal system based on the strategic objectives and work highlights for the year, so as to stimulate the working enthusiasm of our employees through the matching of salaries, incentive-oriented assessment and improvement of welfare. During the Reporting Period, the Group actively implemented the tenure system and contractual management of members from management, and formulated and improved the total salary and remuneration management measures, the remuneration management and operating performance assessment measures of management members. The total salary of employees amounted to approximately RMB772,015,000. Meanwhile, the Group nurtured multi-dimensional skillful business professionals and improved all staff members' performance by ways of the station brand-building as well as research and development of QC groups, certification of the qualifications and skill level identification of production positions and hindrance clearance workers and the on-the-job training, work rotation and communication of management members, etc. During the year, the Company selected a total of 159 outstanding staff members, production veterans and management stars and 24 outstanding teams and guided by benchmarking learning, creating a positive and enterprising working atmosphere and environment.

## **(X) Training programs**

Staffs are the primary productive force of business development. By closely combining with the development goals, talent needs and the status of the staffs, and adhering to the principle of teaching according to needs and seeking effectiveness, the Group has made proposal of comprehensive quality and competency training for senior management, middle and senior management, newly-promoted management, and junior youth backbone employees featuring with multiple dimensions and levels, respectively: Firstly, the Group organized the management to participate in professional manager training, implemented the new development concept, built a new development pattern, dealt with the relationship between reform, development and stability, and promoted the high-quality development of state-owned enterprises; secondly, the Group organized the Company's middle and key management personnel to participate in competency training in batches, to learn the innovative ideas and management concepts of benchmark companies; thirdly, the Group organized business training for attendants, toll collectors, team leader competency, grassroots management personnel, maintenance management personnel, etc., to comprehensively

improve the business quality and professional ability of the staff; fourthly, the Group organized training for safety management personnel and special operators to ensure a 100% certification holding rate; fifthly, taking into account the new situations, new problems and new conflicts encountered after the transformation of the national expressway toll collection model, special training was conducted on toll inspection, anti-toll dodging, and electromechanical maintenance, to study and judge the “special situations” under the new toll collection model and study the corresponding handling methods, so as to maintain the seriousness of the toll collection policy and the stable operation of the electromechanical system during the transformation period. During the Reporting Period, approximately RMB12.8 million was spent on training, and the staff attendance at the trainings amounted to nearly 16,000, covering all levels from the grassroots production line workers to senior management, enhancing staff awareness and improving their capabilities through systematic trainings, further improving the talent team empowerment construction of the Group, reserving power sources, thus to provide talent support for the sustainable and rapid development of the Group.

#### **(XI) Outsourcing of labour**

Total working hours of outsourced labour	1 Year
Total remuneration paid to outsourced labour	49,556,700

#### **(XII) Explanation of Other Significant Matters**

##### **1. *Change of Accounting Firm***

According to relevant regulations under the Trial Measures for Provincial Enterprises to Select and Employ Accounting Firms for Audit Quality Management issued by State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government, the engagement term of Deloitte, the original auditors, will expire after the completion of 2020 annual audit. Since 2021, the Company shall change the accounting firm. The appointment of KPMG as the 2021 Financial Auditing Institution and Internal Auditing Institution was approved at the Company’s 2020 annual general meeting.

##### **2. *Issuance of Corporate Bonds***

On 2 February 2021, the Company issued RMB1 billion corporate bonds, with a term of 3 plus 2 years, and the interest rate was 3.70%. On 24 November 2021, the Company issued RMB0.8 billion corporate bonds, with a term of 3 plus 2 years, and the interest rate was 3.08%.

## X. FINANCIAL STATEMENTS (PREPARED UNDER THE PRC ACCOUNTING STANDARDS)

### (I) Consolidated balance sheet

As at 31 December 2021

*Unit: Yuan Currency: RMB*

Item	2021	2020	Item	2021	2020
<b>Current assets:</b>			<b>Current liabilities:</b>		
Cash at bank and on hand	496,127,336.06	386,712,702.84	Short-term loans	1,077,145,209.09	1,475,103,433.33
Financial assets held for trading	2,646,518,676.44	1,533,818,523.40	Bills payable	100,300,000.00	38,400,000.00
Bills receivable	11,890,000.00	10,859,500.00	Accounts payable	2,328,898,028.92	1,701,582,093.30
Accounts receivable	442,074,890.64	309,072,553.64	Advance payments received	15,782,473.92	8,590,278.75
Prepayments	8,650,678.32	21,907,475.29	Contract liabilities	427,561,162.30	876,391,923.12
Other receivables	76,302,188.99	74,322,733.51	Employee benefits payable	3,014,675.45	1,195,916.09
Inventories	3,889,201,430.67	4,148,460,044.19	Taxes payable	413,622,832.32	260,171,624.98
Other current assets	877,263,447.81	1,052,050,289.90	Other payables	253,009,905.05	240,226,212.82
			Non-current liabilities due within one year	678,043,270.61	1,103,456,242.14
			Other current liabilities	7,671,965,597.07	8,327,987,272.56
<b>Total current assets</b>	<b>8,448,028,648.93</b>	<b>7,537,203,822.77</b>	<b>Total current liabilities</b>	<b>12,969,343,154.73</b>	<b>14,033,104,997.09</b>
<b>Non-current assets:</b>			<b>Non-current liabilities:</b>		
Long-term equity investments	9,687,126,007.80	7,130,527,090.60	Long-term loans	13,028,697,541.04	11,545,381,743.39
Investments in other equity instruments	5,805,587,078.89	5,471,025,963.66	Debentures payable	5,777,418,959.86	1,984,606,358.58
Other non-current financial assets	3,004,141,868.26	2,039,192,599.15	Lease liabilities	7,919,969.93	11,835,601.70
Investment properties	56,709,500.85	17,581,885.88	Provisions	-	54,115,762.42
Fixed assets	2,676,170,843.30	2,048,237,771.21	Deferred income	99,499,953.02	112,227,270.52
Construction in progress	262,194,738.58	15,280,716,856.65	Deferred tax liabilities	419,248,158.42	305,018,990.45
Right-of-use assets	16,648,478.65	18,893,134.89			
Intangible assets	37,067,726,632.81	21,298,818,056.01	<b>Total Non-current liabilities</b>	<b>19,332,784,582.27</b>	<b>14,013,185,727.06</b>
Long-term deferred expenses	2,680,230.99	4,443,879.42	<b>Total liabilities</b>	<b>32,302,127,737.00</b>	<b>28,046,290,724.15</b>
Deferred tax assets	172,138,797.78	234,039,544.92	<b>Shareholders' equity:</b>		
Other non-current assets	462,867,895.61	14,879,760.00	Share capital	5,037,747,500.00	5,037,747,500.00
			Capital reserve	10,502,925,603.25	10,502,833,951.29
			Other comprehensive income	931,335,600.50	806,954,969.94
			General risk reserve	6,505,092.88	3,487,713.71
			Surplus reserve	3,832,362,128.54	3,650,405,305.55
			Retained earnings	9,919,407,826.11	8,208,531,658.34
			<b>Total equity attributable to shareholders of the Company</b>	<b>30,230,283,751.28</b>	<b>28,209,961,098.83</b>
			Non-controlling interests	5,129,609,234.17	4,839,308,542.18
<b>Total non-current assets</b>	<b>59,213,992,073.52</b>	<b>53,558,356,542.39</b>	<b>Total shareholders' equity</b>	<b>35,359,892,985.45</b>	<b>33,049,269,641.01</b>
			<b>Total liabilities and shareholders' equity</b>	<b>67,662,020,722.45</b>	<b>61,095,560,365.16</b>
<b>Total assets</b>	<b>67,662,020,722.45</b>	<b>61,095,560,365.16</b>			

Legal Representative:  
Cheng Xiaoguang

The person in charge of  
accounting affairs:  
Dai Qian

The head of the accounting  
department:  
Yao Qunfang

## (II) Consolidated income statement

For the year ended 31 December 2021

Unit: Yuan Currency: RMB

Item	2021	2020
<b>I. Operating income</b>	<b>13,792,587,242.50</b>	8,032,466,746.34
Less: Operating costs	<b>8,781,659,687.75</b>	4,686,890,023.93
Taxes and surcharges	<b>266,061,190.47</b>	125,864,731.35
Selling and distribution expenses	<b>26,111,192.22</b>	24,698,386.89
General and administrative expenses	<b>220,074,412.19</b>	197,226,409.99
Financial expenses	<b>787,169,270.96</b>	444,319,354.76
Including: Interest expenses	<b>788,511,048.13</b>	436,079,760.40
Interest income	<b>14,386,287.05</b>	6,900,927.45
Add: Other income	<b>30,018,403.84</b>	33,219,560.42
Investment income	<b>1,201,529,422.95</b>	618,460,042.64
Including: Income from investment in associates and joint ventures	<b>756,769,348.87</b>	375,141,407.68
Gains from changes in fair value	<b>489,879,008.21</b>	33,547,488.70
Credit losses	<b>115,014.62</b>	(94,002.60)
Impairment losses	<b>(5,497,868.60)</b>	–
Gains from asset disposals	<b>7,868,251.48</b>	220,298.98
<b>II. Operating profit</b>	<b>5,435,423,721.41</b>	3,238,821,227.56
Add: Non-operating income	<b>12,948,983.37</b>	82,926,177.75
Less: Non-operating expenses	<b>28,850,563.28</b>	88,111,461.54
<b>III. Profit before income tax</b>	<b>5,419,522,141.50</b>	3,233,635,943.77
Less: Income tax expenses	<b>1,286,873,376.13</b>	714,881,261.68
<b>IV. Net profit for the year</b>	<b>4,132,648,765.37</b>	2,518,754,682.09
(1) Net profit classified by continuity of operations:	–	–
1. Net profit from continuing operations	<b>4,132,648,765.37</b>	2,518,754,682.09
2. Net profit from discontinued operations	–	–
(2) Net profit classified by ownership:		
1. Shareholders of the Company	<b>4,178,794,496.71</b>	2,464,213,675.74
2. Non-controlling interests	<b>(46,145,731.34)</b>	54,541,006.35

Item	2021	2020
<b>V. Other comprehensive income, net of tax</b>	<b>151,824,228.78</b>	(467,550,226.48)
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company	<b>158,800,353.78</b>	(484,793,101.48)
1. Items that will not be reclassified to profit or loss	<b>158,800,353.78</b>	(484,793,101.48)
a. Other comprehensive income recognised under equity method	<b>(20,210,435.46)</b>	16,753,010.70
b. Changes in fair value of investments in other equity instruments	<b>179,010,789.24</b>	(501,546,112.18)
2. Items that may be reclassified to profit or loss	-	-
(2) Other comprehensive income (net of tax) attributable to non-controlling interests	<b>(6,976,125.00)</b>	17,242,875.00
<b>VI. Total comprehensive income for the year</b>	<b>4,284,472,994.15</b>	2,051,204,455.61
(1) Attributable to shareholders of the Company	<b>4,337,594,850.49</b>	1,979,420,574.26
(2) Attributable to non-controlling interests	<b>(53,121,856.34)</b>	71,783,881.35
<b>VII. Earnings per share:</b>		
(1) Basic earnings per share	<b>0.8295</b>	0.4891
(2) Diluted earnings per share	<b>0.8295</b>	0.4891

Legal Representative: Cheng Xiaoguang	The person in charge of accounting affairs: Dai Qian	The head of the accounting department: Yao Qunfang
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### (III) Consolidated cash flow statement

For the year ended 31 December 2021

Unit: Yuan Currency: RMB

Item	2021	2020
<b>I. Cash flows from operating activities:</b>		
Proceeds from sale of goods and rendering of services	<b>10,468,802,686.23</b>	7,792,390,632.50
Refund of taxes	<b>67,270,848.30</b>	–
Proceeds from other operating activities	<b>808,382,556.62</b>	378,720,249.25
Sub-total of cash inflows	<b>11,344,456,091.15</b>	8,171,110,881.75
Payment for goods and services	<b>2,004,305,961.00</b>	1,654,191,015.57
Payment to and for employees	<b>1,184,069,222.40</b>	1,049,136,012.24
Payment of various taxes	<b>1,523,671,008.97</b>	1,671,493,278.65
Payment for other operating activities	<b>1,165,144,363.09</b>	658,889,044.90
Sub-total of cash outflows	<b>5,877,190,555.46</b>	5,033,709,351.36
Net cash inflow from operating activities	<b>5,467,265,535.69</b>	3,137,401,530.39
<b>II. Cash flows from investing activities:</b>		
Proceeds from disposal of investments	<b>16,764,302,394.15</b>	4,850,614,479.66
Investment returns received	<b>612,158,334.76</b>	422,446,766.50
Net proceeds from disposal of fixed assets	<b>10,200,945.85</b>	586,636.10
Sub-total of cash inflows	<b>17,386,661,674.76</b>	5,273,647,882.26
Payment for acquisition of fixed assets, intangible assets and other long-term assets	<b>3,318,806,957.19</b>	4,245,496,267.18
Payment for acquisition of investments	<b>20,456,074,224.57</b>	6,728,019,383.36
Sub-total of cash outflows	<b>23,774,881,181.76</b>	10,973,515,650.54
Net cash outflow from investing activities	<b>(6,388,219,507.00)</b>	(5,699,867,768.28)

Item	2021	2020
<b>III. Cash flows from financing activities:</b>		
Proceeds from investors	354,530,000.67	647,110,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries	354,530,000.67	647,110,000.00
Proceeds from borrowings	4,365,503,334.00	10,420,000,000.00
Proceeds from issue of bonds	21,835,447,890.89	19,073,500,000.00
Sub-total of cash inflows	26,555,481,225.56	30,140,610,000.00
Repayments of borrowings	22,435,284,685.27	24,591,540,000.00
Payment for dividends, profit distributions or interest	3,060,434,849.32	3,068,524,804.39
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries	11,107,452.34	15,438,867.51
Payment for other financing activities	-	16,500,000.00
Sub-total of cash outflows	25,495,719,534.59	27,676,564,804.39
Net cash inflow from financing activities	1,059,761,690.97	2,464,045,195.61
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	-	-
<b>V. Net increase in cash and cash equivalents (“-” for decrease)</b>	138,807,719.66	(98,421,042.28)
Add: Cash and cash equivalents at the beginning of the year	350,989,093.35	449,410,135.63
<b>VI. Cash and cash equivalents at the end of the year</b>	489,796,813.01	350,989,093.35

Legal Representative: Cheng Xiaoguang	The person in charge of accounting affairs: Dai Qian	The head of the accounting department: Yao Qunfang
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#### (IV) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS:

##### 1. Operating income and operating costs

###### (1) Operating income and operating costs

Unit: RMB

Item	Note	2021		2020	
		Income	Cost	Income	Cost
Principal activities		12,649,032,397.83	7,969,504,590.31	7,327,791,802.90	4,275,414,011.85
Other operating activities		1,143,554,844.67	812,155,097.44	704,674,943.44	411,476,012.08
Total		13,792,587,242.50	8,781,659,687.75	8,032,466,746.34	4,686,890,023.93
Including: revenue from					
contracts with					
customer	(2)	13,548,148,059.43	8,580,484,360.76	7,845,201,834.64	4,511,054,276.93
Rental income		244,439,183.07	201,175,327.00	187,264,911.70	175,835,747.00

###### (2) Disaggregation of revenue from contracts with customers

Unit: RMB

Type of contract	2021	2020
By type of goods or services		
Majority toll road income	8,263,073,263.06	6,016,298,931.46
Construction period income	2,948,829,334.42	–
Ancillary services	1,198,494,447.83	1,124,227,959.74
Real estate income	1,028,544,320.23	621,675,771.55
Advertising and others	109,206,693.89	82,999,171.89
<b>Total</b>	<b>13,548,148,059.43</b>	<b>7,845,201,834.64</b>
By timing of transferring goods or services		
Revenue recognized at a point in time	10,500,694,281.05	7,736,395,047.92
Revenue recognized over time	3,047,453,778.38	108,806,786.72
<b>Total</b>	<b>13,548,148,059.43</b>	<b>7,845,201,834.64</b>

## 2. Income tax expenses

### (1) Income tax expenses

	<i>Unit: RMB</i>	
Item	2021	2020
Current tax expense for the year based on tax law and regulations	<b>1,157,249,732.23</b>	723,293,700.58
Changes in deferred tax assets/liabilities	<b>130,258,268.09</b>	(9,187,359.75)
Adjustments to income tax of previous years	<b>(634,624.19)</b>	774,920.85
<b>Total</b>	<b><u>1,286,873,376.13</u></b>	<b><u>714,881,261.68</u></b>

### (2) Reconciliation between income tax expenses and accounting profit:

	<i>Unit: RMB</i>	
Item	2021	2020
Profits before taxation	<b>5,419,522,141.50</b>	3,233,635,943.77
Expected income tax expenses at tax rate of 25% (prior year: 25%)	<b>1,354,880,535.38</b>	807,716,001.78
Effect of non-deductible costs, expense and losses	<b>66,311,854.27</b>	30,688,401.29
Effect of non-taxable income	<b>(241,146,837.21)</b>	(123,494,994.88)
Effect of using the deductible losses for which no deferred tax asset was recognised in previous periods	<b>(28,621.51)</b>	13,335,983.75
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognised this year	<b>95,686,408.19</b>	–
Adjustments to income tax of previous years	<b>(634,624.19)</b>	774,920.85
Allocation of income tax for investments in joint ventures	<b>11,804,661.20</b>	(14,139,051.11)
<b>Total</b>	<b><u>1,286,873,376.13</u></b>	<b><u>714,881,261.68</u></b>

### 3. Net Profit for the year has been arrived at after charging:

*Unit: RMB*

<b>Item</b>	<b>2021</b>	<b>2020</b>
Staff costs (Include: directors' emoluments)	<b>1,021,483,967.58</b>	929,155,144.19
Basic endowment insurance and annuity payment	<b>164,404,014.18</b>	110,659,408.49
Total staff costs	<b>1,185,887,981.76</b>	1,039,814,552.68
Audit fee	<b>3,000,000.00</b>	3,200,000.00
Depreciation and amortization (Included in operating costs, sales expenses and administrative expenses)	<b>1,904,446,986.15</b>	1,570,916,692.92
(Profits)/Losses on disposal and retirement of non-current assets	<b>(7,868,251.48)</b>	5,015,187.63
Amortization of land use rights (Included in operating costs and administrative expenses)	<b>64,658,222.64</b>	64,658,222.64
Sales cost of inventories	<b>1,728,697,463.85</b>	1,143,437,020.21

### 4. Breakdown of non-recurring profit or loss

*Unit: RMB*

<b>Item</b>	<b>Amount</b>
Gains on disposal of non-current assets	7,868,251.48
Government grants recognized in profit or loss for the current period	30,018,403.84
Gains or losses from changes in fair values of held-for-trading financial assets; Gains or losses from asset disposals of held-for-trading and available-for-sale financial investments	620,818,161.05
Other non-operating income and expenses besides items above	(15,901,579.91)
Tax effect	(134,177,990.28)
Effects on non-controlling interests after taxation	<u>(8,653,967.59)</u>
<b>Total</b>	<b><u><u>499,971,278.59</u></u></b>

## 5. Return on net assets and earnings per share (“EPS”)

The return on net assets and EPS have been prepared by Jiangsu Expressway Co., Ltd in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010) issued by China Securities Regulatory Commission.

*Unit: RMB*

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic earnings per share	Diluted earnings per share
Consolidated net profit attributable to ordinary shareholders of the Company	14.37	0.8295	0.8295
Consolidated net profit after deduction of non-recurring profits	12.76	0.7303	0.7303

## 6. Basic earnings per share and diluted earnings per share

### (1) Basic earnings per share

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

*Unit: RMB*

	2021	2020
Consolidated net profit attributable to ordinary shareholders of the Company	<b>4,178,794,496.71</b>	2,464,213,675.74
Weighted average number of ordinary shares outstanding	<b>5,037,747,500.00</b>	5,037,747,500.00
Basic earnings per share	<b>0.8295</b>	0.4891

Weighted average number of ordinary shares is calculated as follows:

	<i>Unit: RMB</i>	
	2021	2020
Issued ordinary shares at the beginning of the year	5,037,747,500.00	5,037,747,500.00
Weighted average number of ordinary shares at the end of the year	5,037,747,500.00	5,037,747,500.00

**(2) Diluted earnings per share**

There are no dilutive underlying common shares in the Company during the reporting period and diluted earnings per share are the same as basic earnings per share.

**7. Bills receivable**

**(1) Classification of bills receivable**

	<i>Unit: RMB</i>	
Item	2021	2020
Bank acceptance bills	<u>11,890,000.00</u>	<u>10,859,500.00</u>

**(2) The Group has no pledged bills receivable at the end of the year.**

**(3) There is no endorsed or discounted bills receivable that is not yet matured at the end of the year.**

**(4) There is no bills receivable transferred to accounts receivable due to the non-performance of the issuers.**

## 8. Accounts receivable

### (1) Accounts receivable by customer type are as follows:

	<i>Unit: RMB</i>	
Type	2021	2020
Amounts due from related party	227,403,394.97	193,389,929.51
Amounts due from third party	214,800,509.15	115,926,652.23
Sub-total	442,203,904.12	309,316,581.74
Less: Provision for bad and doubtful debts	<u>129,013.48</u>	<u>244,028.10</u>
<b>Total</b>	<b><u>442,074,890.64</u></b>	<b><u>309,072,553.64</u></b>

### (2) The ageing analysis of accounts receivable is as follows:

	<i>Unit: RMB</i>	
Ageing	2021	2020
Within 1 year (inclusive)	435,753,230.13	304,830,097.00
Over 1 year but within 2 years (inclusive)	6,450,673.99	4,486,484.74
Sub-total	442,203,904.12	309,316,581.74
Less: Provision for bad and doubtful debts	<u>129,013.48</u>	<u>244,028.10</u>
<b>Total</b>	<b><u>442,074,890.64</u></b>	<b><u>309,072,553.64</u></b>

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

**(3) Accounts receivable by provisioning method:**

Unit: RMB

Category	Collective assessment		2021		Provision for bad and doubtful debts		2020		Provision for bad and doubtful debts		Provision for bad and doubtful debts
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	
Collective assessment	442,203,904.12	100.00	129,013.48	100.00	442,074,890.64	309,316,581.74	100.00	244,028.10	100.00	309,072,553.64	

**(4) Movements of provisions for bad and doubtful debts:**

Unit: RMB

	Note	2021	2020
Balance at the beginning of the year		244,028.10	1,859,703.23
Additions during the year		–	84,304.87
Recoveries or reversals during the year		(115,014.62)	–
Written-off during the year	(5)	–	(1,699,980.00)
Balance at the end of the year		129,013.48	244,028.10

**(5) Accounts receivable written off during the year**

Unit: RMB

Item	2021	2020
Accounts receivable written off	–	1,699,980.00

**(6) Five largest accounts receivable by debtor at the end of the year**

The subtotal of five largest accounts receivable of the Group at the end of the year is RMB331,224,221.71, accounting for 74.90% of the total accounts receivable, and the corresponding balance of provision for bad and doubtful debts is RMB0.

**(7) Derecognition of accounts receivable due to transfer of financial assets**

The Group has no accounts receivable derecognition due to transfer to financial assets this year(2020: none).

**(8) Assets and liabilities recognised due to the transfer with continuing involvement of accounts receivable**

The group does not transfer receivables this year and continues to involve in the formation of assets and liabilities(2020:none).

**9. Prepayments**

**(1) Prepayments by category:**

*Unit: RMB*

Item	2021	2020
Prepayments	<u>8,650,678.32</u>	<u>21,907,475.29</u>
<b>Total</b>	<b><u>8,650,678.32</u></b>	<b><u>21,907,475.29</u></b>

**(2) The ageing analysis of prepayments is as follows:**

*Unit: RMB*

Ageing	2021		2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	6,758,873.25	78.13	16,548,932.55	75.54
Over 1 year but within 2 years (inclusive)	1,891,805.07	21.87	1,431,631.67	6.53
Over 2 years but within 3 years (inclusive)	-	-	3,614,315.97	16.50
Over 3 years	-	-	312,595.10	1.43
<b>Total</b>	<b><u>8,650,678.32</u></b>	<b><u>100.00</u></b>	<b><u>21,907,475.29</u></b>	<b><u>100.00</u></b>

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

**(3) Five largest prepayments by debtor at the end of the year:**

*Unit: RMB*

Name of entity	Amount	Proportion of the amount to the total prepayments (%)
Jiangsu Expressway Information Engineering Co., Ltd.	3,000,000.00	34.68
Kunshan Litong Natural Gas Co. LTD	1,637,800.00	18.93
Nanjing Branch of China Land & Casualty Insurance Co., LTD	976,883.46	11.29
State Grid Jiangsu Electric Power Co., Ltd Wuxi Power Supply Company	643,066.97	7.43
Suzhou Water Supply Co., Ltd. Business Department	479,200.00	5.54
<b>Total</b>	<b>6,736,950.43</b>	<b>77.87</b>

**10. Other receivables**

*Unit: RMB*

	Note	2021	2020
Dividends receivable	(1)	<b>4,989,960.00</b>	4,989,960.00
Others	(2)	<b>71,312,228.99</b>	69,332,773.51
<b>Total</b>		<b>76,302,188.99</b>	<b>74,322,733.51</b>

**(1) Dividends receivable**

*Unit: RMB*

Item	2021	2020
Jiangsu Kuailu Motor Transport Co., Ltd.	<b>4,989,960.00</b>	4,989,960.00

**(2) Others**

*(a) Others by customer type:*

*Unit: RMB*

<b>Customer type</b>	<b>2021</b>	<b>2020</b>
Amounts due from related party	<b>31,739,811.86</b>	26,951,213.03
Amounts due from third party	<b>55,511,530.13</b>	58,320,673.48
Sub-total	<b>87,251,341.99</b>	85,271,886.51
Less: Provision for bad and doubtful debts	<b>15,939,113.00</b>	15,939,113.00
<b>Total</b>	<b><u>71,312,228.99</u></b>	<b><u>69,332,773.51</u></b>

*(b) The ageing analysis is as follows:*

*Unit: RMB*

<b>Ageing</b>	<b>2021</b>	<b>2020</b>
Within 1 year (inclusive)	<b>22,228,306.25</b>	49,498,227.12
Over 1 year but within 2 years (inclusive)	<b>29,678,985.24</b>	4,273,342.30
Over 2 years but within 3 years (inclusive)	<b>4,025,277.79</b>	4,376,870.80
Over 3 years	<b>31,318,772.71</b>	27,123,446.29
Sub-total	<b>87,251,341.99</b>	85,271,886.51
Less: Provision for bad and doubtful debts	<b>15,939,113.00</b>	15,939,113.00
<b>Total</b>	<b><u>71,312,228.99</u></b>	<b><u>69,332,773.51</u></b>

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

(c) Others by provisioning method:

Unit: RMB

Category	Book value		2021 Provision for bad and doubtful debts		Carrying amount	Book value		2020 Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	15,812,140.02	18.12	15,812,140.02	99.20	-	15,812,140.02	18.54	15,812,140.02	99.20	-
Collective assessment	<u>71,439,201.97</u>	<u>81.88</u>	<u>126,972.98</u>	<u>0.80</u>	<u>71,312,228.99</u>	<u>69,459,746.49</u>	<u>81.46</u>	<u>126,972.98</u>	<u>0.80</u>	<u>69,332,773.51</u>
<b>Total</b>	<u><u>87,251,341.99</u></u>	<u><u>100.00</u></u>	<u><u>15,939,113.00</u></u>	<u><u>100.00</u></u>	<u><u>71,312,228.99</u></u>	<u><u>85,271,886.51</u></u>	<u><u>100.00</u></u>	<u><u>15,939,113.00</u></u>	<u><u>100.00</u></u>	<u><u>69,332,773.51</u></u>

(d) *Movements of provisions for bad and doubtful debts:*

*Unit: RMB*

Provision for bad and doubtful debts	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL – Not credit impaired	Lifetime ECL – Credit impaired		12-month ECL	Lifetime ECL – Not credit impaired	Lifetime ECL – Credit impaired	
Balance at the beginning of the year	126,972.98	-	15,812,140.02	15,939,113.00	117,275.25	-	15,812,140.02	15,929,415.27
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Reverse to stage 2	-	-	-	-	-	-	-	-
Reverse to stage 1	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	14,642.30	-	-	14,642.30
Recoveries or reversals during the year	-	-	-	-	(4,944.57)	-	-	(4,944.57)
Written-off during the year	-	-	-	-	-	-	-	-
Balance at the end of the year	126,972.98	-	15,812,140.02	15,939,113.00	126,972.98	-	15,812,140.02	15,939,113.00

(i) Provisions for bad and doubtful debts

There is no single significant recover or reversal of bad debt provisions of the Group this year.

(ii) Other receivables written off during the year

The Group has no other receivables written off this year.

(e) *Others categorised by nature:*

*Unit: RMB*

<b>Nature of other receivables</b>	<b>2021</b>	<b>2020</b>
Liquidated damages ( <i>Note</i> )	<b>26,000,000.00</b>	26,000,000.00
Landlord maintenance funds	<b>19,865,394.55</b>	17,131,289.30
Amounts of investment clearance	<b>15,812,140.02</b>	15,812,140.02
Project funds borrowed in advance	<b>6,591,121.50</b>	11,560,425.90
Petty cash	<b>5,128,711.80</b>	4,860,969.89
Mortgage deposits for housing fund loan	<b>3,444,600.00</b>	2,200,000.00
Others	<b>10,409,374.12</b>	7,707,061.40
Sub-total	<b>87,251,341.99</b>	85,271,886.51
Less: Provision for bad and doubtful debts	<b>15,939,113.00</b>	15,939,113.00
<b>Total</b>	<b><u>71,312,228.99</u></b>	<b><u>69,332,773.51</u></b>

*Note:* Hanwei Company, a subsidiary of the Group, entered into an entrusted management agreement with Luode Fund Company, under which Luode Fund Company shall be responsible for the management of the construction of Hanrui Center Real Estate Project. Due to the delay in the construction of the project, it was delivered to the owner late, and Hanwei Company reached an agreement with Luode Fund Company to pay liquidated damages to Hanwei Company for the late delivery of the project in 2020.

(f) *Five largest others-by debtor at the end of the year:*

*Unit: RMB*

Debtor	Nature of the receivable	Balance at the end of the year	Ageing	Percentage of ending balance	Ageing
Luode Fund Company	Compensation payments	31,598,493.35	1-2 years	36.22	-
Jiangsu Yixing Highway Administration	Amounts of investment clearance	15,812,140.02	More than 3 years	18.12	15,812,140.02
Department China Construction Eighth Engineering Division Corp. Ltd.	Project funds borrowed in advance	6,028,716.00	More than 3 years	6.91	-
Suzhou Housing Property Guarantee Co., Ltd.	Deposit	3,444,600.00	1-3 years	3.95	-
Nanjing Guohao Decoration & Installation Engineering Co., LTD	Project funds borrowed in advance	336,104.91	2-3 years	0.39	-
<b>Total</b>		<b>57,220,054.28</b>		<b>65.59</b>	<b>15,812,140.02</b>

## 11. Accounts payable

(1) *Details of accounts payable are as follows:*

*Unit: RMB*

Item	2021	2020
Amounts due to related party	<b>265,513,545.74</b>	288,539,131.50
Amounts due to third parties	<b>2,063,384,483.18</b>	1,413,042,961.80
<b>Total</b>	<b>2,328,898,028.92</b>	1,701,582,093.30

**(2) Significant accounts payable with ageing of more than one year**

*Unit: RMB*

<b>Item</b>	<b>Balance at the end of the year</b>	<b>Reasons why not settled</b>
Construction payable	<b>324,058,246.71</b>	Long settlement period
Construction payable for real estate project	<b>193,400,828.34</b>	Long settlement period
<b>Total</b>	<b><u>517,459,075.05</u></b>	

**12. Advance payments received**

Details of advance payments received are as follow:

*Unit: RMB*

<b>Item</b>	<b>2021</b>	<b>2020</b>
Rental deposit received in advance	<b><u>15,782,473.92</u></b>	<b><u>8,590,278.75</u></b>
<b>Total</b>	<b><u>15,782,473.92</u></b>	<b><u>8,590,278.75</u></b>

At the end of December 31 2021, the Group has no significant advance payments received with aging of more than 1 year (December 31, 2020: none).

### 13. Contract liabilities

*Unit: RMB*

<b>Item</b>	<b>2021</b>	<b>2020</b>
Advances from sales of property received	<b>427,561,162.30</b>	875,844,018.90
Others	<u>–</u>	<u>547,904.22</u>
<b>Total</b>	<b><u>427,561,162.30</u></b>	<b><u>876,391,923.12</u></b>

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

Significant changes in the contract liabilities of the Group are as follows:

*Unit: RMB*

<b>Item</b>	<b>2021</b>
At the beginning of the year	<b>876,391,923.12</b>
Amount increased as a result of receipt of cash (excluding amount recognized as income in current year)	<b>312,427,568.81</b>
Revenue recognized by the amount contained in the book value of the contractual liability at the beginning of the year	<b><u>(761,258,329.63)</u></b>
<b>Total</b>	<b><u>427,561,162.30</u></b>

### 14. Other payables

*Unit: RMB*

<b>Item</b>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Dividends payable	(1)	<b>95,543,399.25</b>	93,379,246.71
Others	(2)	<b><u>157,466,505.80</u></b>	<u>146,846,966.11</u>
<b>Total</b>		<b><u>253,009,905.05</u></b>	<b><u>240,226,212.82</u></b>

**(1) Dividends payable**

*Unit: RMB*

<b>Item</b>	2021	2020
Dividends for ordinary shares	<u>95,543,399.25</u>	<u>93,379,246.71</u>
<b>Total</b>	<b><u>95,543,399.25</u></b>	<b><u>93,379,246.71</u></b>

As of December 31, 2021, the balance of dividends payable aged more than one year is RMB90,179,473.71 (December 31, 2020: RMB87,139,577.17), which is the dividend that has not been collected by the investor.

**(2) Others**

Details of others by nature are as follows:

*Unit: RMB*

<b>Item</b>	2021	2020
Lease deposit of Service area	51,596,061.62	47,225,359.81
Performance and other security	41,743,121.49	19,639,202.54
Project quality deposit	24,611,493.71	11,533,600.00
House purchase bonus	3,279,848.07	41,582,187.07
Others	<u>36,235,980.91</u>	<u>26,866,616.69</u>
<b>Total</b>	<b><u>157,466,505.80</u></b>	<b><u>146,846,966.11</u></b>

As of December 31, 2021, no significant other payables aged more than one year (As of December 31, 2020: none).

## 15. Retained earnings

Item	2021	2020
Retained earnings at the beginning of the year	<b>8,208,531,658.34</b>	8,164,265,960.12
Add: Net profit for the year attributable to shareholders of the Company	<b>4,178,794,496.71</b>	2,464,213,675.74
Transfer of other comprehensive income to retained earnings ( <i>Note 1</i> )	<b>34,419,723.22</b>	–
Less: Appropriation to statutory surplus reserve	<b>116,303,446.71</b>	59,899,411.41
Appropriation to discretionary surplus reserve	<b>65,653,376.28</b>	39,338,893.72
Appropriation to general risk reserve	<b>3,017,379.17</b>	3,345,822.39
Dividends to ordinary shares ( <i>Note 2</i> )	<b>2,317,363,850.00</b>	2,317,363,850.00
Retained earnings at the end of the year	<b>9,919,407,826.11</b>	8,208,531,658.34

*Note1:* Transfer of other comprehensive income to retained earnings is mainly the income generated by the disposal of partial investments in other equity instruments held by the Group in 2021. This financial asset is designated to be measured at fair value and its change is included in other comprehensive income. The accumulated profit of RMB34,419,723.22 is transferred from other comprehensive income to undistributed profit.

*Note2:* According to approval from general meeting of shareholders of the Company, on 25 June 2021, the Company distributed cash dividends of RMB2,317,363,850.00, with the par value of RMB0.46 per share, to ordinary shareholders (2020: dividends in cash of RMB2,317,363,850.00, with the par value of RMB0.46 per share).

## 16. Segment reporting

The Group are classified into 12 operating segments, including Shanghai-Nanjing Expressway, Ningchang Expressway and Zhenli Expressway, Guangjing Expressway and Xicheng Expressway, Xiyi Expressway and Wuxi Huantaihu Expressway, Zhendan Expressway, Wufengshan Bridge, Changyi Expressway, Yichang Expressway, Longtan Bridge, Ancillary services (including petrol, food and retail in service zones along the expressways), Real estate development and advertising and others. The management of the Group regularly reviews the financial information of different divisions to allocate resources and evaluate performance.

***(1) Profit or loss and asset information of report segment***

In order to evaluate the performance of each segment and allocate resources to it, the Group management regularly reviews the assets, liabilities, revenues, expenses and operating results attributable to each segment on the basis of the following information:

Segment assets include all tangible assets, intangible assets, other long-term assets and current assets such as receivables that are owned by each segment, but not include deferred income tax assets and other undistributed headquarters assets.

Segment operating results refers to the net amount of income generated by each segment (including foreign transaction income and transaction income between segments) after deducting expenses incurred by each segment, depreciation and amortization and impairment loss of assets attributable to each segment. Transfer pricing of revenue between segments is calculated on similar terms to other external transactions. The Group does not allocate financial expenses, investment income, gains and losses on changes in fair value, some administrative expenses, some non-operating income and income tax expenses to the segments.

The information disclosed below for each reported segment of the Group is based on the following data used by the management in measuring and reporting segment profits and assets, or the following data is not used but is regularly provided to the management:

Unit: RMB

	Hanghai-Nanjing Expressway		Guangjing Expressway and Xicheng Expressway		Xiyi Expressway and Wuxi Huantaihu Expressway		Changyi Expressway		Yichang Expressway		Ningchang Expressway and Zhenli Expressway	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Segment operating income	5,175,311,438.44	3,926,110,186.74	869,938,635.26	754,274,294.15	484,383,787.26	325,057,442.18	85,930,654.39	418,722.28	111,490,335.25	-	1,308,519,652.48	941,181,964.98
Operating costs	1,874,264,876.20	1,764,679,609.32	390,674,822.95	292,159,198.21	290,930,775.54	251,047,092.77	99,155,327.12	1,269,354.50	154,259,522.02	-	662,770,741.11	747,271,649.26
Including: Amortization of toll roads operation rights	602,056,742.01	600,518,184.83	102,731,396.26	121,386,719.72	142,388,665.82	127,192,332.25	73,200,692.56	203,590.31	124,932,204.75	-	439,112,456.73	451,614,434.44
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	-	-	-	-	-	-
Segment operating profit/(loss)	3,301,046,562.24	2,188,829,746.62	479,265,812.31	462,115,095.94	193,453,011.72	74,010,349.41	(13,224,672.73)	(850,632.22)	(42,769,186.77)	-	645,748,911.37	193,910,315.72
Reconciling items:												
Less: Taxes and levies	29,144,953.34	16,124,177.59	3,933,506.79	2,715,387.46	1,695,160.05	1,170,206.79	147,270.41	23,926.22	919,831.40	-	-	1,398,074.16
Selling expenses	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	68,293,834.04	72,716,162.62	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-
Add: Other income	27,763,662.10	26,729,773.45	2,049,436.29	3,882,776.42	-	-	-	-	-	-	-	2,224,743.40
Investment income	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses of credit	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	-	-	-	-	-	-	-	-	-
Gains from disposal of assets	5,762,600.00	171,744.99	-	-	-	-	-	-	-	-	-	-
Operating profit/(loss)	3,237,134,036.96	2,126,890,924.85	477,381,741.81	463,282,484.90	191,757,851.67	72,840,142.62	(13,371,943.14)	(874,558.44)	(43,689,018.17)	-	645,748,911.37	194,736,984.96
Non-operating income	5,253,800.00	7,129,200.00	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total profit/(loss)	3,242,387,836.96	2,134,020,124.85	477,381,741.81	463,282,484.90	191,757,851.67	72,840,142.62	(13,371,943.14)	(874,558.44)	(43,689,018.17)	-	645,748,911.37	194,736,984.96
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net profit/(loss)	3,242,387,836.96	2,134,020,124.85	477,381,741.81	463,282,484.90	191,757,851.67	72,840,142.62	(13,371,943.14)	(874,558.44)	(43,689,018.17)	-	645,748,911.37	194,736,984.96
Total segment assets	8,820,919,262.86	9,338,559,144.11	884,939,073.59	946,419,951.73	1,616,142,265.31	1,689,536,140.13	3,727,547,078.28	3,900,767,681.55	3,799,790,747.18	2,896,568,864.06	4,588,205,488.21	5,108,236,089.36
Depreciation and amortization	703,225,933.22	780,714,355.23	128,092,695.92	104,475,472.68	152,516,125.37	127,192,428.00	77,524,037.44	179,393.61	132,397,717.36	-	471,450,289.23	478,800,217.71
Interest income	-	-	-	-	-	-	-	-	-	-	-	-
Interest expenses	-	-	-	-	-	-	-	-	-	-	-	-
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets other than long-term equity investments	8,820,919,262.86	9,338,559,144.11	884,939,073.59	946,419,951.73	1,616,142,265.31	1,689,536,140.13	3,727,547,078.28	3,900,767,681.55	3,799,790,747.18	2,896,568,864.06	4,588,205,488.21	5,108,236,089.36
Capital expenditure	129,636,961.89	16,858,322.81	10,942,864.45	16,277,230.54	-	-	4,656,678.67	904,056,308.00	1,162,278,062.89	831,203,393.60	-	-

Unit: RMB

	Zhendan Expressway		Wufengshan Bridge		Longtan Bridge		Ancillary services	
	2021	2020	2021	2020	2021	2020	2021	2020
Segment operating income	88,136,724.28	69,256,321.13	184,253,220.57	-	-	-	1,437,129,800.35	1,311,492,871.44
Operating costs	92,923,592.19	80,705,408.76	139,325,121.01	-	-	-	1,380,090,064.44	1,178,933,604.08
Including: Amortization of toll roads operation rights	32,903,506.64	32,747,193.32	85,246,599.93	-	-	-	-	-
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	-	-
Segment operating profit/(loss)	(4,786,867.91)	(11,449,087.63)	44,928,099.56	-	-	-	1,022,790,032.60	845,506,820.33
Reconciling items:							57,039,735.91	132,559,267.36
Less: Taxes and levies	482,112.37	249,322.76	448,666.32	-	143,801.20	-	14,245,837.14	30,851,458.45
Selling expenses	-	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-
Add: Other income	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Gains or losses from changes in fair values	-	-	-	-	-	-	-	-
Impairment losses of credit	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	-	-	-	-	-
Gains from disposal of assets	-	-	-	-	-	-	-	-
Operating profit/(loss)	(5,268,980.28)	(11,698,410.39)	44,479,433.24	-	(143,801.20)	-	42,793,898.77	101,707,808.91
Non-operating income	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-
Total profit/(loss)	(5,268,980.28)	(11,698,410.39)	44,479,433.24	-	(143,801.20)	-	42,793,898.77	101,707,808.91
Income tax expenses	-	-	-	-	-	-	-	-
Net profit/(loss)	(5,268,980.28)	(11,698,410.39)	44,479,433.24	-	(143,801.20)	-	42,793,898.77	101,707,808.91
Total segment assets	1,701,432,463.68	1,513,593,649.62	12,170,857,137.90	11,475,593,425.01	2,006,205,132.24	1,338,064,187.44	381,457,634.05	375,533,647.53
Depreciation and amortization	51,910,484.57	47,240,092.89	105,633,318.64	-	-	-	57,637,695.85	61,462,501.55
Interest income	-	-	-	-	-	-	-	-
Interest expenses	-	-	-	-	-	-	-	-
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	-	-
Non-current assets other than long-term equity investments	1,701,432,463.68	1,513,593,649.62	12,170,857,137.90	11,475,593,425.01	2,006,205,132.24	1,338,064,187.44	381,457,634.05	375,533,647.53
Capital expenditure	30,430,295.51	138,196,263.94	1,341,142,693.96	1,960,301,992.14	668,140,944.80	966,987,101.55	44,714,644.90	3,875,405.65

Unit: RMB

	Real estate development		Advertising and others		Unallocated items & Offsetting among segments		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Segment operating income	1,028,544,320.23	621,675,771.55	133,836,926.26	96,251,907.74	2,885,111,747.73	(40,651,905.05)	13,792,587,242.50	8,032,466,746.34
Operating costs	732,545,827.31	351,563,142.96	79,609,270.13	59,912,869.12	2,885,111,747.73	(40,651,905.05)	8,781,659,687.75	4,686,890,023.93
Including: Amortization of toll roads operation rights	-	-	-	-	-	-	1,602,572,264.70	1,333,662,454.87
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	1,022,790,032.60	845,506,820.33
Segment operating profit/(loss)	295,998,492.92	270,112,628.59	54,227,656.13	36,339,038.62	-	-	5,010,927,554.75	3,345,576,722.41
Reconciling items:								
Less: Taxes and levies	213,435,837.88	71,660,162.43	1,464,213.57	1,672,015.49	-	-	266,061,190.47	125,864,731.35
Selling expenses	26,111,192.22	24,698,106.87	-	280.00	-	-	26,111,192.22	24,698,386.89
Administrative expenses	-	-	-	-	151,780,578.15	124,510,247.37	220,074,412.19	197,226,409.99
Financial expenses	-	-	-	-	787,169,270.96	444,319,354.76	787,169,270.96	444,319,354.76
Add: Other income	96,173.65	279,215.48	-	-	109,131.80	103,051.67	30,018,403.84	33,219,560.42
Investment income	-	-	-	-	1,201,529,422.95	618,460,042.64	1,201,529,422.95	618,460,042.64
Gains or losses from changes in fair values	-	-	-	-	489,879,008.21	33,547,488.70	489,879,008.21	33,547,488.70
Impairment losses of credit	-	-	-	-	115,014.62	(94,002.60)	115,014.62	(94,002.60)
Impairment loss of assets	-	-	-	-	(5,497,868.60)	-	(5,497,868.60)	-
Gains from disposal of assets	-	-	-	-	2,105,651.48	48,553.99	7,868,251.48	220,298.98
Operating profit/(loss)	56,547,636.47	174,033,574.77	52,763,442.56	34,666,743.13	749,290,511.35	83,235,532.27	5,435,423,721.41	3,238,821,227.56
Non-operating income	-	-	-	-	7,695,183.37	75,796,977.75	12,948,983.37	82,926,177.75
Non-operating expenses	-	-	-	-	28,850,563.28	88,111,461.54	28,850,563.28	88,111,461.54
Total profit/(loss)	56,547,636.47	174,033,574.77	52,763,442.56	34,666,743.13	728,135,131.44	70,921,048.48	5,419,522,141.50	3,233,635,943.77
Income tax expenses	-	-	-	-	1,286,873,376.13	714,881,261.68	1,286,873,376.13	714,881,261.68
Net profit/(loss)	56,547,636.47	174,033,574.77	52,763,442.56	34,666,743.13	(558,738,244.69)	(643,960,213.20)	4,132,648,765.37	2,518,754,682.09
Total segment assets	2,836,469,080.78	2,788,804,491.62	1,072,986,949.87	2,741,818,417.41	24,055,068,408.50	16,982,064,675.59	67,662,020,722.45	61,095,560,365.16
Depreciation and amortization	1,407,240.12	1,302,810.85	3,565,009.05	4,498,666.23	83,744,662.02	29,708,976.81	1,969,105,208.79	1,635,574,915.56
Interest income	-	-	-	-	14,386,287.05	6,900,927.45	14,386,287.05	6,900,927.45
Interest expenses	-	-	-	-	788,511,048.13	436,079,760.40	788,511,048.13	436,079,760.40
Investment income from long-term equity investment under equity method	-	-	-	-	756,769,348.87	375,141,407.68	756,769,348.87	375,141,407.68
Non-current assets other than long-term equity investments	152,564,820.59	64,629,350.39	2,751,075,787.56	2,237,315,446.92	6,925,729,174.27	5,543,011,873.94	49,526,866,065.72	46,427,829,451.79
Capital expenditure	793,080.18	1,123,103.83	3,878,106.57	1,008,383.63	94,537,270.42	105,873,882.05	3,491,935,603.69	4,945,761,387.74

## (2) Regional information

The Group's revenue sources and non-current assets are all located in Jiangsu Province.

## (3) Major customers

The Group has no significant dependence on a single customer this year.

## XI. DEFINITIONS

Unless the context otherwise requires, the following expressions contained in this announcement shall have the meanings as follows:

### Definitions of commonly used terms

Company	Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司)
Group	the Company and its subsidiaries
Ninghu International Company	Jiangsu Expressway International (Hong Kong) Company Limited
Ninghu Investment Company	Jiangsu Ninghu Investment Development Co., Ltd. (江蘇寧滬投資發展有限責任公司)
Factoring Company	NingHu Commercial Factoring (Guangzhou) Co., Ltd. (寧滬商業保理(廣州)有限公司)
Ninghu Properties Company	Jiangsu Ninghu Properties Co., Ltd. (江蘇寧滬置業有限責任公司)
Hanwei Company	Nanjing Hanwei Property Development Company Limited (南京瀚威房地產開發有限公司)
Yangtze Commerce and Energy Company	Jiangsu Yangtze Commerce and Energy Co., Ltd. (江蘇長江商業能源有限公司)
Guangjing Xicheng Company	Jiangsu Guangjing Xicheng Expressway Company Limited (江蘇廣靖錫澄高速公路有限責任公司)
Finance Company or Group Finance Company	Jiangsu Communications Holding Group Finance Co., Ltd (江蘇交通控股集團財務有限公司)
Bank of Jiangsu	Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司)
Zijin Trust	Zijin Trust Co., Ltd. (紫金信託有限責任公司)
Yanjiang Company	Jiangsu Yanjiang Expressway Co., Ltd. (江蘇沿江高速公路有限公司)

Jiangsu Leasing Company	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司)
Luode Dening	Nanjing Luode Dening Real Estate Investment Partnership (Limited Partnership) (南京洛德德寧房地產投資合夥企業 (有限合夥))
Zhongbei Zhiyuan	Nanjing Luode Zhongbei Zhiyuan Equity Investment Partnership (Limited Partnership) (南京洛德中北致遠股權投資合夥企業 (有限合夥))
Luode Huizhi	Nanjing Luode Huizhi Equity Investment Partnership (Limited Partnership) (南京洛德匯智股權投資合夥企業 (有限合夥))
CDB Kai Yuan Phase II Fund	Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership) (蘇州工業園區國創開元二期投資中心 (有限合夥))
PPP	Public - Private – Partnership, which is a mode of cooperation between the government and social capital in accordance with laws
Shanghai-Nanjing Expressway	Jiangsu Section of Shanghai-Nanjing Expressway
Guangjing Expressway	Northern connection of Guangling-Jingjiang Section, Jiangyin Yangtze Bridge
Xicheng Expressway	Southern connection of Jiangyin-Wuxi Section, Jiangyin Yangtze Bridge
Jiangyin Bridge	Jiangyin Yangtze Bridge
Sujiahang Expressway	Jiangsu Section of Suzhou-Jiaxing Expressway and Suzhou-Hangzhou Expressway
Changjia Expressway	Kunshan-Wujiang Section of Changshu-Jiaxing Expressway

Zhendan Expressway	Zhenjiang-Danyang Expressway
Ningchang Expressway	Lishui Guizhuang Hub-Changzhou South Interchange Expressway
Zhenli Expressway	Dantu Hub-Liyang Qianma Hub Expressway
Xiyi Expressway	Wuxi North Hub-Yixing Xiwu Hub Expressway
Wuxi Huantaihu Expressway	Wuxi Shuofang Hub-Wuxi Nanquan Interchange Expressway
Wufengshan Toll Bridge	Wufengshan Toll Bridge and North-South Connection Project
Changyi Expressway	Changzhou-Yixing Expressway
Yichang Expressway	Jiangsu Section of Yixing-Changxing Expressway
Reporting Period	the one-year period from 1 January 2021 to 31 December 2021
year-on-year	as compared with the same period of 2020
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
A Shares	RMB-denominated ordinary shares issued by the Company and listed on the SSE
H Shares	overseas-listed foreign shares issued by the Company and listed on the Stock Exchange

ADR	Level 1 depositary receipts of the H Shares of the Company listed and traded in the over-the-counter market in the United States
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC Accounting Standards	Accounting Standards for Business Enterprises and Relevant Provisions promulgated by the Ministry of Finance of the People's Republic of China
KPMG	KPMG Huazhen LLP
Deloitte	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Corporate Governance Code	The Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules

By order of the Board  
**Yao Yongjia**  
*Secretary to the Board*

Nanjing, the PRC  
25 March 2022

*As at the date of this announcement, the Directors of the Company are: Cheng Xiaoguang, Yao Yongjia, Chen Yanli, Wang Yingjian, Wu Xinhua, Ma Chung Lai, Lawrence, Li Xiaoyan, Lin Hui\*, Zhou Shudong\*, Liu Xiaoxing\*, Xu Guanghua\*, Yu Minyuan\**

\* *being independent Non-executive Directors of the Company*