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# 廣東粵運交通股份有限公司

**Guangdong Yueyun Transportation Company Limited\***

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

(Stock Code: 03399)

## ANNOUNCEMENT OF 2023 INTERIM RESULTS

### RESULTS AND BUSINESS HIGHLIGHTS:

	For the six months ended		Change %
	30 June 2023 RMB'000 (unaudited)	30 June 2022 RMB'000 (unaudited) (restated)	
Revenue	3,498,266	2,915,460	20%
Net profit	144,092	(106,950)	(235%)
Net profit (loss) attributable to shareholders of the parent company	122,634	(77,222)	(259%)
Basic earnings (loss) per share	RMB0.15	RMB(0.10)	(259%)
Diluted earnings (loss) per share	RMB0.15	RMB(0.10)	(259%)

- The revenue of the Group for the six months ended 30 June 2023 was approximately RMB3,498.266 million, representing an increase of approximately RMB582.806 million or 20% as compared to the corresponding period in 2022.
- The net profit for the six months ended 30 June 2023 was approximately RMB144.092 million, representing an increase of approximately RMB251.042 million as compared to the corresponding period in 2022.
- Net profit attributable to shareholders of the parent company for the six months ended 30 June 2023 was approximately RMB122.634 million, representing an increase of approximately RMB199.856 million as compared to the corresponding period in 2022.
- For the six months ended 30 June 2023, both basic earnings per share and diluted earnings per share were RMB0.15.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023.

The board of directors (the “**Board**”) of Guangdong Yueyun Transportation Company Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023. The unaudited consolidated interim results of the Group for the six months ended 30 June 2023 have been reviewed by the Audit & Corporate Governance Committee of the Company (the “**Audit & Corporate Governance Committee**”). The auditor of the Company, BDO China SHU LUN PAN Certified Public Accountants LLP, has also reviewed the same in accordance with the Standard on Review Engagements for Certified Public Accountants of China No. 2101 – Engagements to Review Financial Statements. The majority of the members of the Audit & Corporate Governance Committee are independent non-executive directors of the Company.

**CONSOLIDATED BALANCE SHEET (UNAUDITED)***As at 30 June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)*

	<i>Note</i>	<b>30 June 2023</b>	31 December 2022
<b>Assets</b>			
<b>Current Assets:</b>			
Cash at bank and on hand		<b>1,038,137,780.32</b>	958,576,522.33
Financial assets held for trading		–	6,703,831.00
Bills receivable		<b>600,000.00</b>	–
Accounts receivable	3	<b>416,478,446.06</b>	367,089,918.68
Prepayments		<b>216,846,668.41</b>	197,186,479.92
Other receivables		<b>663,144,999.10</b>	583,927,507.55
Inventories		<b>106,363,731.41</b>	104,752,877.67
Other current assets		<b>28,455,402.08</b>	37,568,737.29
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<b>Total current assets</b>		<b>2,470,027,027.38</b>	2,255,805,874.44
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<b>Non-current assets:</b>			
Long-term equity investments		<b>358,973,026.33</b>	330,963,888.37
Investments in other equity instruments		<b>3,647,588.22</b>	3,774,048.22
Investment properties		<b>296,263,392.81</b>	252,249,332.12
Fixed assets	4	<b>2,717,764,318.85</b>	2,936,259,591.76
Construction in progress		<b>34,309,446.75</b>	39,634,094.62
Right-of-use assets	5	<b>2,005,832,267.14</b>	1,974,043,927.79
Intangible assets	6	<b>823,393,585.73</b>	876,386,375.75
Development expenditure		–	8,228,268.61
Goodwill		<b>26,928,052.71</b>	26,928,052.71
Long-term deferred expenses		<b>247,059,068.57</b>	273,840,261.44
Deferred tax assets		<b>128,586,934.81</b>	123,924,039.55
Other non-current assets		<b>99,434,292.91</b>	113,564,341.80
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>6,742,191,974.83</b>	6,959,796,222.74
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total assets</b>		<b>9,212,219,002.21</b>	9,215,602,097.18
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The accompanying notes to the interim financial statements form part of the interim financial statements.

**CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)***As at 30 June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)*

	<i>Note</i>	<b>30 June 2023</b>	31 December 2022
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Short-term loans	7	<b>732,217,373.29</b>	750,037,827.58
Bills payable		–	68,660,943.50
Accounts payable	8	<b>547,583,228.52</b>	571,212,763.22
Advances from customers		<b>105,643,413.43</b>	100,265,629.12
Contract liabilities		<b>46,426,154.29</b>	41,035,825.07
Employee benefits payable		<b>212,302,970.80</b>	236,847,771.07
Taxes payable		<b>69,273,039.28</b>	60,075,732.33
Other payables		<b>710,122,482.52</b>	691,116,164.00
Non-current liabilities due within one year	9	<b>577,793,169.99</b>	1,027,975,915.81
Other current liabilities		<b>19,639,335.06</b>	19,500,000.00
<b>Total current liabilities</b>		<b>3,021,001,167.18</b>	3,566,728,571.70
<b>Non-current liabilities:</b>			
Long-term loans	10	<b>865,268,618.55</b>	489,194,107.59
Lease liabilities	11	<b>1,939,829,032.23</b>	1,846,526,980.15
Long-term payables		<b>114,217,782.61</b>	143,631,667.20
Long-term employee benefits payable		<b>165,377,873.18</b>	173,180,918.62
Deferred income		<b>414,992,661.51</b>	452,021,471.51
Deferred tax liabilities		<b>57,731,013.53</b>	62,562,904.22
<b>Total non-current liabilities</b>		<b>3,557,416,981.61</b>	3,167,118,049.29
<b>Total liabilities</b>		<b>6,578,418,148.79</b>	6,733,846,620.99

**CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)***As at 30 June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)*

	<i>Note</i>	<b>30 June 2023</b>	31 December 2022
<b>Liabilities and shareholders' equity</b>			
<b>(Continued)</b>			
<b>Shareholders' equity</b>			
Share capital		<b>799,847,800.00</b>	799,847,800.00
Capital reserve		<b>18,675,842.63</b>	18,675,842.63
Other comprehensive income		<b>(33,144,820.43)</b>	(36,126,897.89)
Specific reserve		<b>31,522,581.02</b>	27,978,954.27
Surplus reserve		<b>241,393,938.42</b>	241,393,938.42
Retained earnings	<i>12</i>	<b>768,913,204.31</b>	646,279,200.57
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Total equity attributable to shareholders of the Company		<b>1,827,208,545.95</b>	1,698,048,838.00
Non-controlling interests		<b>806,592,307.47</b>	783,706,638.19
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<b>Total shareholders' equity</b>		<b>2,633,800,853.42</b>	2,481,755,476.19
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<b>Total liabilities and shareholders' equity</b>		<b>9,212,219,002.21</b>	9,215,602,097.18
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The accompanying notes to the interim financial statements form an integral part of the interim financial statements

**CONSOLIDATED INCOME STATEMENT (UNAUDITED)***For the six months ended 30 June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)*

<b>Items</b>	<b>Note</b>	<b>Amount for the period</b>	<b>Amount for the previous period (restated)</b>
I. Total operating income		<b>3,498,266,113.58</b>	2,915,459,860.63
Including: operating income		<b>3,498,266,113.58</b>	2,915,459,860.63
II. Total operating costs		<b>3,552,521,726.49</b>	3,190,748,429.47
Including: Operating costs		<b>3,199,841,491.34</b>	2,763,543,465.01
Taxes and surcharges		<b>22,550,126.34</b>	17,609,242.40
Selling and distribution expenses		<b>29,117,916.36</b>	26,955,697.77
General and administrative expenses		<b>213,112,406.51</b>	272,930,513.55
Research and development expenses		<b>1,326,633.35</b>	1,447,743.14
Financial expenses	13	<b>86,573,152.59</b>	108,261,767.60
Add: Other income	14	<b>174,778,978.53</b>	189,110,205.39
Investment income/(loss)	15	<b>40,196,861.00</b>	(3,176,443.16)
Accrual of credit losses	16	<b>(8,703,453.77)</b>	(6,352,869.14)
Gains from disposal of assets	17	<b>24,083,715.73</b>	11,708,170.50
III. Operating profit		<b>176,100,488.58</b>	(83,999,505.25)
Add: Non-operating income	18	<b>5,936,624.04</b>	7,884,209.66
Less: Non-operating expenses		<b>3,995,931.91</b>	2,090,107.05
IV. Profit before income tax		<b>178,041,180.71</b>	(78,205,402.64)
Less: Income tax expenses	19	<b>33,948,683.95</b>	28,745,077.32
V. Net profit		<b>144,092,496.76</b>	(106,950,479.96)
(1) Net profit classified by continuity of operations			
1. Net profit from continuing operations		<b>144,092,496.76</b>	(106,950,479.96)
2. Net profit from discontinued operations		<b>—</b>	<b>—</b>
(2) Net profit classified by ownership			
Attributable to:			
1. Shareholders of the Company		<b>122,634,003.74</b>	(77,221,703.23)
2. Non-controlling interests		<b>21,458,493.02</b>	(29,728,776.73)

**CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)***For the six months ended 30 June 2023**(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)*

Items	Note	Amount for the period	Amount for the previous period (restated)
VI. Other comprehensive income, net of tax		<b>4,740,143.57</b>	6,700,518.42
Other comprehensive income (net of tax) attributable to shareholders of the Company		<b>2,982,077.46</b>	3,772,412.87
(1) Items that will not be reclassified to profit or loss		<b>91,371.57</b>	–
1. Remeasurement of defined benefit plan		<b>91,371.57</b>	–
(2) Items that may be reclassified subsequently to profit or loss		<b>2,890,705.89</b>	3,772,412.87
1. Other comprehensive income that may be reclassified subsequently to profit or loss under the equity method		–	(1,109,461.62)
2. Translation differences arising from translation of foreign currency financial statements		<b>2,890,705.89</b>	4,881,874.49
Other comprehensive income (net of tax) attributable to non-controlling interests		<b>1,758,066.11</b>	2,928,105.55
VII. Total comprehensive income		<b>148,832,640.33</b>	(100,249,961.54)
Attributable to			
Shareholders of the Company		<b>125,616,081.20</b>	(73,449,290.36)
Non-controlling interests		<b>23,216,559.13</b>	(26,800,671.18)
<b>VIII. Earnings per share:</b>			
(1) Basic earnings (loss) per share (RMB/ share)	20	<b>0.15</b>	(0.10)
(2) Diluted earnings (loss) per share (RMB/ share)	20	<b>0.15</b>	(0.10)

For a business involving entities under common control which occurred in 2022, the net loss of the investees was RMB17,948.63 for the six months ended 30 June 2022.

The accompanying notes to the interim financial statements form part of the interim financial statements.

## 1. BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

### 1) Basis of preparation

The interim financial statements of the Group have been prepared in accordance with the requirements of “Accounting Standard for Business Enterprises No. 32 – Interim Financial Reporting” issued by the Ministry of Finance of the People’s Republic of China (“MOF”), and the explanatory notes to the interim financial statements have been simplified as appropriate compared with the notes to the annual financial statements, and do not include all the information and disclosures presented in the annual financial statements. These interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022 prepared by the Company. The interim financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

### 2) Going concern

The interim financial statements have been prepared on the going concern basis.

As at 30 June 2023, the Group’s current liabilities exceeded their current assets by RMB550,974,139.80. As at 30 June 2023, the Group have obtained sufficient unutilised general facility granted by financial institutions, and the Group are expected to have sufficient financial support to pay off debts in the next 12 months, so the financial statements are still prepared on the basis of going concern.

## 2. CHANGES IN THE SCOPE OF CONSOLIDATION

Zhongshan City Yueyun Tongxing Transportation Co., Ltd., a subsidiary of the Company completed the industrial and commercial cancellation during the current period and were no longer included in the scope of consolidation of the Group since then. The operating results and cash flows of Zhongshan City Yueyun Tongxing Transportation Co., Ltd. before the date of deregistration have been included in the Group’s consolidated income statement and consolidated cash flow statement for the current period.

## 3. ACCOUNTS RECEIVABLE

### 1) *The aging analysis of accounts receivable is as follows:*

<b>Aging</b>	<b>30 June 2023</b>	31 December 2022
Within 3 months (inclusive)	<b>289,453,420.06</b>	256,831,824.96
Over 3 months but within 6 months (inclusive)	<b>48,853,826.40</b>	21,534,719.15
Over 6 months but within 1 year (inclusive)	<b>53,562,717.15</b>	63,892,660.67
Over 1 year but within 2 years (inclusive)	<b>29,383,552.33</b>	27,413,579.57
Over 2 years but within 3 years (inclusive)	<b>25,409,415.23</b>	33,147,374.06
Over 3 years	<b>55,445,069.79</b>	41,028,732.02
Sub-total	<b>502,108,000.96</b>	443,848,890.43
Less: Provision for bad and doubtful debts	<b>85,629,554.90</b>	76,758,971.75
Total	<b>416,478,446.06</b>	367,089,918.68

*Note:* The aging is counted starting from the date when accounts receivable are recognised.



Provision for bad debts is made on an individual basis:

Items	Amount	30 June 2023		
		Provision for bad and doubtful debts	Provision ratio (%)	Reasons for accruing
Shenzhen Hongbao Trading Co., Ltd.	14,264,922.29	14,264,922.29	100.00	Not expected to be recovered
Guangzhou Junfa Trading Co., Ltd.	2,914,775.00	2,914,775.00	100.00	Not expected to be recovered
Zhuhai Yuexinyuan Trade Development Co., Ltd.	1,285,603.65	1,285,603.65	100.00	Not expected to be recovered
Guangzhou Wen Hui Property Management Company Limited	40,705.00	40,705.00	100.00	Not expected to be recovered
Others	3,237.48	3,237.48	100.00	Not expected to be recovered
<b>Total</b>	<b>18,509,243.42</b>	<b>18,509,243.42</b>		

Provision for bad debts is made on a collective basis:

Items	Amount	30 June 2023	
		Provision for bad and doubtful debts	Provision ratio (%)
<b>Ageing portfolio</b>			
<b>Road transportation and other service</b>			
Within 1 year (inclusive)	326,090,222.25	16,304,511.10	5.00
Over 1 year but within 2 years (inclusive)	23,467,308.30	8,213,557.93	35.00
Over 2 years but within 3 years (inclusive)	12,706,147.39	6,353,073.79	50.00
Over 3 years	21,084,371.49	21,084,371.49	100.00
Sub-total	383,348,049.43	51,955,514.31	
<b>Service zone operation</b>			
Within 1 year (inclusive)	68,531,000.90	3,426,550.05	5.00
Over 1 year but within 2 years (inclusive)	2,747,800.47	274,780.04	10.00
Over 2 years but within 3 years (inclusive)	1,220,895.17	366,268.55	30.00
Over 3 years	2,092,545.45	1,046,272.73	50.00
Sub-total	74,592,241.99	5,113,871.37	
<b>Constructions material supply</b>			
Within 1 year (inclusive)	1,488,597.32	74,429.87	5.00
Over 1 year but within 2 years (inclusive)	—	—	—
Over 2 years but within 3 years (inclusive)	10,542,192.33	3,162,657.70	30.00
Over 3 years	13,627,676.47	6,813,838.23	50.00
Sub-total	25,658,466.12	10,050,925.80	
<b>Total</b>	<b>483,598,757.54</b>	<b>67,120,311.48</b>	

3) *Movements of provision for bad and doubtful debts for the period is as follows:*

Category	31 December 2022	Changes during the period			30 June 2023
		Charge into income statement	Disposal/ Written-off	Foreign currency financial statement translation differences	
Provision for bad debts is made on an individual basis	18,509,243.42	-	-	-	18,509,243.42
Provision for bad debts is made on a collective basis	58,249,728.33	8,765,429.95	-	105,153.20	67,120,311.48
Total	76,758,971.75	8,765,429.95	-	105,153.20	85,629,554.90

4. **FIXED ASSETS**

1) *Fixed assets and fixed assets liquidation*

Items	30 June 2023	31 December 2022
Fixed assets	2,717,764,318.85	2,936,259,591.76
Fixed assets liquidation	-	-
Total	2,717,764,318.85	2,936,259,591.76

2) **Fixed assets**

Items	Buildings and structures	Buildings improvements	Machinery and equipment	Electronic equipment, office equipment and others	Transportation vehicles	Total
<b>1. Cost</b>						
(1) Balance as at 31 December 2022	2,045,918,916.23	269,977,127.47	141,415,015.19	414,211,852.91	3,468,907,892.64	6,340,430,804.44
(2) Additions during the period	19,478,206.18	-	4,976,296.75	7,209,962.60	10,838,478.12	42,502,943.65
- Purchases	1,105,583.39	-	3,264,440.81	3,248,354.13	4,394,673.02	12,013,051.35
- Transfer from construction in progress	17,178,405.73	-	1,676,969.02	3,734,693.79	-	22,590,068.54
- Foreign currency financial statement translation differences	1,194,217.06	-	34,886.92	226,914.68	6,443,805.10	7,899,823.76
(3) Reductions during the period	14,155,061.98	9,987,896.09	1,910,462.36	10,495,195.61	57,219,173.10	93,767,789.14
- Disposals or discarding	7,760,967.03	9,987,896.09	1,910,462.36	10,495,195.61	57,219,173.10	87,373,694.19
- Transfer to investment properties	6,394,094.95	-	-	-	-	6,394,094.95
(4) Balance as at 30 June 2023	2,051,242,060.43	259,989,231.38	144,480,849.58	410,926,619.90	3,422,527,197.66	6,289,165,958.95
<b>2. Accumulated depreciation</b>						
(1) Balance as at 31 December 2022	653,366,599.28	181,455,534.16	75,592,452.31	279,406,484.05	2,210,175,025.85	3,399,996,095.65
(2) Additions during the period	44,289,921.93	6,522,657.88	6,677,928.80	11,761,655.56	180,649,021.61	249,901,185.78
- Accruals	43,609,463.08	6,522,657.88	6,644,119.22	11,634,771.01	174,742,599.21	243,153,610.40
- Foreign currency financial statement translation differences	680,458.85	-	33,809.58	126,884.55	5,906,422.40	6,747,575.38
(3) Reductions during the period	9,171,876.12	9,973,284.68	853,892.02	10,247,693.90	52,424,011.64	82,670,758.36
- Disposal or discarding	5,210,196.20	9,973,284.68	853,892.02	10,247,693.90	52,424,011.64	78,709,078.44
- Transfer to investment properties	3,961,679.92	-	-	-	-	3,961,679.92
(4) Balance as at 30 June 2023	688,484,645.09	178,004,907.36	81,416,489.09	280,920,445.71	2,338,400,035.82	3,567,226,523.07

Items	Buildings and structures	Buildings improvements	Machinery and equipment	Electronic equipment, office equipment and others	Transportation vehicles	Total
<b>3. Provision of impairment</b>						
(1) Balance as at 31 December 2022	-	-	-	-	4,175,117.03	4,175,117.03
(2) Balance as at 30 June 2023	-	-	-	-	4,175,117.03	4,175,117.03
<b>4. Book value</b>						
(1) Book value as at 30 June 2023	1,362,757,415.34	81,984,324.02	63,064,360.49	130,006,174.19	1,079,952,044.81	2,717,764,318.85
(2) Book value as at 31 December 2022	1,392,552,316.95	88,521,593.31	65,822,562.88	134,805,368.86	1,254,557,749.76	2,936,259,591.76

*Note:* As at 30 June 2023, fixed assets of the Group with carrying amount of RMB341,724,935.88 (31 December 2022: RMB194,940,126.19) were pledged for bank loans, among which, RMB277,008,587.84 (31 December 2022: RMB173,938,669.96) were pledged for long-term loans, RMB64,716,348.04 (31 December 2022: RMB21,001,456.23) were pledged for short-term loans. As at 30 June 2023, fixed assets of the Group with carrying amount of RMB57,741,330.56 (31 December 2022: RMB65,866,878.62) were pledged for long-term payables.

**3) Fixed assets for which the certificate of title has not been obtained**

Except for the buildings for which the certificate of title is being processed, certain buildings and structures of the Group located in Guangzhou, Qingyuan, Foshan, Shaoguan, Zhaoqing, Shanwei, Meizhou and Heyuan etc. have not yet obtained the certificate of title due to historical reasons. As at 30 June 2023, the book value of such buildings and structures was RMB82,017,325.04 (31 December 2022: RMB83,312,761.26).

**5. RIGHT-OF-USE ASSETS**

Items	Buildings and structures	Lease of land	Transportation vehicles	Total
<b>1. Cost</b>				
(1) Balance as at 31 December 2022	2,741,532,267.22	97,405,028.53	620,469,443.20	3,459,406,738.95
(2) Additions during the period	174,584,816.81	–	–	174,584,816.81
– Additions of lease	174,509,705.53	–	–	174,509,705.53
– Foreign currency financial statement translation differences	75,111.28	–	–	75,111.28
(3) Reduction during the period	4,049,723.48	–	–	4,049,723.48
– Disposal	4,049,723.48	–	–	4,049,723.48
(4) Balance as at 30 June 2023	<u>2,912,067,360.55</u>	<u>97,405,028.53</u>	<u>620,469,443.20</u>	<u>3,629,941,832.28</u>
<b>2. Accumulated depreciation</b>				
(1) Balance as at 31 December 2022	1,100,495,122.26	36,362,742.18	348,504,946.72	1,485,362,811.16
(2) Additions during the period	101,925,377.76	3,805,192.96	35,511,539.29	141,242,110.01
– Accrual	101,922,981.62	3,805,192.96	35,511,539.29	141,239,713.87
– Foreign currency financial statement translation differences	2,396.14	–	–	2,396.14
(3) Reduction during the period	2,495,356.03	–	–	2,495,356.03
– Disposal	2,495,356.03	–	–	2,495,356.03
(4) Balance as at 30 June 2023	<u>1,199,925,143.99</u>	<u>40,167,935.14</u>	<u>384,016,486.01</u>	<u>1,624,109,565.14</u>
<b>3 Book value</b>				
(1) As at 30 June 2023	<u>1,712,142,216.56</u>	<u>57,237,093.39</u>	<u>236,452,957.19</u>	<u>2,005,832,267.14</u>
(2) As at 31 December 2022	<u>1,641,037,144.96</u>	<u>61,042,286.35</u>	<u>271,964,496.48</u>	<u>1,974,043,927.79</u>

## 6. INTANGIBLE ASSETS

### 1) Details of intangible assets

Items	Land use rights	Computer software	Passenger service licenses	Station and toll bridge franchise operating rights	Line license use rights and route operation rights	Trademark rights and others	Total
<b>1. Cost</b>							
(1) Balance as at 31 December 2022	803,835,744.35	106,095,615.64	39,146,514.19	387,478,456.26	316,255,979.19	4,673,854.67	1,657,486,164.30
(2) Additions during the period	12,896,824.97	10,400,056.64	1,191,968.19	-	-	-	24,488,849.80
- Purchases	11,721,500.00	1,232,935.21	-	-	-	-	12,954,435.21
- Transfer from development expenditure	-	8,228,268.61	-	-	-	-	8,228,268.61
- Foreign currency financial statement translation differences	1,175,324.97	-	1,191,968.19	-	-	-	2,367,293.16
- Transfer from construction in progress	-	938,852.82	-	-	-	-	938,852.82
(3) Reductions during the period	59,058,937.80	1,700.00	-	-	-	-	59,060,637.80
- Disposal	5,290,367.80	1,700.00	-	-	-	-	5,292,067.80
- Transfer to investment properties	53,768,570.00	-	-	-	-	-	53,768,570.00
(4) Balance as at 30 June 2023	757,673,631.52	116,493,972.28	40,338,482.38	387,478,456.26	316,255,979.19	4,673,854.67	1,622,914,376.30
<b>2. Accumulated amortization</b>							
(1) Balance as at 31 December 2022	186,975,078.33	69,696,304.19	-	302,065,799.33	217,114,522.96	2,291,104.17	778,142,808.98
(2) Additions during the period	10,380,838.45	5,469,852.27	-	5,649,958.26	9,459,344.23	326,104.98	31,286,098.19
- Accrual	9,855,069.62	5,469,852.27	-	5,649,958.26	9,459,344.23	326,104.98	30,760,329.36
- Foreign currency financial statement translation differences	525,768.83	-	-	-	-	-	525,768.83
(3) Reductions during the period	12,863,396.17	1,700.00	-	-	-	-	12,865,096.17
- Disposal	1,820,506.88	1,700.00	-	-	-	-	1,822,206.88
- Transfer to investment properties	11,042,889.29	-	-	-	-	-	11,042,889.29
(4) Balance as at 30 June 2023	184,492,520.61	75,164,456.46	-	307,715,757.59	226,573,867.19	2,617,209.15	796,563,811.00

Items	Land use rights	Computer software	Passenger service licenses	Station and toll bridge franchise operating rights	Line license use rights and route operation rights	Trademark rights and others	Total
<b>3. Provision of impairment</b>							
(1) Balance as at 31 December 2022	2,956,979.57	-	-	-	-	-	2,956,979.57
(2) Balance as at 30 June 2023	2,956,979.57	-	-	-	-	-	2,956,979.57
<b>4. Book value</b>							
(1) As at 30 June 2023	570,224,131.34	41,329,515.82	40,338,482.38	79,762,698.67	89,682,112.00	2,056,645.52	823,393,585.73
(2) As at 31 December 2022	613,903,686.45	36,390,311.45	39,146,514.19	85,412,656.93	99,141,456.23	2,382,750.50	876,386,375.75

**Note 1:** As at 30 June 2023, land use rights with carrying amount of RMB144,488,086.21 (31 December 2022: RMB115,879,308.27) were pledged for bank loans, among which, RMB107,146,122.55 (31 December 2022: RMB80,607,440.30) were pledged for long-term loans, RMB37,341,963.66 (31 December 2022: RMB35,271,867.97) were pledged for short-term loans. As at 30 June 2023, land use rights with carrying amount of RMB1,025,674.00 (31 December 2022: RMB1,025,674.00) were pledged for long-term payables. As at 30 June 2023, there were no other restriction on the intangible assets of the Group.

**Note 2:** In addition to the land that are in the process of applying for the certificates of title, certain pieces of land of the Group located in the cities of Shanwei, Shaoguan and Meizhou etc. have not yet obtained the certificates of ownership. As at 30 June 2023, the carrying amount of land use rights without certificate of the title for the Group was RMB7,054,993.89 (31 December 2022: RMB7,130,970.79).

**Note 3:** As at 30 June 2023, land use rights with carrying amount of RMB90,195,830.29 (31 December 2022: RMB90,817,804.81) were obtained through allocation.

## 7. SHORT-TERM LOANS

### 1) Classification of short-term loans

Items	30 June 2023	31 December 2022
Pledged loan	–	6,000,000.00
Including: Guangdong Provincial Communication Group Finance Company Limited (“GCG Finance”)	–	6,000,000.00
Loans secured by mortgages (note 2)	<b>219,592,739.73</b>	145,391,927.90
Unsecured loans	<b>512,624,633.56</b>	598,645,899.68
Including: Loans from banks	<b>512,624,633.56</b>	598,645,899.68
Total	<b><u>732,217,373.29</u></b>	<b><u>750,037,827.58</u></b>

Note 1: As at 30 June 2023, the Group’s short-term loans were borrowings from banks within 1 year, which bear interest rates ranging from 2.20% – 5.90% per annum (31 December 2022: 1.90% – 6.50%).

Note 2: For the details of assets mortgaged for secured loans as at 30 June 2023, please refer to Notes 4 and 6.

### 2) Overdue short-term loans

As at 30 June 2023, the Group had no overdue short-term loans (31 December 2022: nil).

## 8. ACCOUNTS PAYABLE

### 1) The nature analysis of accounts payable is as follows

Items	30 June 2023	31 December 2022
Materials payable	<b>74,728,598.64</b>	63,388,211.64
Transportation fee payable	<b>100,425,550.95</b>	81,646,846.89
Contract payments for cars	<b>30,386,739.00</b>	48,321,086.82
Progress payments for constructions	<b>181,177,918.82</b>	196,848,679.09
Expressway service zones contracts fee payable	<b>61,209,951.14</b>	76,835,881.23
Fuel expenses payable	<b>27,433,820.84</b>	33,098,168.30
Service fees payable	<b>4,842,651.28</b>	11,360,390.54
Others	<b>67,377,997.85</b>	59,713,498.71
Total	<b><u>547,583,228.52</u></b>	<b><u>571,212,763.22</u></b>

### 2) The aging analysis of accounts payable according to the date of transaction is as follows

Items	30 June 2023	31 December 2022
Within 1 year (inclusive)	<b>242,231,927.92</b>	237,642,101.34
Over 1 year but within 2 years (inclusive)	<b>212,262,767.83</b>	240,192,870.10
Over 2 years but within 3 years (inclusive)	<b>27,777,624.45</b>	46,313,948.41
Over 3 years	<b>65,310,908.32</b>	47,063,843.37
Total	<b><u>547,583,228.52</u></b>	<b><u>571,212,763.22</u></b>

### 3) Significant accounts payable with aging of more than one year

As at 30 June 2023, the Group's accounts payable with ageing over one year is contract payments for cars, among which, individual amount over RMB10 million are as follows:

Item	30 June 2023	Nature and reasons for unsettlement
Maoming Dianbai Eryun Transportation Co., Ltd.	18,550,294.00	Contract payments for cars undue
Total	<u>18,550,294.00</u>	

### 9. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Items	Note	30 June 2023	31 December 2022
Long-term loans due within one year	10	246,363,168.54	696,131,202.58
Long-term payables due within one year		82,069,135.86	76,849,834.31
Lease liabilities due within one year	11	249,360,865.59	254,994,878.92
Total		<u>577,793,169.99</u>	<u>1,027,975,915.81</u>

### 10. LONG-TERM LOANS

Items	30 June 2023	31 December 2022
Unsecured loans	683,271,669.00	824,447,656.20
Including: Loans from banks	621,021,143.59	721,633,384.24
Loans from GCG Finance	62,250,525.41	102,814,271.96
Loans secured by mortgages (note 2)	305,755,518.54	204,381,166.77
Pledged loans (note 3)	15,000,000.00	17,519,864.49
Mortgaged and guaranteed loans (note 4)	83,520,159.38	98,750,875.82
Pledged and mortgaged loans (note 5)	9,132,429.95	10,132,429.95
Pledged, mortgaged and guaranteed loans (note 6)	14,952,010.22	30,093,316.94
Total	<u>1,111,631,787.09</u>	<u>1,185,325,310.17</u>
Less: Long-term loans due within one year		
Including: Unsecured loans	139,540,369.00	537,501,656.20
Loans secured by mortgages	37,514,311.83	78,892,007.61
Pledged loans	15,000,000.00	5,519,864.49
Mortgaged and guaranteed loans	30,224,047.54	33,991,927.39
Pledged and mortgaged loans	9,132,429.95	10,132,429.95
Pledged, mortgaged and guaranteed loans	14,952,010.22	30,093,316.94
Sub-total (Note 9)	<u>246,363,168.54</u>	<u>696,131,202.58</u>
Long-term loans due after 1 year	<u>865,268,618.55</u>	<u>489,194,107.59</u>
Including: Due after 1 year but within 2 years	156,052,708.38	68,522,570.79
Due after 2 years but within 5 years	694,215,910.17	352,574,383.72
After 5 years	<u>15,000,000.00</u>	<u>68,097,153.08</u>

- Note 1:* As at 30 June 2023, all the Group's long-term loans were from banks and GCG Finance with interest rates ranging from 2.80% – 5.30% per annum (31 December 2022: 3.00% – 5.30%).
- Note 2:* For the details of assets mortgaged for secured loans as at 30 June 2023, please refer to Notes 4 and 6.
- Note 3:* As at 30 June 2023, pledged loans held by the Group was the loan borrowed by Qingyuan Yueyun Vehicles Transportation Co., Ltd. with RMB200,000.00 as the pledge deposit.
- Note 4:* As at 30 June 2023, mortgaged and guaranteed loans held by the Group include the loans borrowed by the subsidiaries: ① Heyuan City Yueyun Motor Transportation Co., Ltd. with land as collateral, and joint liability guaranteed by shareholders for the remaining exposures in proportion to their shareholdings; ② the loans borrowed by Guangdong Yueyun Langri Co., Ltd., Heyuan City Yueyun Motor Transportation Co., Ltd., Qingyuan Yueyun Vehicles Transportation Co., Ltd., Meizhou Yueyun Motor Transportation Co., Ltd. and Maoming Dianbai Yueyun Vehicles Transportation Co., Ltd., with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd., which is the third party, as joint liability guarantee.
- Note 5:* As at 30 June 2023, the pledged and mortgaged loans held by the Group are the loans borrowed by the subsidiary of the Company, Shanwei Yueyun Automobile Transportation Co., Ltd. with the comprehensive operation subsidy during the demonstration, promotion and application period of new energy bus in 2022 as the pledged assets and land as the collateral.
- Note 6:* As at 30 June 2023, pledged, mortgaged and guaranteed loans held by the Group are the loan borrowed by Shanwei Yueyun Automobile Transportation Co., Ltd. with the national subsidies of 2019 for energy saving and the operation of new energy vehicles as pledged assets, with land as collateral and guaranteed by the Company at 51% joint and several liabilities.
- Note 7:* As at 30 June 2023, the total amount of the Group's overdue long-term loans was RMB4,178,316.71 (31 December 2022: nil).

## 11. LEASE LIABILITIES

Items	30 June 2023	31 December 2022
Lease liabilities	2,189,189,897.82	2,101,521,859.07
Less: lease liabilities due within one year ( <i>Note 9</i> )	249,360,865.59	254,994,878.92
Total	<u>1,939,829,032.23</u>	<u>1,846,526,980.15</u>

## 12. RETAINED EARNINGS

Items	Amount for the period	Amount for the previous period
Retained earnings at the beginning of this year	646,279,200.57	816,260,050.18
Add: Net profit/(loss) for the period attributable to the shareholders of the Company	122,634,003.74	(77,221,703.23)
Retained earnings at the end of the period	<u>768,913,204.31</u>	<u>739,038,346.95</u>

*Note:* For the six months ended 30 June 2023, no dividend was declared by the Company (for the six months ended 30 June 2022: no dividend was declared).

### 13. FINANCIAL EXPENSES

Items	Amount for the period	Amount for the previous period
Interest expenses from loans, bonds and payables	37,675,898.59	55,427,161.62
Interest income	(8,619,173.96)	(8,100,199.82)
Exchange gains	(2,673,602.05)	(3,273,884.12)
Interest expenses from lease liabilities	50,491,300.24	53,390,187.09
Others	9,698,729.77	10,818,502.83
Total	<u>86,573,152.59</u>	<u>108,261,767.60</u>

### 14. OTHER INCOME

Items	Amount for the period	Amount for the previous period
Government grants related to assets	41,702,288.07	41,298,228.63
Government grants related to income	127,119,536.68	126,190,062.26
VAT reduction and exemption, etc.	5,957,153.78	21,621,914.50
Total	<u>174,778,978.53</u>	<u>189,110,205.39</u>

Government grants included in other income

Items	Amount for the period	Amount for the previous period	Related to assets/ Related to income
Subsidies for vehicles replacement	1,528,503.87	670,744.00	Related to assets
Subsidies for procurement of new energy vehicles	34,952,972.92	34,665,515.97	Related to assets
Subsidies for fixed asset renovation	3,526,335.02	3,542,101.28	Related to assets
Tax subsidies for vehicle purchase	212,765.94	212,765.94	Related to assets
Other subsidies related to assets	1,481,710.32	2,207,101.44	Related to assets
Subsidies for operation of bus line	97,417,704.12	77,350,793.01	Related to income
Subsidies of elderly concessionary travel card	13,492,920.93	24,159,142.21	Related to income
Others subsidies related to income	16,208,911.63	24,680,127.04	Related to income
Total	<u>168,821,824.75</u>	<u>167,488,290.89</u>	

### 15. INVESTMENT INCOME

Items	Amount for the period	Amount for the previous period
Income from long-term equity investments under equity method	40,115,400.24	(2,946,752.44)
Others	81,460.76	(229,690.72)
Total	<u>40,196,861.00</u>	<u>(3,176,443.16)</u>

Note: There are no significant restrictions on remittance of the Group's investment income.

## 16. ACCRUAL OF CREDIT LOSS

Items	Amount for the period	Amount for the previous period
Accounts receivable	(8,765,429.95)	(4,644,608.52)
Other receivables	<u>61,976.18</u>	<u>(1,708,260.62)</u>
Total	<u><u>(8,703,453.77)</u></u>	<u><u>(6,352,869.14)</u></u>

## 17. GAINS FROM DISPOSAL OF ASSETS

Items	Amount for the period	Amount for the previous period
Gains from disposal of fixed assets	11,505,179.59	1,923,577.74
Gains from disposal of other non-current assets	12,488,933.41	2,897,499.69
Gains from disposal of right-of-use assets	<u>89,602.73</u>	<u>6,887,093.07</u>
Total	<u><u>24,083,715.73</u></u>	<u><u>11,708,170.50</u></u>

## 18. NON-OPERATING INCOME

Items	Amount for the period	Amount for the previous period
Gains on disposal of non-current assets	947,872.19	2,117,975.43
Government grants	83,290.00	2,128,134.22
Compensation (note)	2,350,559.76	49,714.58
Others	<u>2,554,902.09</u>	<u>3,588,385.43</u>
Total	<u><u>5,936,624.04</u></u>	<u><u>7,884,209.66</u></u>

*Note:* This compensation for the period is mainly the breach of contract compensation for the tenants of the expressway service zones to withdraw from the lease agreement in advance.

Government grants included in non-operating income

Subsidy items	Amount for the period	Amount for the previous period	Related to assets/ Related to income
COVID-19 related subsidies	–	1,816,634.22	Related to income
Other subsidies	<u>83,290.00</u>	<u>311,500.00</u>	Related to income
Total	<u><u>83,290.00</u></u>	<u><u>2,128,134.22</u></u>	

## 19. INCOME TAX EXPENSES

### 1) *Income tax expenses*

Items	Amount for the period	Amount for the previous period
Current income tax expense	43,443,469.90	27,739,521.35
Deferred tax expense	(9,494,785.95)	1,005,555.97
Total	<u>33,948,683.95</u>	<u>28,745,077.32</u>

## 20. EARNINGS (LOSS) PER SHARE

### 1) *Basic earnings (loss) per share*

Basic earnings (loss) 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 of the Company. The calculation is as follows:

Items	Amount for the period	Amount for the previous period
Consolidated net profit/(loss) attributable to ordinary shareholders of the Company	122,634,003.74	(77,221,703.23)
Weighted average number of ordinary shares outstanding	<u>799,847,800.00</u>	<u>799,847,800.00</u>
Basic earnings (loss) per share	0.15	(0.10)
Including: Basic earnings (loss) per share from continuing operations	<u>0.15</u>	<u>(0.10)</u>

Weighted average number of ordinary shares is calculated as follows:

Items	Amount for the period	Amount for the previous period
Issued ordinary shares at the beginning and the end of the period	<u>799,847,800.00</u>	<u>799,847,800.00</u>
Weighted average number of ordinary shares at the end of the period	<u>799,847,800.00</u>	<u>799,847,800.00</u>

### 2) *Diluted earnings (loss) per share*

Diluted earnings (loss) per share is calculated as dividing consolidated net profit/(loss) attributable to ordinary shareholders of the Company (diluted) by the weighted average number of ordinary shares outstanding (diluted). The calculation result is the same as basic earnings per share.

## 21. GOVERNMENT GRANTS

### 1) Government grants related to assets

Items	Amount	Balance sheet presentation items	The amount included in the current profit and loss or offsetting the related costs and expenses		Items included in the current profit and loss or offsetting the related costs and expenses
			Amount for the period	Amount for the previous period	
Subsidies for vehicles replacement	297,295.93	Deferred income	<b>1,528,503.87</b>	670,744.00	Other income
Subsidies for procurement of new energy vehicles	121,401,195.15	Deferred income	<b>34,952,972.92</b>	34,665,515.97	Other income
Subsidies for fixed assets renovation	103,872,424.27	Deferred income	<b>3,526,335.02</b>	3,542,101.28	Other income
Tax subsidies for vehicles purchase	11,386,983.90	Deferred income	<b>212,765.94</b>	212,765.94	Other income
Other subsidies related to assets	11,629,246.61	Deferred income	<b>1,481,710.32</b>	2,207,101.44	Other income
Total	<u>248,587,145.86</u>		<u><b>41,702,288.07</b></u>	<u>41,298,228.63</u>	

### 2) Government grants related to income

Items	The amount included in the current profit and loss or offsetting the related costs and expenses		Items included in the current profit and loss or offsetting the related costs and expenses
	Amount for the period	Amount for the previous period	
Fuel subsidies	<b>89,311,966.79</b>	124,461,847.33	Operating costs
Subsidies for operation of bus lines	<b>97,417,704.12</b>	77,350,793.01	Other income
Subsidies of elderly concessionary travel card	<b>13,492,920.93</b>	24,159,142.21	Other income
Other subsidies	<b>16,208,911.63</b>	24,680,127.04	Other income
COVID-19 related subsidies	-	1,816,634.22	Non-operating income
Other subsidies	<b>83,290.00</b>	311,500.00	Non-operating income
Total	<u><b>216,514,793.47</b></u>	<u>252,780,043.81</u>	

## 22. NET CURRENT LIABILITIES

Items	30 June 2023	31 December 2022
Current assets	<b>2,470,027,027.38</b>	2,255,805,874.44
Less: Current liabilities	<b>3,021,001,167.18</b>	3,566,728,571.70
Net current liabilities	<u><b>(550,974,139.80)</b></u>	<u>(1,310,922,697.26)</u>

**23. TOTAL ASSETS LESS CURRENT LIABILITIES**

<b>Items</b>	<b>30 June 2023</b>	31 December 2022
Total assets	<b>9,212,219,002.21</b>	9,215,602,097.18
Less: Current liabilities	<b>3,021,001,167.18</b>	<u>3,566,728,571.70</u>
Total assets less current liabilities	<b><u>6,191,217,835.03</u></b>	<u>5,648,873,525.48</u>

**24. LEASE****1) As a lessee**

<b>Items</b>	<b>Amount for the period</b>
Interest expense on lease liabilities	<b>50,491,300.24</b>
Short-term lease expenses applied the practical expedient	<b>15,051,319.74</b>
Variable lease payments not included in the measurement of lease liabilities	<b>8,816,339.25</b>
Income from sub-leasing right-of-use assets	<u>211,875,186.39</u>
Total cash outflow for leases	<b><u>157,797,424.63</u></b>

**2) As a lessor****(1) Operating lease**

<b>Items</b>	<b>Amount for the period</b>
Lease income	<b>231,417,963.31</b>
Including: income related to variable lease payments not included in lease receipts	<u>11,241,496.85</u>

The Group's undiscounted lease receipts to be received after the balance sheet date are as follows:

<b>Remaining lease term</b>	<b>Undiscounted lease receipts</b>
Within 1 year	<b>292,477,483.08</b>
Over 1 year but within 2 years	<b>457,751,731.59</b>
Over 2 years but within 3 years	<b>415,471,365.81</b>
Over 3 years but within 4 years	<b>345,520,518.14</b>
Over 4 years but within 5 years	<b>302,631,216.64</b>
Over 5 years	<u>1,195,227,786.20</u>
Total	<b><u>3,009,080,101.46</u></b>

## 25. SEGMENT INFORMATION

### 1) Determination basis and accounting policies of reportable segments

Based on the Group's internal organisation structure, management requirements and internal reporting system, the operations of the Group were classified into three segments, including expressway service zones operation, road passenger transportation and auxiliary and other business. Each reportable segment is a separate business unit which offers different products and services, and is managed separately because they require different technology and marketing strategies.

### 2) Segment reporting

For the six months ended 30 June 2023

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Other business	Inter-segment eliminations	Total
Operating income	2,391,832,146.63	1,042,196,970.03	67,581,766.42	(3,344,769.50)	3,498,266,113.58
Including: Operating income from external customers	2,388,802,548.28	1,041,881,798.88	67,581,766.42	-	3,498,266,113.58
Inter-segment operating income	3,029,598.35	315,171.15	-	(3,344,769.50)	-
Operating costs	2,172,230,839.56	1,018,807,321.17	12,048,230.11	(3,244,899.50)	3,199,841,491.34
Profit before income tax	<u>103,421,462.67</u>	<u>18,531,773.05</u>	<u>54,147,252.86</u>	<u>-</u>	<u>176,100,488.58</u>

For the six months ended 30 June 2022

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Other business	Inter-segment eliminations	Total
Operating income	1,886,784,447.70	969,432,929.36	64,262,145.63	(5,019,662.06)	2,915,459,860.63
Including: Operating income from external customers	1,886,616,666.87	968,237,324.90	60,605,868.86	-	2,915,459,860.63
Inter-segment operating income	167,780.83	1,195,604.46	3,656,276.77	(5,019,662.06)	-
Operating costs	1,680,633,032.24	1,058,660,776.35	24,850,767.57	(601,111.15)	2,763,543,465.01
Profit/(Loss) before income tax	<u>94,698,608.09</u>	<u>(184,239,127.43)</u>	<u>6,481,485.70</u>	<u>(940,471.61)</u>	<u>(83,999,505.25)</u>

As at 30 June 2023

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Other business	Inter-segment eliminations	Total
Total assets	3,830,255,436.08	5,202,730,863.84	2,602,519,068.23	(2,423,286,365.94)	9,212,219,002.21
Total liabilities	<u>2,985,365,787.14</u>	<u>3,445,146,310.32</u>	<u>784,736,613.93</u>	<u>(636,830,562.60)</u>	<u>6,578,418,148.79</u>

As at 31 December 2022

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Other business	Inter-segment eliminations	Total
Total assets	3,780,943,792.48	5,223,092,158.11	2,729,065,849.25	(2,517,499,702.66)	9,215,602,097.18
Total liabilities	<u>3,018,093,480.45</u>	<u>3,501,186,730.88</u>	<u>944,532,167.96</u>	<u>(729,965,758.30)</u>	<u>6,733,846,620.99</u>

## MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

In the first half of 2023, with the full relaxation of the pandemic prevention and control measures, China's economy has begun to enter a stage of recovery, and people's travel demand has been released. The Group recorded significant growth in, among others, expressway service zone operation business, road passenger transportation and auxiliary business and Taiping Interchange operation business. The Group has also actively implemented "one policy for one enterprise" and achieved cost reduction and efficiency enhancement through refined management, and the Group as whole has turnaround from loss to profit.

### TRAVEL SERVICE SEGMENT

#### *I. Expressway Service Zone Operation*

Focusing on the development strategy of the 14th Five-Year Plan, the Group kept abreast of market changes, comprehensively promoted the reform of the service zone operation, actively stabilised growth, reduced costs and ensured revenue, and strived to promote the development of various businesses such as energy, merchant solicitation, retail and advertising.

##### *1. Energy Business*

The Group continued to expand and strengthen its energy business, enhance its own brand name and create a new momentum for energy development. As of the end of June 2023, the Company had 209 oil stations with operating right, including 66 owned and operated oil stations, 13 cooperative oil stations and 130 oil stations under contracted operations. In the first half of 2023, we have mainly carried out the following tasks:

- (1) Pursuant to the energy business development strategy, we expanded the oil station network, optimized the development layout of traditional energy and new energy, accelerated the commencement of operation of newly constructed oil stations in northern Guangdong and Henghe, coordinated the acquisition of oil station resources for service zone expansion of the Shenzhen-Shantou West Expressway, and expanded sales of oil products through multiple channels.
- (2) Personalised marketing activities have been carried out continuously. Differentiated targeted marketing has been implemented under "one policy for one enterprise", diversified marketing activities have been carried out and facilitated the increases in both overall sales volume of oil products and the sales volume per customer. In the first half of the year, a total of 27 batches of marketing campaigns under "one policy for one enterprise" have been carried out, acquiring new contracts from 18 major refuelling customers, the total number of contracted major refuelling customers reached 85. By actively expanding the Yueyun Energy membership customers and enhancing brand awareness, the total number of e-members has exceeded 760,000.
- (3) Optimizing service methods. Various types of payment methods are utilized by self-operated oil stations, such as automatic payment machines, mobile POS machines, WeChat and Alipay, to improve the operation efficiency of oil stations and ensure the smooth flow of refuelling vehicles during peak periods.

- (4) Actively explore the layout of the comprehensive energy industry. In response to changes in the international and domestic energy markets, the transformation from sales of traditional oil products to provision of new energy services has been accelerated, a new landscape has been gradually formed for the development of diversified energy industries such as refuelling, charging and swap of batteries, and a landscape of new industries for the development of energy business has been built.

## 2. *Retail Business*

The Group continued to leverage on its geographical advantages to optimize its business structure and enhance market competitiveness of the “Loyee” brand while expanding into new space for its retail business. As of the end of June 2023, the Group has 479 “Loyee” convenience stores. The main tasks of the retail business in the first half of 2023 include:

- (1) Implementing the retail business reform plan in an orderly manner. The retail business management model has been adjusted to implement vertical management and improve management efficiency, differentiated operational management has gradually taken shape, such as big retail, “Loyee” stores and unmanned sales, to reduce labour costs.
- (2) Accelerating the implementation of the construction project of digital retail system. To adapt to the needs of retail business development, we have started building a digital retail cloud service system to provide a digital foundation for the reform and transformation of retail business in the service zones.
- (3) Capturing opportunities to develop business and create new benefits. By fully capturing the opportunities of the recovery of traffic flow on expressways, marketing efforts have been strengthened to vigorously expand group purchase and wholesale customers, thematic marketing activities have been organised, and special positions have been set up as points of sales for cooked food during the peak period of passenger flow during holidays, full manpower has been deployed in the marketing campaign of the “Luzhou Laojiao (瀘州老窖)” series of products. Efforts have been dedicated to vigorously expand group purchase and wholesale customers, 26 new wholesale customers have been acquired, and wholesale revenue has increased by approximately 40% as compared with the same period of last year.

## 3. *Merchant Solicitation Business*

The Group has continued exploring the commercial value of the service zones, enriching the business forms of operation and services, and enhancing the development capabilities of our platform. As of the end of June 2023, 361 service zones have been granted operation rights and 351 service zones are in operation. In the first half of 2023, the following measures are mainly adopted to enhance the level of merchant solicitation business:

- (1) Promoting the reform of merchant solicitation business in the service zones. We have streamlined the business chain of merchant solicitation, clarified and optimized business processes, improved management efficiency, and completed the reform on organisation. We have promoted the implementation of the overall

outsourcing management of public services in seven pairs of service zones (parking zones) of Er-Guang Expressway. A competitive recruitment mechanism has been established and completed the optimization and adjustment of staff positions in the service zones.

- (2) Actively revitalize merchant solicitation resources. We have promoted the establishment and operation of Yangjiang “Yipinhui” stores and the “Le Tu Hui (樂途匯)” fruit festival projects in 35 pairs of service zones during the summer season. Sales of sports lottery tickets and cooked food vending machines have been promoted in 8 pairs of service zones in Xincheng to enhance the value of increased platforms. Overall marketing campaigns have been promoted on service zones such as Liangjinshan, Dahuai, Yayao, Shengtang and Xinyangjiang along the Guangzhou-Zhanjiang Line to extend the length of stay of passengers and enhance the consumption level of travellers.
- (3) The leasing process has been optimised through multiple measures. Pre-leasing information has been actively published on important channels such as newspapers and institutional websites to increase the width of promotional coverage for leasing, and the opportunity of economic recovery has been captured to intensify the efforts on leasing commercial shops. At the end of June 2023, a total of 155 leasing projects have been launched, 77 have been successful, with a successful leasing rate of 50%, and rate of leased out commercial shop area in service zones has reached 69.80%.

#### 4. *Advertising Business*

The Group continued to improve its refined management capabilities, explored the potential value of advertising resources, and focused on the development of all-media advertising business. As of the end of June 2023, the Group has operation rights of advertising on 75 expressways, operation and management rights of advertising resources on 361 service zones, and ownership of 509 resources, mainly including pillars, overpass bridges, gantry, billboards above toll stations, floor standing boards and billboards above service zones. The major operating initiatives of the advertising business in the first half of 2023 are as follows:

- (1) Maintaining the overall stability of advertising resources. Protect existing advertising resources as well as increase the construction of new advertising billboards. As of the end of June 2023, 5 road sections have been planned and the infrastructure construction of 3 innovative floor standing billboards have been completed, site selection and design of 6 new advertising pillars have been completed. Negotiations with property owners have been conducted to accelerate the redevelopment of Guangqingyun Road Overpass Bridge and Guangzhou Dongxiasha Overpass Bridge.
- (2) Increasing marketing efforts. Maintain the existing customers by improving service quality and provide professional services for customers’ brand marketing, consolidate the business of a group of existing customers and further explore more cooperation. Pre-disclosure of open solicitation of merchants for “soliciting merchants of advertising resources” has been conducted through the “Guangdong Tender website” to widely attract interested lessees through the methods of whole package leasing and single leasing, as well as by way of integration of resources.

- (3) Building a market-based management mechanism. The organizational structure of advertising companies has been optimised and adjusted to better adapt to market-oriented business. The collection and prosecution efforts on customers with overdue payments have been increased to reduce the amount of accounts receivable.

## ***II. Road Passenger Transportation and Auxiliary Business***

In accordance with the overall strategy of “retaining business operations adopting TC public transportation mode and phasing out other domestic passenger transportation business operations orderly”, we formulated a main guideline for transportation enterprises to “phase out passenger transportation business orderly and pursue transformation and development under their own specific circumstances”. According to the production and operation, resources and financial conditions of each transportation enterprise, the Group formulated the work plan of “one policy for one enterprise” to carry out refined management of transportation enterprises, and realized a turnaround from loss to profit in the overall passenger transportation business during the first half of the year. In the first half of 2023, the passenger transportation business has focused on the following tasks:

### *1. Actively promoting “one policy for one enterprise”*

- (1) Through the implementation of “one policy for one enterprise”, we have focused on the goal of “refining and optimising passenger transportation business, ensuring the turnaround from losses for the overall transportation enterprises”, conduct marketing promotions with increased efforts on passenger transportation business, and strive to increase the operating revenue from passenger transportation business. Staff structure has been optimised to exercise reasonable control on total labour costs. Cost control has been strengthened to continue reducing management costs. In the first half of 2023, 9 transportation companies of the Group have achieved profitability.
- (2) Actively collecting government subsidies. Through strengthening communication with the government and urge the government to announce comprehensive local financial subsidy policies for public transportation business, as well as the implementing the confirmation and appropriation of operation subsidies by the government, we have actively collected new local operation subsidy amounted to RMB65.44 million in the first half of the year.
- (3) Reducing interest-bearing liabilities and financial expenses. As of the end of June 2023, the interest-bearing liabilities of the Group’s domestic transportation enterprises decreased by RMB78.62 million as compared with that at the beginning of the year.

### *2. Strengthening efforts to realise transformational development of the passenger transportation business*

- (1) Actively promote the business of “digital passenger transportation”. During the first half of 2023, the Company has launched 61 customized passenger transportation routes (with bus stops) online, the daily average passenger traffic of customized passenger routes in the first half of the year was 3,200 passenger-times

and could reach 7,983 passenger-times during peak hours. The Company has in-depth cooperation with China's leading internet transportation platform "Didi Chuxing (滴滴出行)", and exclusively cooperates with Guangdong regional customized passenger transportation and long-distance car sharing business. In the first half of 2023, we pilot operate a number of customized passenger routes (with bus stops), the daily average peak period actual load rate was 62%, and the highest actual load rate could reach 92.54%.

- (2) Carry out all-staff marketing. Taking the opportunity of full relaxation of pandemic prevention and control measures, marketing efforts have been increased and actively expand customized, chartered vehicles, commuting, research and study tours, school buses, travel and other out-of-station businesses through all-staff marketing.
- (3) Actively revitalize the existing stations and land resources. Through disposal of vehicles and properties, the amount of funds recovered was RMB37.15 million. In order to increase the utilization rate of existing resources, by reducing the area of passenger transportation functions at the stations, reducing the office area, and leasing existing land and properties to external parties pursuant to the principle of "leasing as far as possible", rental income (including operating revenue from cooperation) for the first half of the year amounted to RMB46.17 million, representing a year-on-year increase of RMB9.64 million or 27%.

### ***III. Continuous Development of Expressway Vehicle Rescue Business***

The Group continues to expand its expressway vehicle rescue business. As of the end of June 2023, the Group has established three rescue centres in northern Guangdong, eastern Guangdong and western Guangdong, respectively, with 192 rescue stations across the province. The expressway vehicle rescue service mileage reached 7,010 km on 79 road sections with 676 rescue vehicles of various types. The main tasks of the rescue business in the first half of 2023 include:

- (1) Continue to improve the ability of expressway vehicle rescue and support services. Stationing points have been optimised continuously. According to changes in the road network and traffic flow, the Company achieved a 30-minute arrival punctuality rate of 91.01% and a 60-minute obstacle clearing punctuality rate of 99.86% after the optimization and adjustment. During the three major holidays of Spring Festival, Qingming Festival and May First in 2023, the 30-minute arrival punctuality rate of 91% has been achieved.
- (2) Promoting the construction of a "Digital Rescue" platform. The scheme design, project establishment and procurement of the first phase of the expressway vehicle rescue service platform of Digital Rescue have been completed. As of the end of June this year, the intelligent dispatch function of the system platform has been implemented based on the initial version of the existing system, and the production environment has been deployed, and is currently being promoted. ETC new interface data docking; the optimization of resource allocation model has completed initial algorithm modelling and will be deployed to the test environment.

- (3) Expand business ideas and strive for incremental business. Promote the marketing initiatives of membership-based travel security service products and marketing incentives for all employees; in the first half of the year, the income from gold card members of membership-based vehicle travel security services was RMB374,500, and the number of gold card members increased by 10,137, and the platform of “Rescue by pressing one button (一鍵救援)” and other expressway worry-free travel services have reached out to 76,840 persons.

#### ***IV. Taiping Interchange Operation***

We continue to maintain the operational management of the Taiping Interchange, daily inspection for the entire road section has been carried out, maintenance and repair works have been organised and implemented.

- (1) As of the end of June 2023, the accumulated toll traffic volume was approximately 18.26 million vehicle-trips, representing an average of approximately 101,400 vehicle-trips per day and a year-on-year increase of approximately 46.55%.
- (2) Continuous implementation of maintenance and repair plans. In order to ensure the safe operation of structures, the maintenance of electromechanical systems, toll collection systems, communication systems and monitoring systems was strengthened, and the daily inspections of the Taiping Interchange have been continuously improved to ensure the safety and smooth flow on bridges and roads.

### **FINANCIAL REVIEW (DATA HAVE BEEN RESTATED FOR THE CORRESPONDING PERIOD OF 2022)**

#### **THE GROUP’S INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

For the six months ended 30 June 2023, operating income of the Group amounted to RMB3,498.266 million (corresponding period in 2022: RMB2,915.460 million), representing a year-on-year increase of RMB582.806 million or 20%. Gross profit amounted to RMB298.425 million (corresponding period in 2022: RMB151.916 million), representing a year-on-year increase of RMB146.509 million or 96%. The year-on-year changes in operating revenue and gross profit were mainly due to the year-on-year increase in passenger transportation volume and passenger traffic volume in expressway service zones and transportation business as the Company actively promoted reforms of the service zone business and expanded off-station business.

For the six months ended 30 June 2023, the Group’s cumulative net profit attributable to shareholders of the parent company (the “Shareholders”) amounted to RMB122.634 million (corresponding period in 2022: net loss attributable to shareholders of the parent company amounted to RMB77.222 million), representing a year-on-year increase of RMB199.856 million; basic earnings per share was RMB0.15 (corresponding period in 2022: basic loss per share of RMB0.10), representing a year-on-year increase of RMB0.25 per share. The increase was mainly due to the following reasons: Firstly, “one policy for one enterprise” was implemented in the road transportation business and achieved remarkable results in reducing costs and increasing efficiency. Secondly, with the comprehensive relaxation of the pandemic preventive and control measures, people’s travel demand was released, resulting in the increase in operating income of the Group’s service zone operation business, road passenger transportation and auxiliary business and Taiping Interchange operation business.

## Operating income

Operating income of the Group was mainly derived from expressway service zone operation business and road passenger transportation and auxiliary business. In the first half of 2023, the Group's operating income amounted to RMB3,498.266 million (corresponding period of 2022: RMB2,915.460 million), representing a year-on-year increase of RMB582.806 million or 20%.

### Operating income by business segment:

	For the six months ended 30 June 2023		For the six months ended 30 June 2022	
	RMB'000	Percentage	RMB'000	Percentage
Expressway service zone operation	2,388,803	68%	1,886,617	65%
Road passenger transportation and auxiliary business	1,041,882	30%	972,646	33%
Taiping Interchange operation	67,432	2%	43,570	2%
Other business	149	0%	12,627	0%
Total	<u>3,498,266</u>	<u>100%</u>	<u>2,915,460</u>	<u>100%</u>

#### 1. Expressway Service Zone Operation Business

Expressway service zone operation business recorded operating income of RMB2,388.803 million for the first half of 2023 (corresponding period in 2022: RMB1,886.617 million), representing a year-on-year increase of RMB502.186 million or 27%, of which:

- (1) For energy business, the operating income amounted to RMB1,978.699 million for the first half of 2023 (corresponding period in 2022: RMB1,550.992 million), representing a year-on-year increase of RMB427.707 million or 28%, which was mainly due to the year-on-year increase in the sales volume of oil stations.
- (2) For retail business, the operating income amounted to RMB265.487 million for the first half of 2023 (corresponding period in 2022: RMB169.487 million), representing a year-on-year increase of RMB96.000 million or 57%, which was mainly attributable to the capture of opportunities arising from the recovery of vehicle traffic on expressways to increase marketing efforts and increase the sales volume of commercial products by the Company.
- (3) For merchant solicitation business, the operating income amounted to RMB114.617 million for the first half of 2023 (corresponding period in 2022: RMB125.456 million), representing a year-on-year decrease of RMB10.839 million or 9%, which was mainly due to the exit of merchants affected by the pandemic, resulted in many vacant shops, and the rent level of new merchants was low.
- (4) For advertising business, the operating income amounted to RMB30.000 million for the first half of 2023 (corresponding period in 2022: RMB40.682 million), representing a year-on-year decrease of RMB10.682 million or 26%, which was mainly due to the year-on-year decrease in revenue from column billboards.

## 2. *Road Passenger Transportation and Auxiliary Business*

Road passenger transportation and auxiliary business recorded operating income of RMB1,041.882 million for the first half of 2023 (corresponding period in 2022: RMB972.646 million), representing a year-on-year increase of RMB69.236 million or 7%, which was mainly attributable to the relaxation of all pandemic preventive and control measures that released the travel demand of people and resulted in a rise in traffic flow of passengers and vehicles.

## 3. *Taiping Interchange Operation Business*

Taiping Interchange recorded operating income of approximately RMB67.432 million for the first half of 2023 (corresponding period in 2022: RMB43.570 million), representing a year-on-year increase of RMB23.862 million or 55%, which was mainly due to the year-on-year increase in the daily average vehicle traffic flow.

## 4. *Other Business*

Other Businesses recorded operating income of RMB149,000 for the first half of 2023 (corresponding period in 2022: RMB12.627 million), representing a year-on-year decrease of RMB12.478 million or 99%, which was mainly due to a decrease in the business volume of material logistics inventory.

### Gross profit

The Group recorded a gross profit of RMB298.425 million for the first half of 2023 (corresponding period in 2022: RMB151.916 million), representing a year-on-year increase of RMB146.509 million or 96%, with a gross profit margin of 8.53% (corresponding period in 2022: 5.21%).

### Gross profit by business segment:

	For the six months ended 30 June 2023		For the six months ended 30 June 2022	
	RMB'000	Percentage	RMB'000	Percentage
Expressway service zone operation	216,887	73%	206,417	136%
Road passenger transportation and auxiliary business	26,147	9%	(86,105)	(57%)
Taiping Interchange operation	55,384	18%	31,256	21%
Other business	7	0%	348	0%
Total	<u>298,425</u>	<u>100%</u>	<u>151,916</u>	<u>100%</u>

## **1. Expressway Service Zone Operation**

Expressway service zone operation business recorded a gross profit of RMB216.887 million for the first half of 2023 (corresponding period in 2022: RMB206.417 million), representing a year-on-year increase of RMB10.407 million or 5%, with a gross profit margin of 9% (corresponding period in 2022: 11%). Of which:

- (1) The energy business generated a gross profit of RMB182.944 million for the first half of 2023 (corresponding period in 2022: RMB192.695 million), representing a year-on-year decrease of RMB9.751 million or approximately 5%, with a gross profit margin of 9% (corresponding period in 2022: 12%), which was mainly due to the year-on-year decrease in the purchase-to-sale margin ratio of oil products.
- (2) The retail business recorded a gross profit of RMB39.358 million for the first half of 2023 (corresponding period in 2022: RMB4.221 million), representing a year-on-year increase of RMB35.137 million or 832%, with a gross profit margin of 15% (corresponding period in 2022: gross profit margin was 2%), which was mainly due to the increase in marketing efforts by the Company and the year-on-year increase in revenue.
- (3) The merchant solicitation business recorded a gross loss of RMB17.062 million for the first half of 2023 (corresponding period in 2022: gross loss of RMB7.278 million), representing a year-on-year decrease of RMB9.784 million or 134% in gross profit. The gross loss margin was 15% (corresponding period in 2022: gross loss margin of 6%), which was mainly due to the larger number of vacant shops in the merchant solicitation business that resulted in less revenue.
- (4) The advertising business recorded a gross profit of RMB11.647 million for the first half of 2023 (corresponding period in 2022: RMB16.779 million), representing a year-on-year decrease of RMB5.132 million or 31%, with a gross profit margin of 39% (corresponding period in 2022: 41%), which was mainly due to a decrease in business revenue.

## **2. Road Passenger Transportation and Auxiliary Business**

The road passenger transportation and ancillary business recorded a gross profit of RMB26.147 million for the first half of 2023 (corresponding period in 2022: a gross loss of RMB86.105 million), representing a year-on-year increase of RMB112.252 million or 130% in gross profit, with a gross profit margin of 3% (corresponding period in 2022: gross loss margin of 9%). This was mainly due to (1) the implementation of “one policy for one enterprise” in the road transportation business that achieved remarkable results in reducing costs and increasing efficiency; and (2) the growth in operating revenue with comprehensive relaxation of the preventive and control measures against the pandemic.

## **3. Taiping Interchange Operation Business**

The Taiping Interchange operation business recorded a gross profit of RMB55.384 million for the first half of 2023 (corresponding period in 2022: RMB31.256 million), representing a year-on-year increase of RMB24.128 million or 77%, with a gross profit margin of 82% (corresponding period in 2022: 72%), which was mainly due to a year-on-year increase in daily average vehicle traffic flow that resulted in the increase in revenue.

#### **4. Other Business**

Other business recorded a gross profit of RMB7,000 for the first half of 2023 (corresponding period in 2022: RMB348,000), representing a year-on-year decrease of RMB341,000 or 98%. The gross profit margin was 5% (corresponding period in 2022: 3%).

##### **Administrative and research and development expenses**

In the first half of 2023, the Group's total administrative and research and development expenses amounted to RMB214.439 million (corresponding period in 2022: RMB274.378 million), representing a year-on-year decrease of RMB59.939 million or 22%. This was mainly due to the benefit of implementing "one policy for one enterprise" in the road transportation business and achieved remarkable results in reducing costs and increasing efficiency.

##### **Finance expenses**

In the first half of 2023, the Group incurred finance expenses of RMB86.573 million (corresponding period in 2022: RMB108.262 million), representing a year-on-year decrease of RMB21.689 million or 20%, which was mainly due to a year-on-year decrease in interest-bearing liabilities.

##### **Other income**

In the first half of 2023, the Group recorded other income of RMB174.779 million (corresponding period in 2022: RMB189.110 million), representing a year-on-year decrease of RMB14.331 million or 8%, mainly due to the decrease in VAT reduction and exemption.

##### **Investment gains/(losses)**

In the first half of 2023, the Group recorded investment gains of RMB40.197 million (corresponding period in 2022: investment losses of RMB3.176 million), representing a year-on-year increase of RMB43.373 million or 1,365% in gains, which was mainly due to a year-on-year increase in the net profit generated by associates and joint ventures during the period with the comprehensive relaxation of preventive and control measures against pandemic.

##### **Credit impairment losses**

In the first half of 2023, the Group's credit impairment losses amounted to RMB8.703 million (corresponding period in 2022: credit impairment losses of RMB6.353 million), representing a year-on-year increase of RMB2.350 million or 37% in impairment losses, which was mainly due to the year-on-year increase in the balance of receivables during the period that resulted in a year-on-year increase in the provision for credit impairment losses.

##### **Gains on disposal of assets**

In the first half of 2023, the Group recorded gains on disposal of assets of RMB24.084 million (corresponding period in 2022: RMB11.708 million), representing a year-on-year increase of RMB12.376 million or 106%.

## Non-operating income and expenses

In the first half of 2023, the Group's non-operating net income was RMB1.941 million (corresponding period in 2022: net income of RMB5.794 million), representing a year-on-year decrease of RMB3.853 million or 67% in net income, mainly due to the year-on-year decrease in COVID-19 related subsidies and the year-on-year increase in the damage and scrapping losses of non-current assets.

## Liquidity and Capital Structure

The Group adopted prudent financial management policies in its financial management and implemented strict budget control on the use of funds. The Group satisfied its cash requirements for payable contractual obligations and general working capital mainly through cash generated from operating activities and bank borrowings. The Group proactively reduced interest-bearing liabilities and strived to achieve the optimal financing cost. The Group enhanced internal allocation of funds through the operation of cash pooling to improve the efficiency of utilization of funds. Benefiting from the strict budget control over its funds and optimization of its financial structure, the Group's balance of available credit facilities granted by banks and other financial institutions amounted to RMB3,234.800 million in the first half of 2023, which provided sufficient protection for the Group's operating loans and ensured repayment of principal and interest without risk.

<b>Items</b>	<b>30 June 2023 RMB'000</b>	<b>31 December 2022 RMB'000</b>
Borrowings (from banks and other financial institutions)	<b>2,254,104</b>	2,384,127
Less: Cash and cash equivalents	<b>1,028,204</b>	945,099
Net debt	<b>1,225,900</b>	1,439,028
Total liabilities	<b>6,578,418</b>	6,733,847
Total shareholders' equity	<b>2,633,801</b>	2,481,755
Total equity	<b>3,859,701</b>	3,920,783
Total assets	<b>9,212,219</b>	9,215,602
Gearing ratio	<b>31.76%</b>	36.70%
Asset to liability ratio	<b>71.41%</b>	73.07%

Gearing ratio = Net debt/Total equity

Total equity = Net debt + Total shareholders' equity

Asset to liability ratio = Total liabilities/Total assets

## Cash Flows

In the first half of 2023, the Group mainly used cash generated from operations and low-interest long-term liabilities to meet contractual commitments and general working capital requirements. The Group's cash and cash equivalents are basically denominated in Renminbi. After deducting the impact of exchange rate changes, the information of cash and cash equivalents is as follows:

	For the six months ended		
	30 June		
	2023	2022	Change
Cash generated from/(used in)	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating activities	<b>395,513</b>	128,173	267,340
Investing activities	<b>(20,824)</b>	(85,840)	65,016
Financing activities	<b>(292,816)</b>	(155,793)	(137,023)

### Operating activities

The Group's net cash inflow from operating activities amounted to RMB395.513 million in the first half of 2023 (corresponding period in 2022: net cash inflow of RMB128.173 million), representing a year-on-year increase of net cash inflow of RMB267.340 million, which was mainly due to a year-on-year increase in revenue for the period resulting in a year-on-year increase in cash received from product sales and provision of labour services.

### Investing activities

In the first half of 2023, the net cash outflow from investing activities was RMB20.824 million (corresponding period in 2022: net cash outflow of RMB85.840 million), representing a decrease in net cash outflow of RMB65.016 million, which was mainly attributable to strengthened control over investment scale and reduction in the acquisition and construction of long-term assets like vehicles.

### Financing activities

In the first half of 2023, the net cash outflow from financing activities was RMB292.816 million (corresponding period in 2022: net cash outflow of RMB155.793 million), representing an increase in net outflow of RMB137.023 million, which was mainly due to a year-on-year increase in debt repayment expenses.

## Borrowings

As of 30 June 2023, the Group had outstanding borrowings of RMB2,252.104 million (31 December 2022: RMB2,384.127 million). Of which: (i) unsecured short-term loans: RMB512.625 million (31 December 2022: RMB598.646 million); (ii) secured short-term loans: RMB219.592 million (31 December 2022: RMB145.392 million); (iii) pledged short-term loans: Nil (31 December 2022: RMB6,000); (iv) unsecured long-term loans: RMB683.272 million (31 December 2022: RMB824.447 million); (v) secured long-term loans: RMB413.360 million (31 December 2022: RMB343.358 million); (vi) pledged long-term loans: RMB15.000 million (31 December 2022: RMB17.520 million); (vii) finance lease payables: RMB408.255 million (31 December 2022: RMB448.764 million). As of 30 June 2023, the Group's borrowings are denominated in Renminbi and bear interest at floating or fixed rates, of which approximately 31% of the amount of borrowings bear interest at fixed rates.

## Material subsequent events

Nil.

## Significant investments, major acquisitions, disposals and establishment of new companies

During the reporting period, the Company did not conduct any material acquisitions, disposals of or establishment of subsidiaries, associates and joint ventures, or make any significant investment.

## Major properties held for investment

Name of property	Address	Usage	Type of lease
Hong Kong Plaza	Unit 13-14, 24/F, Hong Kong Plaza, 188 Connaught Road West, Sai Wan, Hong Kong	Operating lease	Short-term (within 10 years)
No. 2 office, 1/F, King's Court, Wai Ching Street, Jordan Road, Kowloon	No. 2 office, 1/F, King's Court, No.65, 67, 69, 71, 73, 75, Wai Ching Street, Jordan Road, Kowloon, Hong Kong	Operating lease	Short-term (within 10 years)
Shop on Ground Floor, Hang On Building, 159A Sai Yeung Choi Street North, Mongkok, Kowloon	Shop on Ground Floor, Hang On Building, 159A Sai Yeung Choi Street North, Mongkok, Kowloon, Hong Kong	Operating lease	Short-term (within 10 years)
Apartment of Drivers	Interchange between Fuqianxi Road and Huancheng Road, Qujiang District, Shaoguan City, the PRC	Operating lease	Short-term (within 10 years)
Passenger Traffic Center Building in Lianzhou	No. 136, Beihu Road, Lianzhou City, the PRC	Operating lease	Short-term (within 10 years)
Complex Building of Vehicle Passenger Terminal in Danxia Mountain	Complex Building of Vehicle Passenger Terminal in Danxia Mountain	Operating lease	Long-term (over 10 years)

## **Pledge of assets**

As at 30 June 2023, fixed assets at the net value of approximately RMB399.466 million (31 December 2022: RMB260.807 million) and land use rights at the net value of approximately RMB145.514 million (31 December 2022: RMB116.905 million) of the Group were pledged as security for borrowings and long-term payables.

## **Foreign exchange risk and hedging**

Most of the revenue and expenditure of the Group are settled or denominated in RMB, except for the revenue and expenditure that relate to cross-border transportation services. In the first half of 2023, the working capital and liquidity of the Group were slightly affected by the fluctuations in foreign exchange rate. The directors of the Company (the “**Director(s)**”) believe that the Group will have sufficient amount of foreign currency to meet its demand. The Group will continue to pay close attention to the currency fluctuations of RMB and will adopt proper measures to reduce the currency risk exposure of the Group based on its operating needs.

## **Contingent liabilities**

As of 30 June 2023, the Group had no material contingent liabilities.

## **Key business developments of the Group in the second half of 2023 are as follows:**

### **I. Expressway Service Zones Operation**

#### **1. Energy Business**

- (1) Deepening reform and improving efficiency. We shall implement “one stop, one strategy”, actively expand our membership base and acquire key customers through multiple channels, and increase our revenue scale and sales gross profit of oil products through multi-method and personalized targeted marketing. We shall also strive to make breakthroughs on oil product wholesale business basing on the foundation of our oil product bulk sales and non-oil product business.
- (2) Strengthening self-operated brand building. We shall launch all-staff marketing throughout our Group to boost oil product sales, improve self-operated brand service capabilities, and continue to make efforts in large-scale operation, refined management and brand-based efficiency of self-operated oil stations. The brand name of “Yueyun Energy” will be strengthened to promote the development and enhance better results of energy business.
- (3) Continuous expanding the coverage of gas station network. We shall accelerate the advancement of the preliminary and construction works of new gas stations and make plans for the renovation and operation of gas stations that are due to be recovered this year, so as to achieve early operation and early revenue contributions.

- (4) Strengthening procurement cost control. We shall strengthen the analysis of the international crude oil and domestic refined oil market, timely predict the future market trend, and strive to procure at the best timing.
- (5) Innovating development concepts and expanding new energy business. Leveraging on the advantages of our platform resources, we shall further build a comprehensive energy service network for oil, gas, electricity and non-oil products.

## **2. Retail Business**

- (1) Vigorously promoting digital transformation. We shall target at well-known large-scale retail enterprises and software providers in the market, carry out digital transformation with a tri-focus on customers, goods, and venues, and initiate pragmatic transformation in omni-channel capabilities, customer experience improvement, e-commerce channel construction, more flexible pickup methods, and digital supply chain. In practice, we shall build a digital retail cloud service system suitable for the needs of retail business scenarios in our service areas and provide the work requirements of full-service, full-link and full-channel digital smart solutions for retail business.
- (2) Enhancing business collaboration and synergy within our Group. By aligning wholesale activities within our Group, we shall expand our group buy and wholesale business and its customer base. We shall integrate the upstream and downstream resources of the Group's supply chain and extend our business coverage through the introduction of new retail products, bulk procurement of grain and oil, office supplies, etc. within our Group and delivery collaboration.
- (3) Institutionalizing an open marketing campaign. We shall intensify product promotions, increase the unit price of sales, and further stimulate the growth of retail business; and carry out "all-staff marketing" to encourage the Group's employees to expand our market through multiple channels and links.
- (4) Innovating the management model of "Loyee" convenience stores to form different levels of operation categories gradually, such as large-scale comprehensive supermarkets, medium-sized supermarkets, small convenience stores and unmanned sales. By operating through the self-operated, wholesale supply and franchise models, the new model of differentiated operational management for retail business will be gradually built, striving to improve the efficiency of large-scale operation.

## **3. Merchant Solicitation Business**

- (1) Adhering to the "integrated, platform-based and industrialized" model to accelerate improvement in physical quality and efficiency of service zones. Actively carry out the "service zone+" initiative and integrate actively with industries such as tourism, culture, logistics and sales of characteristic products to better serve the local economic and social development.

- (2) Actively promote the reform of service zone business. Streamlining business chains, clarifying and optimising business processes to improve management efficiency and optimise the allocation of human resources. Adopting a flexible employment model and engaging professional property management companies to implement comprehensive property management pilot points in some service zones (parking zones). Actively revitalising merchant solicitation resources to create and increase income, it is expected that the KFC franchised stores will commence business in the second half of the year. Selecting service zones with better economic efficacy to set up exclusive sales zones in public areas. Promote the implementation of the temporary project of “Le Tu Hui (樂途匯)” fruit festival in the summer travel period. Commencing sales of sports lottery and platform projects such as cooked food vending machines in the service zones to enhance the value of increasing platforms. During the period from summer travel to spring travel of next year, organize integrated marketing activities in the merchant reforming areas in the Guangzhou-Zhanjiang Line service zone. Lengthen the staying time of passenger traffic through various thematic marketing activities to enhance the consumption level of travellers.
- (3) Adhering to the establishment of differentiated featured service zones under the principle of “one policy for one enterprise”. Improve the efficiency of merchant solicitation in the service zones and establish featured service zones in accordance with local conditions. Continue to follow up the construction progress of the Guangzhou-Zhanjiang Line service zone, complete the business upgrading renovation project and coordinate the entry of merchants in an orderly manner. Ensure the overall project commences operation at the same time to achieve seamless connection, ensure economic benefits while focusing on public benefits.
- (4) Deeply explore potentials and make deployment in advances, improve floor layout and shop planning to improve area utilization rate. Focus on utilization of idle resources and discover hidden value to improve overall benefits.

#### **4. Advertising Business**

- (1) Optimizing business processes. Enhance the refined management of each business segment and assign responsibilities to individuals, comprehensively improve compliance management capabilities and the capabilities to manage and control risks. Drive the upgrading of business management system, use digital and informatized means to improve management efficiency.
- (2) Focusing on the protection of resources and the construction of new resources. Maintain communication with each of the road sections, strive to retain the existing advertisements on overpass bridges for continuous operation, actively explore new advertising resources and give priority to the construction of quality resources on key road sections.

- (3) Continue the deepening of direct advertising business. Improve quality of customer services, maintain and consolidate quality business of existing customers. Further strengthen integrated marketing, provide customers with brand planning and design as well as cross-provincial integrated promotional services in various media. Continue our business cooperation with peers, enrich the types of media through methods such as exchange of resources to assist in developing new customers.
- (4) Giving full play to planning effectiveness. Enhance planning and design capabilities, team and market competitiveness and business level. Focusing on market-oriented business and make every effort to promote the expansion of market business such as design and planning activities outside the system.

## **II. Road Passenger Transportation and Auxiliary Services**

### ***1. Strengthening transformation and upgrade***

- (1) Promoting digital transformation. Based on the construction and operation projects of the “Digital Yueyun (數字粵運)” travel service platform as the starting point to complete the overall framework planning and design of the “Digital Yueyun (數字粵運)” travel service platform. Initially, establish a membership system and build a digital operation service centre to realize the digital construction and online operation of certain businesses of “Digital + (數字 N+)”, and gradually realize the output of online standardized capabilities.
- (2) The Group has authorised Guangdong Yueyun Development Co., Ltd., a subsidiary of the Group, to sign a strategic cooperation framework agreement with “Didi Chuxing (滴滴出行)”, a well-known leading internet transportation platform in China, to exclusively cooperate in regional customized passenger transportation and long-distance car sharing business in Guangdong Province. By combining the advantages of “Didi Chuxing” in platform traffic, marketing tools, passenger flow organization, big data and artificial intelligence, the Group’s advantages in vehicles, routes, brands and management are fully explored and utilized. In the second half of the year, most of the Group’s road transportation resources will be transferred online, social vehicles will be recruited to develop online car-hailing routes from cities, counties and districts to townships, striving for more market share of online car-hailing, and tap the potential of digital transformation in the passenger transportation business.
- (3) Actively expanding off-site businesses. Expansion of off-site businesses such as chartered vehicles and commuting, continue to promote all-employee marketing and widen the marketing channels to achieve steady growth in off-site business revenue.

- (4) Actively revitalizing assets. We will actively promote the revitalization of effective assets in various forms and carry out overall planning for properties such as stations and office buildings. By compressing the office area and passenger transportation functions of stations, the area available for leasing will increase and the occupancy rate of properties such as stations and office buildings will be enhanced through multiple channels.

**2. *Promote “one policy for one enterprise”, optimise business structure and enhance operating efficacy***

- (1) Implementing “effective remedies” on loss-making business entities of class one category at the county level to stop damage and reduce losses, and promote the orderly exit of some transportation companies through closure, cancellation, equity transfer and other methods.
- (2) Reduce interest-bearing liabilities to prevent and resolve debt risks. Although the road transportation business has achieved a turnaround in its overall operation and continued to improve its fundamentals, reducing the scale of interest-bearing liabilities is still the focus in the second half of the year. Interest-bearing liabilities for the whole year decreased as compared with last year. Capturing on the window period of market recovery, we will actively dispose of marketable assets to alleviate capital pressure, strive for local subsidies and increase recovery efforts.
- (3) Optimizing human resources and organizational structure. Through measures such as controlling the proportion of management personnel and matching production personnel according to business volume, we actively promote the optimization of personnel structure and reasonably control the total number of employees.
- (4) We have implemented a performance appraisal plan oriented towards performance targets. According to the annual net profit target, the three grades of profit-making enterprises, low-profit enterprises and loss-making enterprises have been set up to fully function as the “directing baton” in performance appraisal to improve the motivation to work among employees and facilitate the enhancement of the overall operating results of the Company.

### ***3. Continuing to develop expressway vehicle rescue business***

- (1) Promoting the construction of a “Digital Rescue” platform. Leveraging on the advantages of the existing expressway vehicle rescue service network and offline service capabilities, we strive to build a provincial service platform for vehicle rescue “Rescue by pressing one button (一鍵救援)”. With the platform’s information technology and service standardization, it integrated the offline resources of the province’s vehicle rescue services, and the service scope will ultimately cover expressways, national highways and urban roads.
- (2) A mathematical model for analysing the optimal allocation of vehicle rescue resources will be built to improve the rescue efficiency of the original points by calculating the optimal location, and the calculation results will be reported to the road section operational management unit to jointly optimize the layout of rescue points.
- (3) Promoting market-oriented mechanism. Through measures such as striving for the acquisition of B-end customers, channel sales, all-employee marketing incentives and appraisals, continuous growth in the number of gold card members and the incremental operating revenue of the membership-based vehicle travel protection service of the expressway vehicle rescue business will be realized.

## **Key business developments and financing arrangements for the second half of 2023**

The Group will use loans and funds generated from its operations to meet the funding requirements for business developments and financing arrangement for investments.

### **Other Information**

#### **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY**

During the six months ended 30 June 2023, the Company did not redeem any of its listed shares. Neither the Company nor its subsidiaries repurchased or sold any shares of the Company for the six months ended 30 June 2023.

#### **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining high standards of corporate governance in the Group and the Board considers that effective corporate governance is crucial to the success of a company and to the growth of value to shareholders.

The Company has complied with all of the code provisions other than code provision C.1.6 as set out in the Corporate Governance Code of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the six months ended 30 June 2023.

Code provision C.1.6 provides that generally independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. At the 2022 Annual General Meeting of the Company held on 15 June 2023 (the “**2022 Annual General Meeting**” or “**Meeting**”), save for Mr. Su Wujun, Ms. Huang Yuan and Mr. Zhang Xiangfa, the independent non-executive Directors, none of the other independent non-executive Directors or non-executive Directors attended the 2022 Annual General Meeting due to work reasons. The Board considers that such deviation has not affected the non-executive Directors’ and independent non-executive Directors’ understanding of the views of the Shareholders or their responses to the Shareholders’ inquiries, as the resolutions proposed at the 2022 Annual General Meeting did not involve connected transactions or any other transactions that required the approval of independent Shareholders, and each committees under the Board had one or more members present at the Meeting, who could gain and develop a balanced understanding of the views of the Shareholders of the Company and fully answer any questions of the Shareholders at the Meeting.

#### **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the supervisors of the Company (the “**Supervisor(s)**”). Having made specific enquiries with all the Directors and Supervisors, each of the Directors and Supervisors confirmed that he/she had complied with the requirements set out in the Model Code for the six months ended 30 June 2023.

## DIRECTORS AND SUPERVISORS' INTERESTS

Long positions in the Shares, underlying shares and debentures of the Company and associated corporations of the Company:

Name of associated corporation	Name of Director/ Supervisor	Capacity	Number and class of shares held	Approximate percentage in the relevant class of share capital
Guangdong Provincial Expressway Development Co. Ltd.	Chen Chuxuan	Beneficial owner	5,987 A shares	0.00046%

Save as disclosed above, as at the date of this announcement, none of the Directors, Supervisors or the chief executives of the Company had any interests or short positions in any shares or underlying shares or interests in debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) of the Company which were (i) required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO; (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

## BOARD

On 30 June 2023 and the date of this announcement, the Board of the Company consisted of 11 members, including five executive Directors, namely Mr. Guo Junfa, Mr. Zhu Fang, Mr. Huang Wenban, Mr. Hu Xianhua and Mr. Hu Jian; two non-executive Directors, namely Mr. Chen Min and Mr. Chen Chuxuan; and four independent non-executive Directors, namely Mr. Su Wujun, Ms. Huang Yuan, Mr. Shen Jialong and Mr. Zhang Xiangfa.

At the 2022 Annual General Meeting of the Company held on 15 June 2023, Mr. Hu Jian was appointed as the executive Director of the Company for a term commencing from the conclusion of the 2022 Annual General Meeting until the expiry of the term of the eighth session of the Board of Directors of the Company. For details, please refer to the announcement and the circular of the Company dated 10 May 2023.

## **REVIEW BY AUDIT & CORPORATE GOVERNANCE COMMITTEE**

The Company has established the Audit & Corporate Governance Committee in compliance with the Listing Rules. The primary duties of the Audit & Corporate Governance Committee are, among other things, to appoint external auditors, review and supervise the financial reporting process, review interim and annual results, review and supervise the internal control system and risk management of the Group, and provide advice and comments to the Board and monitor the corporate governance of the Company. As at 30 June 2023, the Audit & Corporate Governance Committee comprised three members, namely Mr. Su Wujun (Chairman) and Mr. Shen Jialong, two independent non-executive Directors, and Mr. Chen Chuxuan, a non-executive Director. The Audit & Corporate Governance Committee has reviewed the unaudited interim results for the six months ended 30 June 2023 and recommended its adoption by the Board. The independent auditor of the Company, BDO China SHU LUN PAN Certified Public Accountants LLP, has also reviewed the unaudited interim results for the six months ended 30 June 2023 in accordance with the Standard on Review Engagements for Certified Public Accountants of China No. 2101 – Engagements to Review Financial Statements.

## **SUPERVISORY COMMITTEE**

As at 30 June 2023 and the date of this announcement, the Supervisory Committee comprised seven members, including two independent Supervisors, namely Mr. Duan Xinhong and Ms. Meng Xue, two Shareholder Representative Supervisors, namely Mr. Zhou Yihua and Mr. Wang Qingwei, and three Employee Representative Supervisors, namely Mr. Zhen Jianhui, Ms. Li Xiangrong and Ms. Lian Yuebin.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 16,355 employees as at 30 June 2023 (31 December 2021: 17,073). Total staff costs for the six months ended 30 June 2023, including the Directors' remuneration, amounted to approximately RMB819 million (corresponding period in 2022: approximately RMB918 million).

The remuneration of the employees of the Group (including executive Directors) comprises basic salary, performance bonus, allowance and subsidies. The basic salary is determined according to the position, working experience, education backgrounds, abilities and contributions of the employees and by reference to the market salary. The performance bonus is determined according to the performance assessment results of the employees.

The remuneration of the independent non-executive Directors and independent Supervisors is determined by reference to the Company's business scope and scale and the remuneration standards in the capital market for independent non-executive Directors and independent Supervisors. The non-executive Directors have agreed not to receive any remuneration for such positions.

## **TRAINING OF EMPLOYEES**

The Group has always attached great importance to the training and development of human resources, made endeavours to provide training and education to employees at all levels. The Group has faithfully implemented budgeted standard for training expenses and its implementation plan, utilised the online platform and offline resources to enhance our internal talent nurturing and strived to establish different types of internal training courses. As of 30 June 2023, the Group has conducted a total of 204 training courses with 15,277 participants and total curriculum duration of approximately 200,994 hours. Self-evaluation on the internal and external trainings by the participants showed that overall satisfaction rate was above 95% or a level of satisfactory was attained.

## **DIVIDEND**

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2023.

## **AUDITOR OF THE COMPANY**

The Shareholders considered and approved the ordinary resolution in respect of the appointment of BDO China SHU LUN PAN Certified Public Accountants LLP as the auditor of the Company at the annual general meeting of the Company held on 15 June 2023 for a term of office until the close of the next annual general meeting of the Company.

## **Disclosure of Information on the Stock Exchange's Website**

The electronic version of this announcement has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk/>) and the Company (<http://www.gdyueyun.com>), respectively. An interim report for the period ended 30 June 2023 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to Shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Guangdong Yueyun Transportation Company Limited**  
**Guo Junfa**  
*Chairman of the Board*

Guangzhou, the PRC  
22 August 2023

*As at the date of this announcement, the Board comprises Mr. Guo Junfa, Mr. Zhu Fang, Mr. Huang Wenban, Mr. Hu Xianhua and Mr. Hu Jian as executive directors of the Company, Mr. Chen Min and Mr. Chen Chuxuan as non-executive directors of the Company, and Mr. Su Wujun, Ms. Huang Yuan, Mr. Shen Jialong and Mr. Zhang Xiangfa as independent non-executive directors of the Company.*

\* *For identification purpose only*